



# **THE SCOTTISH RED MEAT INDUSTRY PROFILE**



**2019 EDITION**





# Introduction

**This report draws together a wide range of the latest information on the Scottish red meat sector and encompasses the whole production chain from producer to final consumer.**

The data has been collated from many sources, and, unless otherwise stated, covers the 2018 calendar year. The report’s objective is to provide users with a single source of key information on the shape and scale of Scotland’s red meat industry. This is the fourteenth edition of this publication, and it highlights the continued importance of the red meat sector to Scotland’s economy.

After a relatively favourable 2017 weather-wise, 2018 proved challenging for the red meat sector in Scotland. A cold, wet winter and spring was followed by a hot, dry summer, altering marketing patterns and having an impact on the availability, and therefore cost, of forage and bedding materials. However, the continuing weakness of sterling against the euro underpinned farmgate prices.

Finished cattle prices were, on average, similar to year-earlier levels, but the store producer took a smaller proportion of the value of a finished carcass. Meanwhile, although the challenging spring weather made it a difficult spring for sheep farmers, tight supply and the slow arrival of new season lambs on to the market saw farmgate prices reach record high levels for this time of year. This will have been particularly welcome for store lamb finishers who had failed to see the traditional seasonal spring upswing in the market in 2017. By the autumn, the lamb market had returned closer to its average of recent years, but the store trade firmed on a tight supply. In contrast to the cattle and sheep sectors, pig producers had a whole year where farmgate prices failed to match year-earlier levels. In addition, production costs rose due to the continued recovery in global commodity prices plus a tight global market for feed grain. Nevertheless, further increases in the productivity of the pig herd will have had some offsetting impact.

In terms of animal numbers, the beef herd continued to contract, leading to worries for the processing sector, which operates on thin margins. These concerns were added to in 2018 by a reduction in beef-sired calf registrations, signalling a potential reduction in prime beef production in 2020. Within the beef herd, there was further movement away from continental sires towards native breeds. In the sheep sector, the challenging spring led to a sharp fall in the lamb crop and the lambs-to-ewes ratio fell back from the 21st-century high reached in 2017. The legacy of the spring was a smaller breeding flock in the autumn of 2018, potentially limiting the recovery in the lamb crop in 2019. Despite a smaller lamb crop reaching the market later than in the previous year, the autumn did see some evidence of growth in lamb production at Scottish abattoirs. In the pig sector, census results suggest volatility in the pig herd, with the June figures signalling a decline but then December results suggesting growth. Abattoir production rose strongly in 2018, with pig slaughter recovering to its highest level since the closure of Broxburn abattoir in 2012, while it now appears that there is the capacity to process Scottish sows in Scotland.

The volume of red meat available for consumption in the UK is estimated to have risen by around 1% in 2018. This growth was mostly down to beef, with a marginal lift in pigmeat supply and a tightening on the sheep side. Beef supply was underpinned by both home production and imports, with a switch in imports towards frozen product likely to have weighed on the market. Retail sales were affected by the volatile weather in 2018, with the hot dry summer leading to a shift away from roasts and stewing cuts towards steaks and burgers, while lamb sales were limited by the combination of reduced availability and higher retail prices. Meanwhile, pork sales steadied and there was some growth in processed pork products.

2018 was a mixed year for international trade in red meat. Whereas beef imports rose further, pigmeat imports steadied and the reduction in lamb seen in recent years continued as New Zealand lamb became more expensive and its exporters shifted focus to China. A weaker sterling continued to support the profitability of the export trade in 2018, helping to grow the UK’s exports of beef and pork. However, lamb exports were limited by supply constraints.



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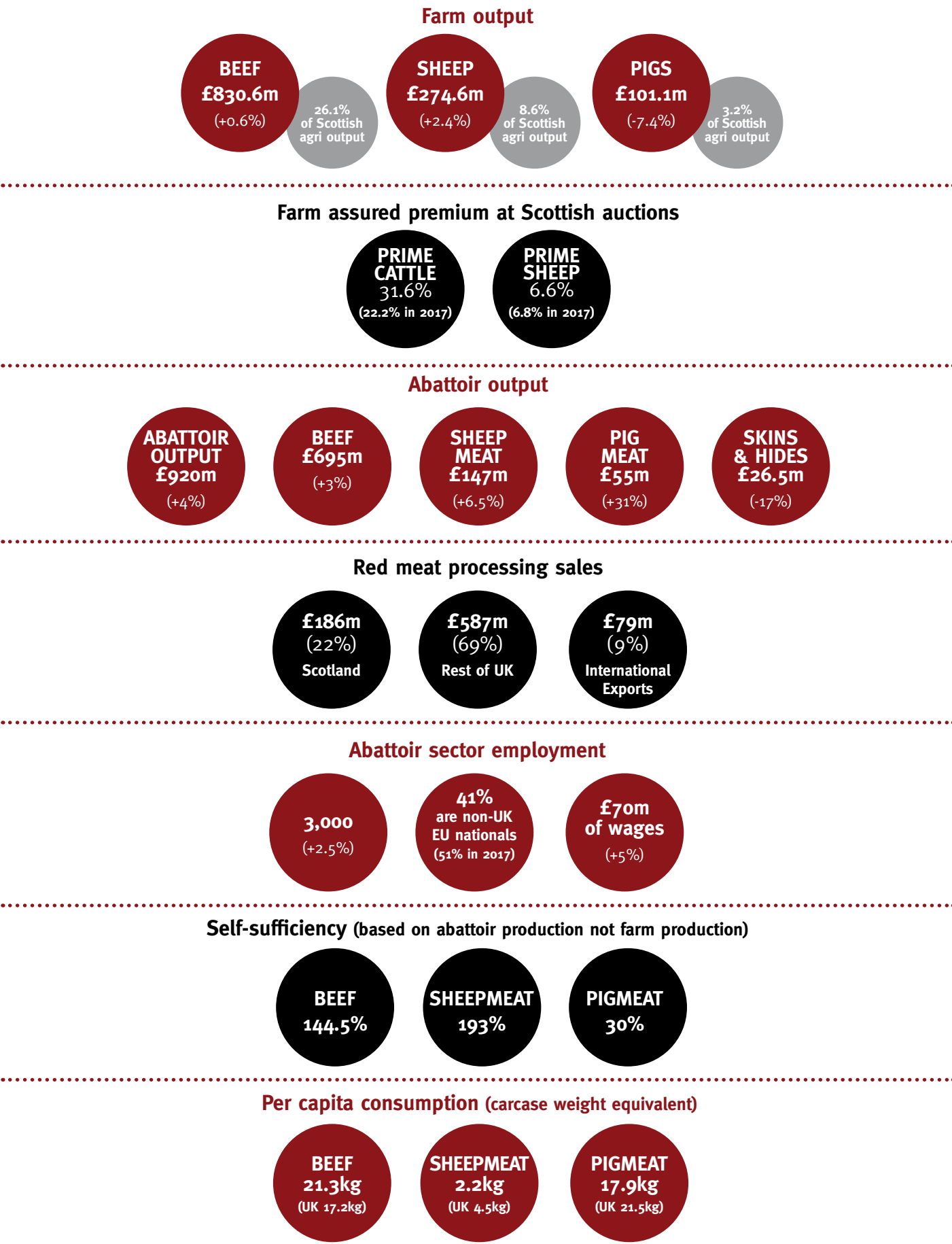
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## THE SCOTTISH RED MEAT INDUSTRY PROFILE

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ISSN 2050-5205

# THE SCOTTISH RED MEAT INDUSTRY: A SNAPSHOT





# Prices

## Producer Prices

### Cattle

The average steer price at Scottish abattoirs increased for a second year in 2018. It edged up by 0.6% to reach 377.3p/kg dwt. Although 2.9% above its five-year average for 2014–18, it fell 6.4% short of its 2013 high.

While farmgate prices showed a similar seasonal trend to the previous year, there were a couple of significant exceptions. In August, prices dipped significantly before recovering quickly, while the traditional upturn around the time of peak procurement for Christmas failed to materialise.

A significant proportion of prime cattle carcasses continued to exceed the carcase weight specifications of the multiple retailers and faced price penalties. As a result, -U grade steers tended to be priced lower per kilo than R grade steers, whereas the opposite was true for heifers.

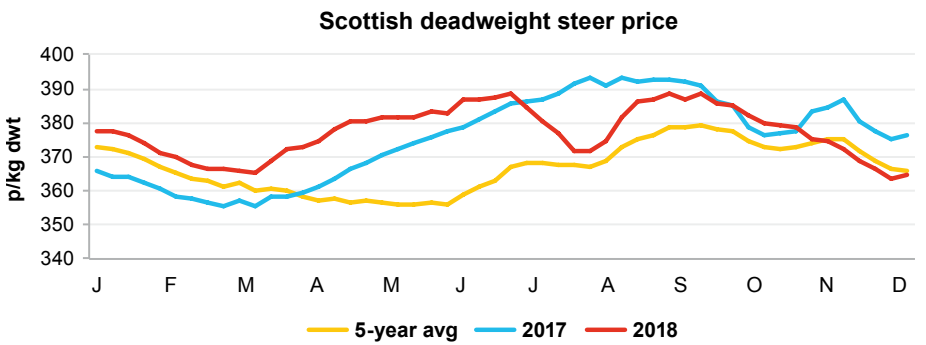
Deadweight prime cattle prices averaged around 5.6% higher in Scotland than they did in England & Wales in 2018. This was down marginally from a premium of 5.9% in 2017.

At 266p/kg dwt, the average cull cow price edged 1.6% above its 2017 level. Scottish abattoirs paid an average of 13.7% more for cull cows than their counterparts in England & Wales, up from 12.1% in 2017.

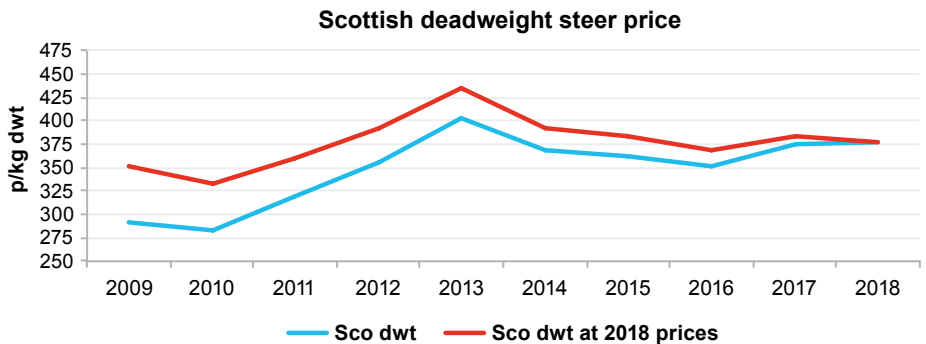
Scottish abattoirs paid an average of £1,444 for a steer carcase in 2018. This was a year-on-year increase of 0.8%. For a cow, the average carcase price rose by 3.3% to £914.

The increase in producer prices in 2018 was smaller than the general level of inflation across the UK economy, resulting in a real-terms decline of 1.7% in the average steer price<sup>1</sup>.

<sup>1</sup>Real prices: Where inflation is greater than zero, the price that the producer receives is lower in real terms than the market (nominal) price. This is because the sales proceeds have less purchasing power in the wider economy due to the rise in the general level of prices. For example, a sales price of 350p/kg in period 2 would be equivalent to a price of 343p/kg in period 1 if the rate of inflation was 2%; with inflation at 4%, a price of 350p/kg in period 2 would be equivalent to just 336.5p/kg in period 1. The inflation rate used is the CPIH – a measure of retail price inflation published by the ONS.



Source: AHDB



Sources: AHDB; ONS; QMS calculation



### Sheep

In the first third of 2018, prime sheep prices were exceptionally strong, trading in the 230–240p/kg range for most of March and April and spiking to 270p/kg in early April. This will have proved welcome to store lamb finishers who had experienced a challenging spring selling period in the previous year, when the traditional seasonal market upturn had failed to materialise.

This momentum from the spring was carried into the early sales of new season lambs, with prices approaching the £3 per kilo mark. The challenging spring weather delayed the arrival of new season lambs on to the market, helping to underpin prices which approached record highs of around £3/kg.

Over the peak autumn marketing period, prices traded at seasonal lows of around 161p/kg, compared to a low point of 157p/kg in 2017, and a 2014–18 average low of 153p/kg.

As demand firmed in the run-up to the festive season, prices saw a more notable seasonal upturn than had been seen in recent years, closing the year 10% above their five-year average at around £2/kg.

The influence of festivals on the lamb trade was once again in evidence during 2018. With lamb a prominent ingredient of meals around Easter across Europe, demand from both the home and overseas markets supported the market. Then in May, prices were influenced by the Islamic festival of Ramadan, supporting prices in mid-May when Ramadan commenced, and then in mid-June when it concluded with the Eid al-Fitr festival. In mid-August, a further Islamic festival – Eid al-Adha – saw lamb prices increase despite a significant rise in marketings. As noted above, a seasonal lift in demand in the run-up to Christmas and New Year supported farmgate prices in November and December. The annual peak in exports to southern Europe will also have helped underpin the market in late 2018.

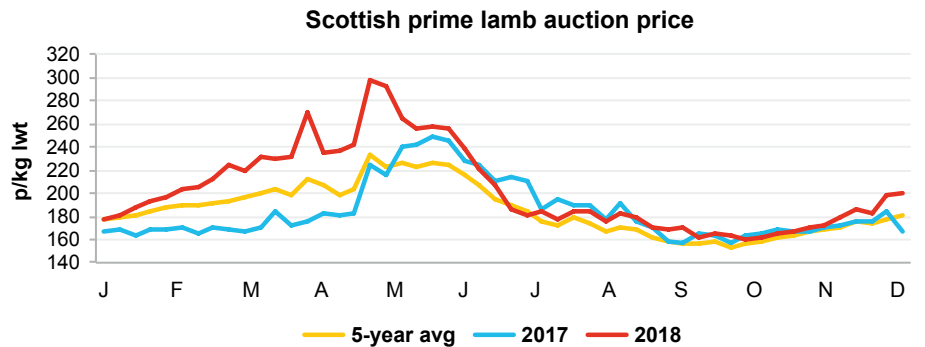
After averaging around 178p/kg in 2016 and 2017, the annual average price for an SQQ lamb (weighing 25.5 to 45.5kg lwt) at Scottish auctions

firmed by 10.7% to 197.5p/kg in 2018. Meanwhile, the annual average price at GB price-reporting abattoirs rose more slowly, up 6% at 441.5p/kg dwt.

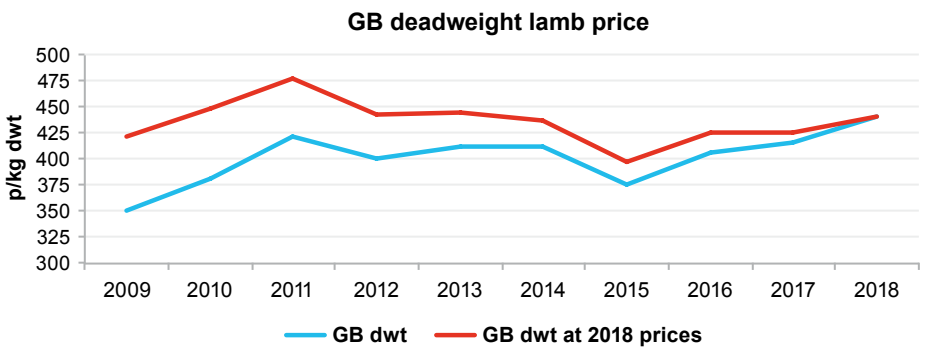
Having averaged around 5% below the England & Wales average in 2017, the Scottish auction price narrowed the gap to a deficit of less than 1% in 2018.

At Scottish auctions, the annual average cull ewe price rose by 2.3% to £56.50/head in 2018. This was 6.6% below the average selling price in England & Wales, similar to the 6.4% deficit in 2017.

When adjusted for inflation, the Scottish auction SQQ average rose by 8.2% and the GB deadweight average by 3.6% in 2018.



Source: AHDB/IAAS



Sources: AHDB; ONS; QMS calculation

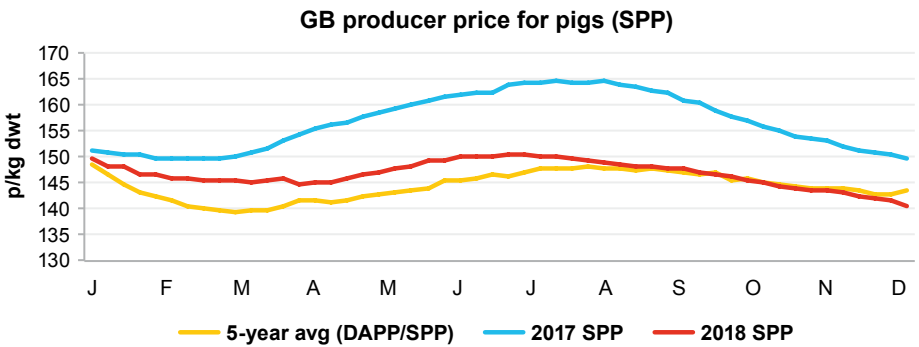


Pigs

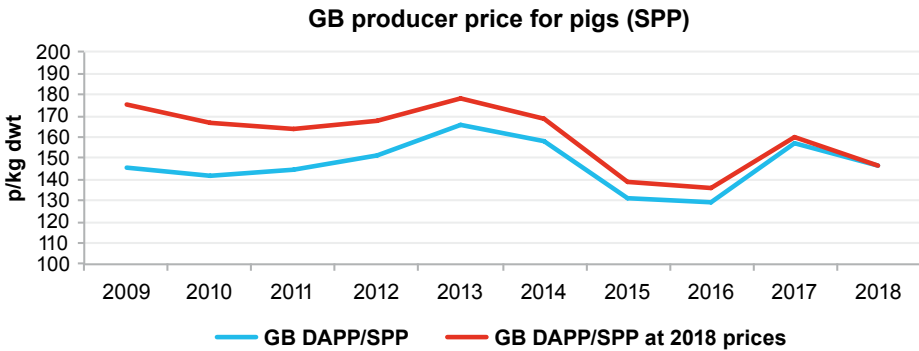
Prime pig producer prices followed their historic seasonal pattern in 2018. This saw prices cool marginally amidst the weak demand environment of the early weeks of the year. As slaughter numbers and carcase weights fell seasonally, the SPP stabilised in the spring before picking up to reach its annual peak of 150.5p/kg in early July<sup>2</sup>. From then on, the market cooled each week until the year-end, reflecting a seasonal upturn in carcase weights and weekly slaughter volumes.

While following a similar seasonal pattern to 2017, prices spent the entire year trading at a lower level than in the previous year. This gap started at 1% and peaked at over 9% in August before slipping back to 6% in the final weeks of the year.

In the year as a whole, the average price within the SPP sample trailed its 2017 level by 6.4% at 146.8p/kg. Carcase weights were unchanged on average, meaning that, at £122.72, the average price per carcase also fell by 6.4%.



Source: AHDB



Sources: AHDB; ONS; QMS calculation



<sup>2</sup> The 'Standard Pig Price' (SPP) is the price paid by a sample of abattoirs across Great Britain for a 'standard pig'. A standard pig is one that does not receive a premium based on a specific characteristic, such as its breed or being farmed organically. Bonus payments for meeting specific contract targets are also excluded. The only premia included are, therefore, those based on weight and carcase grade.

**Farm Assurance Premium at Scottish Auctions**

Although individual sales may differ, there is a general pattern throughout the year whereby the prices paid at Scottish auctions for Scotch Farm Assured cattle and sheep will be higher than for Non-Farm Assured stock.

Each year, the premium for cattle tends to be larger than for sheep, averaging around 15% and 5%, respectively.

In 2018, the average premium for cattle widened significantly, to 32%, while it held at around 7% for sheep.

Farm Assurance Premium for Prime Cattle at Scottish Auctions				
	Scotch Farm Assured avg selling price p/kg lwt	Non-Farm Assured avg selling price p/kg lwt	FA premium (p/kg lwt)	FA premium (%)
2016	195.0	166.4	28.6p	17.2%
2017	210.9	172.6	38.4p	22.2%
2018	212.6	161.6	51.1p	31.6%

Source: AHDB/IAAS; QMS calculation

Farm Assurance Premium for Prime Sheep at Scottish Auctions				
	Scotch Farm Assured avg selling price p/kg lwt	Non-Farm Assured avg selling price p/kg lwt	FA premium (p/kg lwt)	FA premium (%)
2016	179.3	168.7	10.6	6.3%
2017	180.6	169.0	11.6	6.9%
2018	194.6	182.7	12.0	6.6%

Source: AHDB/IAAS; QMS calculation



Store Prices

Store Cattle

Store cattle prices reflected their historic seasonal trend once again in 2018. Prices peaked in both the spring and the autumn, in line with the main store cattle marketing periods. They also cooled during the summer and fell to their lowest levels of the year in the run-up to Christmas.

Having risen in 2017, store cattle values generally matched or traded above year-earlier levels at spring sales but weakened relative to 2017 in the autumn. In the year as a whole, they averaged slightly below 2017, at £853 for a 6–12-month steer and £954 for a 12–18-month steer. These were respective decreases of 1.4% and 2.5%.

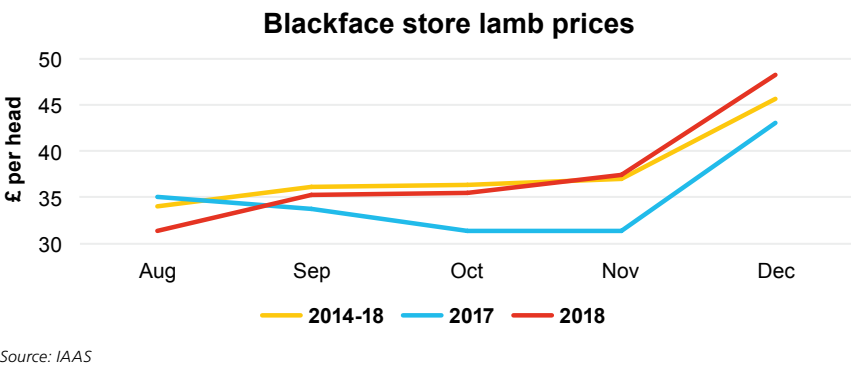
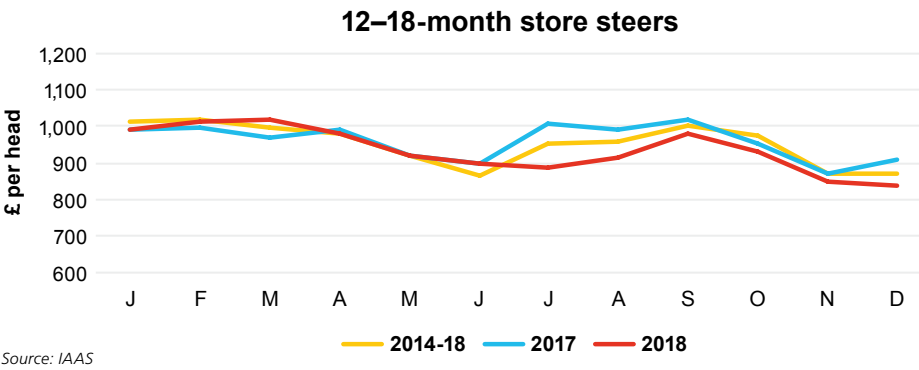
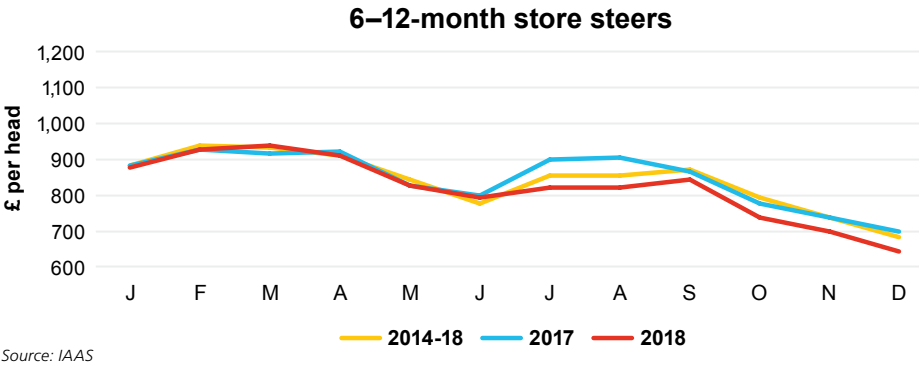
The proportion of the final carcase price captured by the store producer has been trending lower in recent years. In 2018, 6–12-month steers sold at 59.1% of the annual average steer carcase price, down from 60.4% in 2017, while the proportion slipped from 68.3% in 2017 to 66.1% in 2018 for 12–18-month steers.

Store Sheep

After a challenging autumn of 2017 for store lamb producers, prices initially fell further at the beginning of the autumn 2018 selling period in August. However, by the beginning of September the market had rebounded, and the market cleared significantly higher than 2017 levels during the final quarter of the year.

The average store lamb sold for £49.26 in 2018, up 6.6% from the previous year, while Blackface store lambs traded 8.1% higher at £36.88. At these levels, the average store lamb is estimated to have been priced at 57% of the finished hogg selling price from the first quarter of 2019, compared to 51% a year earlier, while Blackface values are estimated to have risen from 38% to 43% of the finished hogg price.

A 9.1% reduction in the number of store lambs traded is likely to have boosted prices, while if higher carcase weights at Scottish abattoirs reflected a general increase in lamb weights, this may have also underpinned store prices on a per head basis.



Exchange Rate Movements

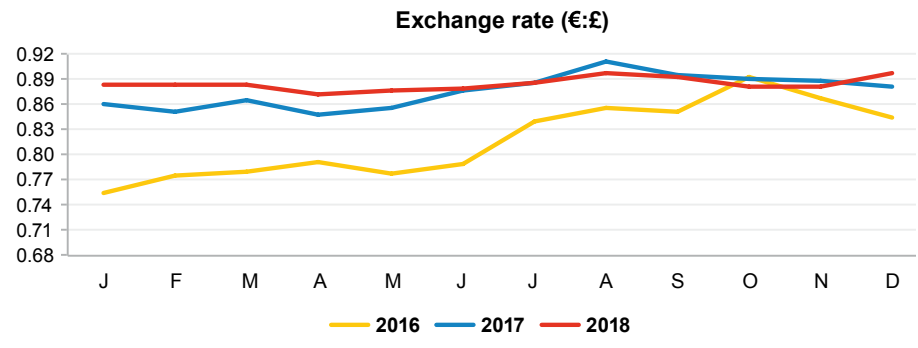
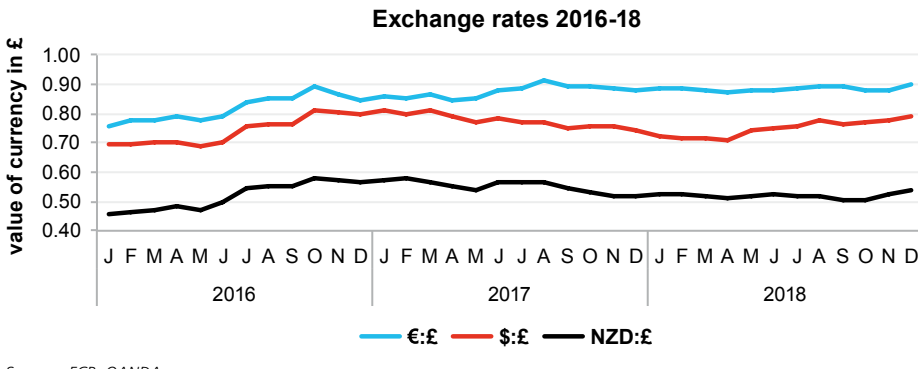
Shifts in exchange rates affect the competitiveness of Scotland's red meat in the home market and abroad. These shifts have knock-on impacts on livestock prices and wholesale prices. Hedging, forward-buying and contract-pricing can slow the pace at which these changes pass through the supply chain.

Following the significant rebalancing of sterling against the euro in 2016 linked to the EU referendum result, the exchange rate was relatively stable for a second year in 2018, with a euro buying between 87p and 90p throughout the year. Developments in Brexit talks were the main influence behind fluctuations.

After significant falls in the annual average exchange rate in the previous two years, the decline in sterling relative to the euro eased to 0.9% in 2018.

The weakening of sterling since its recent peak in 2015 is likely to have benefited exporters because it allows an unchanged euro price to convert into a higher sterling revenue, potentially allowing a lowering of euro prices to gain market share without having to accept a lower sterling price in return. On the import side, a weaker sterling is likely to have raised the relative price of imports, underpinning demand for home-produced product in price-sensitive markets – most likely in food manufacturing and foodservice.

The value of sterling against the New Zealand dollar (NZD) is important in the sheepmeat sector due to the majority of the UK's sheepmeat imports coming from NZ. Sterling averaged 6.4% stronger against the NZD in 2018 than in the previous year, thereby placing downwards pressure on the cost of importing sheepmeat from NZ, largely reflecting a rebalancing of the NZD after the country's change in government in the autumn of 2017. The NZD bought an average of 51.8p in 2018.



The exchange rate between sterling and the US dollar (USD) affects the price of globally traded commodities such as energy and protein feed, which tend to be denominated in US dollars. A 3.6% recovery in sterling against the USD in 2018 provided some offset to the cost of imports priced in dollars. A dollar was equivalent to 74.9p in 2018.



# Livestock Production

Sheep production maintained its position as the most common farming activity in Scotland, with 29.4% of Scottish holdings involved in it during 2018. Meanwhile, 22% of holdings were involved in cattle production and 2.2% produced pigs.

The total number of agricultural holdings in Scotland rose by 19 to 51,157 in 2018. Cattle farming saw a further decline of 2% (-1.8% in 2017), and the number of holdings with pigs dipped back (-1.7%). By contrast, sheep holdings rose for a third year, up 0.3%. This reflected a small increase in holdings with fewer than 50 ewes more than offsetting a big decline in the largest holdings with more than 1,000 ewes.

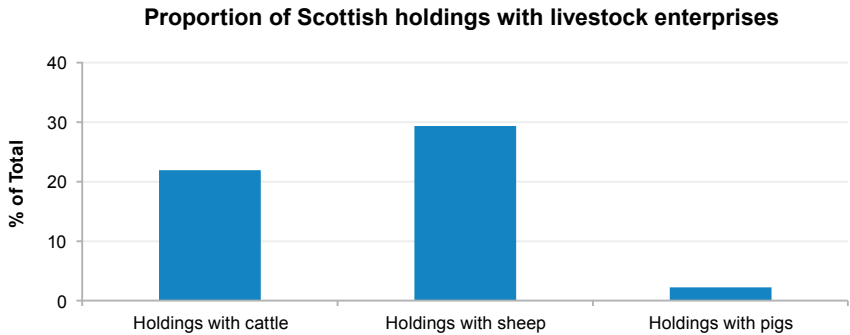
## Cattle Production

Scotland’s beef breeding herd contracted for the seventh time in eight years in 2018. A net loss of more than 8,300 beef cows left the herd at 406,700 head in December. A year-on-year decline of 2.1% left numbers 2.7% below their 2014–18 average and 11.9% below their 2006–10 average.

Dairy cow numbers edged higher for a second year in 2018. The herd expanded by 400 head to reach 175,600, an increase of 0.2%. This was 0.1% above their five-year average but 0.4% below the average for 2006–10.

In June 2017, the regional spread of cattle across Scotland remained heavily concentrated in the south west and north east. With livestock production heavily influenced by land type, the cattle population is skewed towards the beef herd in the North West, Tayside, the Borders and Argyll & Bute. By contrast, in the South West, there is a heavier focus on finishing store cattle and dairy production. In the North East, the Lothians and Fife, producing beef calves and finishing beef cattle take place in relatively equal measure.

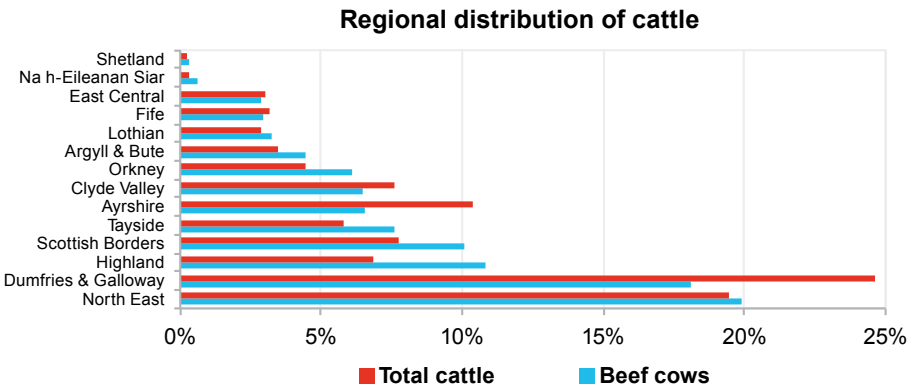
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Source: Scottish Government (2019c)

Scottish Cattle Population			
	2016	2017	2018
	'000 head		
Beef breeding herd	420.9	415.5	406.7
Dairy breeding herd	174.7	175.2	175.6
Total cattle herd	1,712.2	1,694.4	1,662.5
Breeding herd comprises female cattle over two years of age with offspring			

Source: Scottish Government (2019b)



Source: Scottish Government (2019c)

Breeding cows = female beef cattle over two years of age with offspring

## Herd Size

In June 2018, the average size of a Scottish beef suckler herd was unchanged on the previous year, with a fall in the South West offset by small increases elsewhere. Average herd sizes remain slightly lower across Scotland than before the decoupling of subsidy payments in 2005, but well above the English average.

The prominence of crofting in the Highlands and Islands ensures that the average herd size is well below the national average in the North West. For example, the average holding in Na h-Eileanan Siar had just seven cows in 2017 and Shetland was little higher at 12, though Orkney herds did exceed the national level. The largest average herd size, of 78 head, was in the Scottish Borders, followed by Lothian on 69 (down from 73) and Dumfries & Galloway on 66 head.

Scotland has a number of large cattle enterprises. As a consequence, the 14% of holdings with 100 or more cows accounted for half of the beef herd in 2018 and average 175 cows each. Meanwhile, the 17% of holdings which had at least 100 cattle under 12 months of age kept 55.4% of the Scottish total, averaging 180 each. Holdings with 100–149 cows reported a 2.7% reduction in numbers in June 2018, while those with more than 150 cows reported a below average contraction of 1.3%.

Beef Cows Per Holding – Regional Average					
	North West	North East	South East	South West	Scotland
2017	29.7	56.3	65.6	50.7	48.1
2018	30.1	56.5	66.8	49.6	48.1

Source: Scottish Government (2018, 2019c)





Calf Registrations

Following two years of marginal declines, the total number of calves registered in Scotland contracted more significantly in 2018. Registrations fell by 2.6% to a five-year low of 552,100 head.

Following four years of increases, beef-sired registrations declined by 2.9% to 456,300 head in 2018. This left them 1.1% short of their 2014–18 average. While dairy-sired registrations fell for the third straight year, the rate of contraction eased to 1.4% from over 5% in the previous two years. At 95,800 head, dairy-sired registrations were 6.1% below their 2014–18 average.

The share of beef-sired calves in total registrations eased slightly to 82.6% but was still at its second highest level since 2008.

On a regional basis, total registrations fell by 3.1% in both the North West and South West, and by 3.5% in the North East. However, registrations fell more slowly in the South East, down 0.4%. The South West accounted for 44% of beef-sired registrations and 51% of total registrations in 2018.

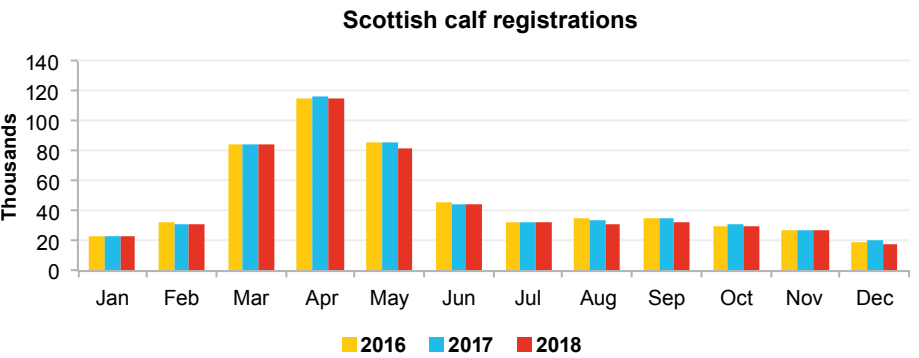
Scottish calf registrations provide a leading indicator of potential beef production in the following couple of years. A small decline in total registrations in 2017 points towards a slight tightening of supply in 2019, while the more significant decline in registrations in 2018 suggests that numbers could tighten by 2–3% in 2020. However, this tightening is likely to begin in the autumn of 2019 as the early-finishing spring-2018-born calves begin to reach the market.

Limousin retained its position as the most popular sire in Scotland in 2018, with 20.6% of the calves born in Scotland being sired by a Limousin bull. However, numbers declined by 5.6% in 2018 to 114,000 head, lowering their share of the total by 0.7 percentage points.

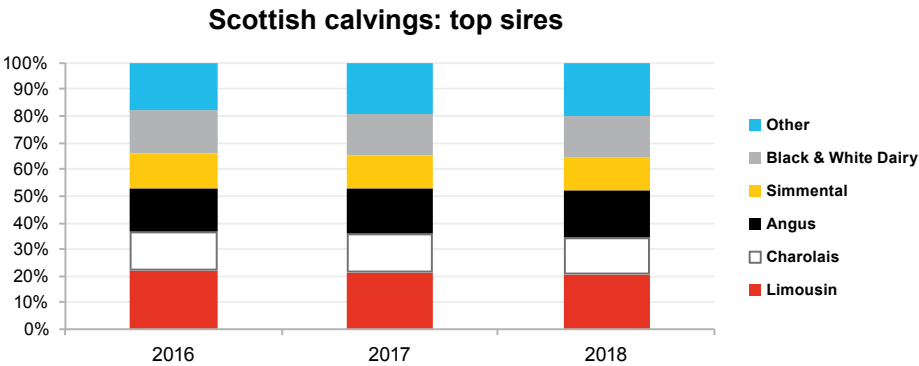
Aberdeen Angus registrations continued to trend higher in 2018, bucking the overall trend, likely reflecting the marketplace premium for finished Aberdeen Angus-sired cattle. A 2.5% increase occurred in 2018,

Number of Scottish-born Calves Registered with BCMS			
	2016	2017	2018
Calf registrations	568,350	566,900	552,100
Of which beef-sired	466,100 (82.0%)	469,700 (82.9%)	456,300 (82.6%)

Source: BCMS



Source: BCMS



Source: BCMS

taking registrations to 97,900 head and a 17.7% share of the total, up from a 16.8% share in 2017.

The other main breed groups saw declines in 2018. Registrations of black & white dairy cattle fell by 1.8% to 85,500, giving them a marginally increased share of 15.5%. Meanwhile, heavy declines of 8.4% to 76,100 head for Charolais and 5.9% to 69,400 for Simmental saw their shares slip by a respective 0.9 and 0.4 percentage points to account for 13.8% and 12.6% of the total.

The popularity of other sires, in general, continued to increase. However, growth rates did slow significantly from 2017. Indeed, registrations of Shorthorn and Hereford sired calves rose by only 0.5% and 1.1%, respectively, having shown increases of around 10–15% in 2017. Although registrations of British Blue and Salers continued to rise strongly, their growth rates did ease from 2017’s 8–9% to a respective 6.3% and 3.4% in 2018.

Sheep Production

Since 2015, the December Survey of Agriculture figures, published by the Scottish Government, have been sourced from the more comprehensive Sheep and Goat Inventory. Unfortunately, the change in reporting has led to significant volatility from year to year in estimates of ‘other sheep’ aged over 12 months and ‘lambs not put to ram’. Therefore, significant caution is required when comparing against previous years.

Adding the number of ewes that had been kept for breeding in the autumn of 2018 to the number of lambs that had been put to the ram indicates that the Scottish breeding sheep flock contracted by 2.1% to 2.88m head in December 2018. This placed it 2.6% below the 2014–18 average and 8.8% down on the 2005–09 average.

Subtracting the female breeding flock from the total number of sheep estimated to have been on Scottish holdings in December 2018 points to a 5.5% year-on-year rebound in ‘other sheep’. This would point towards an increased carryover of hogs into 2018, despite a sharp 8% year-on-year contraction reported in the June lamb crop, reflecting a delayed marketing profile.

Scottish sheep population

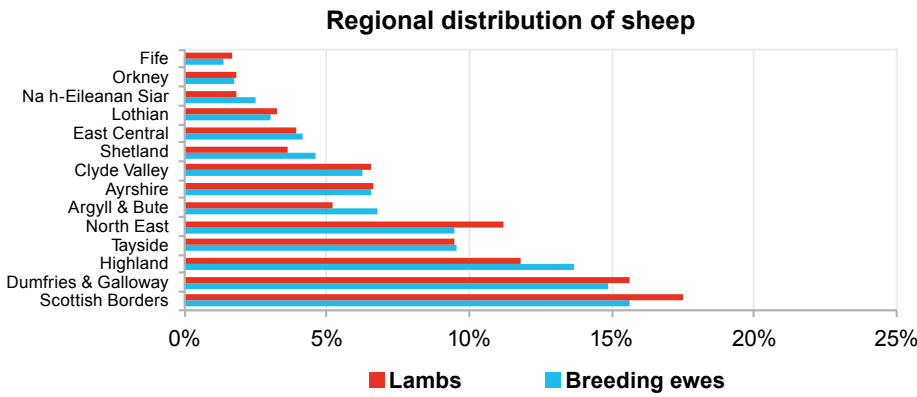
Just three regions accounted for 44.2% of the breeding flock in June 2018. The Scottish Borders had the largest flock, with 15.7% of the total, while Dumfries & Galloway had 14.9% and Highland 13.6%.

Regional variation in ewe performance is considerable across Scotland, reflecting land quality and climate. The Scottish Borders was home to 17.5% of Scotland’s lambs in 2018, while Dumfries & Galloway had 15.6% of the total, 11.8% lived in Highland region and 11.2% in the North East.

Following two years of strong lambing performance, the challenging spring weather had a major negative impact in 2018. The national lambing percentage dropped 5.4 percentage points below the previous year’s 21st-century high and, at 122.9% was 2.8 points below the 2014–18 average.

Scottish Sheep Population			
	2016	2017	2018
	Million head		
Breeding sheep flock	2.914	2.940	2.880
Other sheep	2.129	1.966	2.074

Source: Scottish Government (2019b)



Source: Scottish Government (2019c)

Regional Lambing Performance (lambs as % of ewes)					
	North West	North East	South East	South West	Scotland
2017	107.6	146.4	138.0	128.5	128.3
2018	104.4	145.2	132.7	120.8	122.9

Source: Scottish Government (2018, 2019c)

However, it remained considerably higher than 2013’s 118.7%, which had been a six-point reduction from the previous year.

Performance declines were concentrated in southern Scotland, with the South West seeing an overall reduction of 7.7 percentage points while the South East’s decline was a marginally below average 5.3 points. The declines were more evenly spread across the South West, with reductions of 5.7 points in Dumfries & Galloway, 7.9 points in Clyde Valley, 8 points in East Central, 8.6 points in Argyll & Bute and 10.3 points in Ayrshire. By contrast, the South East reported below average declines of 3.7 points in Tayside, 4.8 points in Fife and 5.3 points in the Borders, but Lothian led the country on an 11.5-point drop.

The North East was least hard-hit by the challenging spring, with its lambing percentage 1.2 points lower, while the reduction was 3.2 points in the North West, ranging from around 1.5 points in Na h-Eileanan Siar and Shetland to around 4 points in Highland and Orkney.

Fife still led the way in terms of ewe performance, slipping to 152.7%, while the North East remained second on 145.2%. However, Lothian slipped below the Borders (137.2%) into fourth on 134.5%. Although ewe performance in the North West remained well below average, Orkney was an exception, with 132.5%.



Flock Size					
	North West	North East	South East	South West	Scotland
2017	97.6	173.4	414.4	300.8	207.9
2018	95.9	173.1	397.3	285.2	200.6
Source: Scottish Government (2018, 2019c)					

### Flock Size

The average Scottish breeding ewe flock had 7.3 fewer ewes than a year earlier in June 2018, slipping to 201 head. Average flock sizes remained significantly smaller than they had been prior to the decoupling of CAP subsidy payments in 2005, except in the North East.

Scottish sheep production has relatively few large units. Indeed, only 7.7% of holdings had more than 700 ewes, accounting for 44.2% of the national flock. Holdings with more than 1,000 ewes accounted for three-quarters of the overall decline in ewes reported in the June census, with total numbers declining by 9.8% in this category and the average holding seeing numbers fall to 1,488.1 from 1,526.2 in June 2017.

South East Scotland has the largest holdings, with each having an average of 397 breeding ewes in June 2018 – almost double the Scottish average. This is largely due to the Borders, where the average sheep holding kept 503 ewes during 2018. At 375 ewes, Tayside had the second largest flocks in Scotland while East Central took third place with 343. The South East hosted 41.5% of the country’s holdings with more than 700 ewes, while a further 39.8% of these holdings were located in the South West.

The North West’s average flock size was held down by Na h-Eileanan Siar’s average of only 32.7 ewes, but flock sizes were also well below average in Orkney, Shetland and Highland.



### Pig Production

Following a contraction of 17% reported in the December 2017 Agricultural Survey, the 2018 results point to a rebound, with a rise of 15.2% seeing the herd recover to total 36,100 head. This was 2.7% above the 2014–18 average.

Gilt retentions also recovered from a fall in 2017, rising 5.1% to 5,050 head. Nevertheless, they were still 7% below their 2014–18 average.

The number of prime pigs on Scottish farms declined for a second year. A 5.6% reduction to 290,000 head left numbers 2.5% behind their five-year average.

There were eight prime pigs for each breeding sow in December 2018. This was well below the 9.8 recorded in 2018 and down on the five-year average of 8.5, suggesting that the proportion of Scottish-born pigs being sold as weaners to producers in the north of England may have risen.

North East Scotland is home to the vast majority of the country’s sows and given that number rose by 0.7% there compared to the national decline of 5.2% reported in June 2018, its share of the national total picked up from 59.9% to 63.6%. This was largely mirrored by a decline in the South East of 3.8 percentage points to 24.8%, reflecting a 17.6% reduction in the sow population.



Scottish Pig Population			
	2016	2017	2018
	head		
Pig breeding herd	37,800	31,400	36,100
Total pig herd	367,800	345,150	332,600
Source: Scottish Government (2019b)			

Breeding Herd Size					
	North West	North East	South East	South West	Scotland
2017	10.6	220.7	87.2	18.0	71.4
2018	10.0	205.7	74.7	19.6	69.7
Source: Scottish Government (2018, 2019c)					

### Herd Size

The average Scottish sow herd fell back in size by 1.7 head in 2018 after four years of significant increases.

An average herd size well above the national average in the North East reflects the commercial concentration of pig farming in the area, with 93.2% of the sows on the 28 holdings with 250 or more, averaging 643.6 each. In the South East, the eight holdings with at least 250 sows accounted for 77.6% of the region’s herd, averaging 731.5 each. In the West, the five holdings with more than 249 sows averaged 466.6 each. Collectively, these large holdings were home to 86.2% of Scotland’s sows.

The 108 holdings (14.8% of the total) with more than 100 fattening pigs accounted for 98% of the national total, averaging 1,738.4 each. Fifty-seven of these holdings were in the North East, and they each averaged 2,030.2 head, while the 38 large holdings in the South East had an average population of 1,480.8 head. The North East was home to 60.9% of Scotland’s fattening pigs and the South East, 29.9%.



Farming Output

Provisional estimates indicate that Scottish agricultural output rose for a second year and almost recovered to its 2013 peak. At £3.14bn, output rose by 2.5% on 2017. Cereals, milk, eggs and fruit had a strong year, with vegetable production edging higher, while livestock output stabilised and potatoes struggled.

It is estimated that combined output from cattle, sheep and pig farming edged higher by 0.3% to £1.21bn in 2018. This was 37.9% of agricultural output, down from 38.7% in 2017 and a 2014–18 average of 39%.

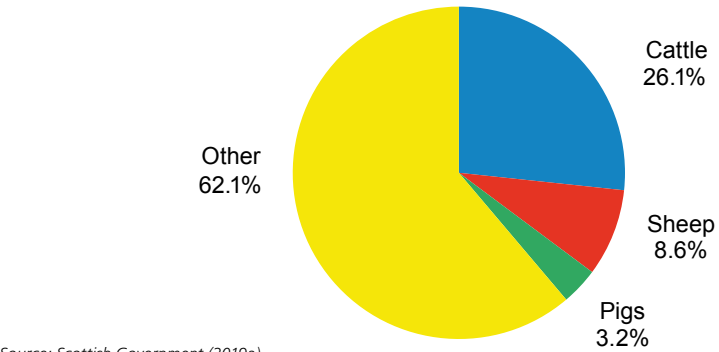
Output from beef production rose slightly in 2018, up 0.6% at an estimated £830.6m. However, its share of agricultural output fell by 0.5 percentage points to 26.1% – its lowest since 2013. Output from finished cattle and calves rose 2.3% to £657m due to slightly higher farmgate prices and production. Meanwhile, the cross-border trade in store cattle and calves decreased by 5% to £56.7m, while capital formation (the asset value of replacement breeding cattle) fell 5.6% to £117.1m.

The sheep sector reported a third year of output growth in 2018, rising another 2.5% to £274.6m – its highest for 21 years. This meant that sheep production maintained an 8.6% share of agricultural output. Finished sheep and lamb output rose by 2.4% to £220.7m while capital formation and revenue from cross-border sales of store sheep also increased. However, wool sales fell.

Pig sector output dropped back in 2018 having surged in 2017. The fall of 7.4% to £101.1m was down to a reduction in farmgate prices and production. As a result, the pig sector slipped to 3.2% of Scottish agricultural output in 2018, matching its 2016 share, having risen to 3.5% in 2018.

Livestock continues to be of greater significance to Scottish agriculture than it is either in the UK as a whole or, on average, in the EU.

Livestock contribution to agricultural output in Scotland – 2018



Source: Scottish Government (2019a)

Contribution to Scottish Agricultural Output						
	2016		2017		2018	
	£m	%	£m	%	£m	%
Cattle	796.5	28.6	825.9	26.6	830.6	26.1
Sheep	260.3	9.4	267.8	8.6	274.6	8.6
Pigs	87.9	3.2	109.2	3.5	101.1	3.2

Source: Scottish Government (2019a)

Contribution to Agricultural Output (%) in 2018 <sup>3</sup>				
	Scotland	UK 2018	Ireland 2018	EU 2018
Cattle	26.1	15.2	27.6	7.8
Sheep	8.6	6.1	3.7	1.3
Pigs	3.2	5.2	5.5	8.8

Sources: Scottish Government (2019a); Eurostat (2019)

<sup>3</sup> UK, Ireland and EU sourced from Eurostat – real output in euro, production value at producer price

Producer Input Costs

A second year of input price inflation saw the UK Agricultural Price Index reach a five-year high in 2018. Having risen through the second half of 2017, on average, input costs trended higher for most of 2018, before steadying in November and slipping back in December. The annual average exceeded 2017 levels by 6.3%.

Commodity prices generally increased at an above-average rate, whereas the cost of fixed assets, such as machinery, buildings and transport equipment, rose more slowly.

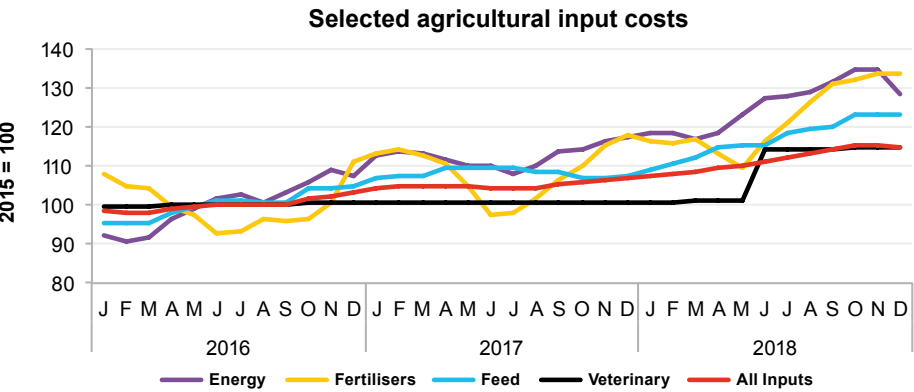
Energy costs steadied in the first third of the year and then rose significantly until October. Thereafter, they stabilised in November before slipping back to a five-month low in December. This was largely driven by the evolution of fuel costs, reflecting the global oil market and the sterling exchange rate with the US dollar. Meanwhile, electricity and gas prices were stable in the opening and closing quarters of the year and trended higher in between.

The fertiliser market also made a stable start to the year. However, prices then cooled through April and May before rebounding strongly and firming until November. A second year of increases saw the fertiliser category become its dearest since 2015.

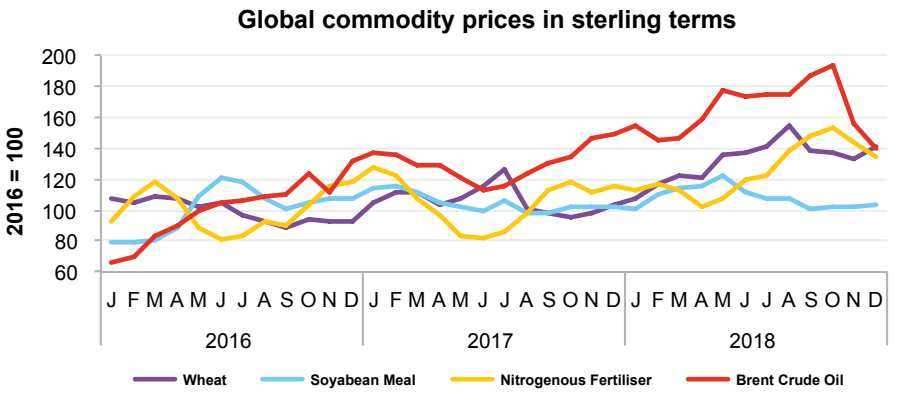
Feed costs began the year on a slight upwards trend until April. After two months of stability, they then firmed between July and October, before stabilising in the final quarter. Soyameal markets moved in a different way from the average during 2018, rising strongly at the beginning of the year due to a drought at harvest time in Argentina, before falling back in the second half after China imposed tariffs on US soya while analysts predicted a bumper US soyabean crop. A challenging year of weather in the Northern Hemisphere had a negative impact on grain production, while at the same time raising demand for animal feed.

Index of Producer Input Costs				
	2016	2016	2018	Annual change 2017:2018
	2010=100			%
Energy	94.9	106.8	119.2	+11.7
Fertilisers	82.6	89.6	100.8	+12.5
Feedstuffs	96.7	104.6	113.2	+8.2
Veterinary	100.4	101.0	109.2	+8.1
Total Inputs	97.5	102.4	108.8	+6.3

Source: Defra (2019a)



Sources: Defra (2019a)



Sources: FRED; IMF

Compared to 2017, soyameal averaged 10% more expensive in the year as a whole, while wheat rose by 11% and barley by 22%. Inflation in compound feeds was generally slightly lower than in raw commodities, running at 7.5–8% for cattle, sheep and pigs.



# Primary Processing

## Supply of Livestock to the Processing Sector

### Cattle

Prime cattle slaughter edged higher at Scottish abattoirs in 2018. At 390,700 head, numbers were 0.5% higher than in 2017. Nevertheless, numbers were still down by 1.7% on their 2014–18 average and 19.1% below the 2005–09 average.

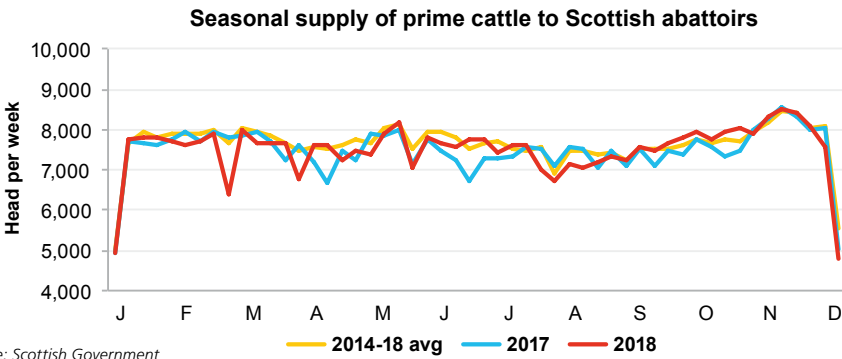
Mature cattle slaughter dropped back to a three-year low of 68,600 head in 2018. This was a 6.7% fall from 2017 but still left numbers above the 2014–18 average by 3.1%.

These changes left the total cattle kill at Scottish abattoirs 0.6% below 2017 levels and down 1% on the five-year average at 459,400 head. This worked out at an 11.4% decline on the 2005–09 average.

After two years of declines, the average prime cattle carcase weight edged 0.6kg (0.2%) higher to 366.4kg in 2018. The average cow carcase weight put to an end three years of declines, rising by 5.5kg (1.6%) to 343.7kg.

Significant numbers of cattle, primarily steers, continued to exceed the target carcase weight range required to meet product specifications for prime cuts of beef sold by UK supermarkets. Two years of rebalancing in steer carcase weights downwards due to pricing penalties for out-of-spec cattle came to an end in 2018, with weights beginning to edge higher year-on-year from May onwards.

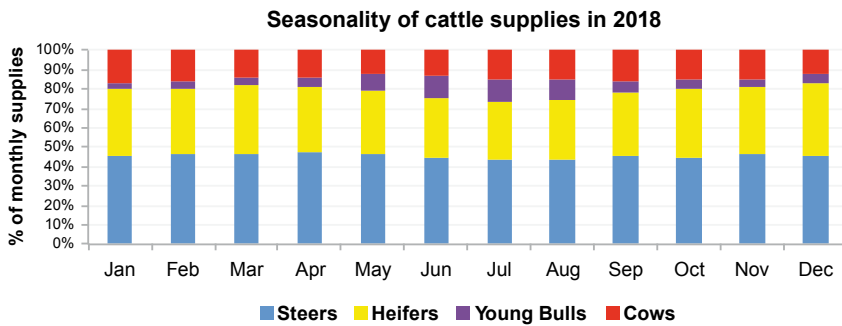
It is estimated that the combination of a small increase in both prime cattle throughput and carcase weights led to a 0.7% increase in annual prime beef production to 143,200t in 2018. However, higher weights could not quite offset the reduction in mature cattle slaughter, resulting in a marginal decline in total beef production to 167,000t.



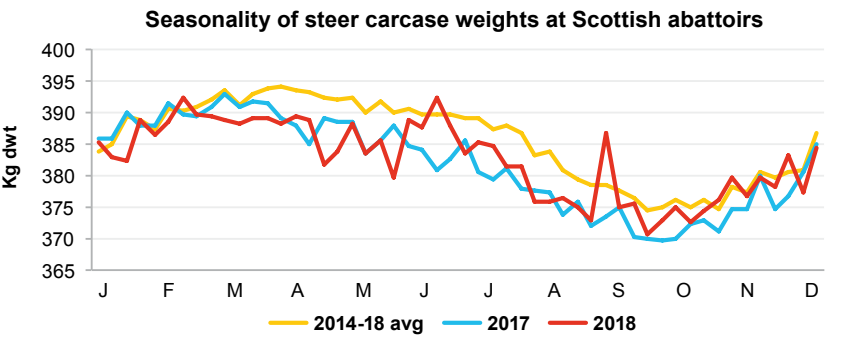
Source: Scottish Government

Average Carcase Weights				
	Scotland			UK
	2016	2017	2018	2018
	kg per head			
Steers	387	382	382	369
Heifers	344	344	344	330
Young bulls	361	361	364	334
All prime cattle	369	366	366	350
Cull cows	341	338	344	306

Sources: Defra; Scottish Government



Source: Scottish Government



Source: Scottish Government

## Seasonality of Production

Carcase weights are traditionally lower during the autumn, reflecting the dominance of spring calving in Scotland. Steers and heifers tend to be slaughtered at around 18 months of age in the autumn, whereas those being slaughtered in the spring tend to be closer to two years old.

While steers and heifers continued to dominate the cattle kill in 2018, averaging 79% between them, this fell to 73% in July when young bull throughput peaked and the cow kill began to trend higher. Cull cows have traditionally risen significantly as a share of total slaughter during the autumn months when cow culling approaches its annual peak. However, in the second half of 2018, the cow kill fell sharply on a year earlier, so its share peaked at 16% in September, having reached 17–19% in the autumn of 2017.

The slaughter mix changed in 2018, with a shift from cows to heifers while the steer and young bull shares were almost unchanged.

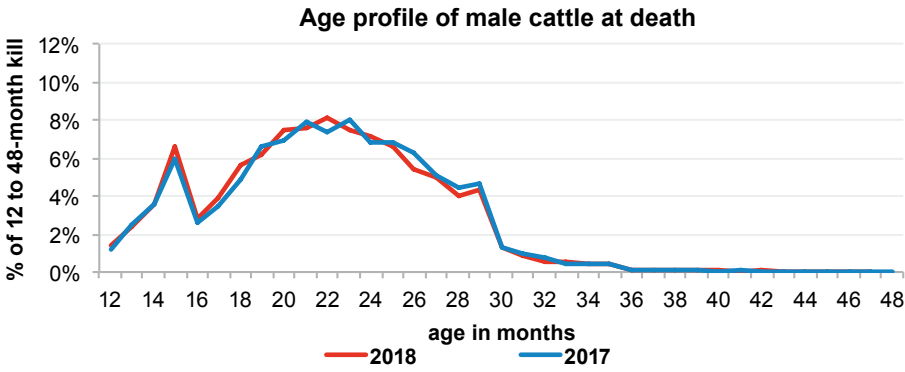
## Carcase Quality

At 45.5%, steers edged up by 0.1 percentage point while young bulls gave up 0.1 point, slipping to a 6.3% share. Meanwhile, heifers rose from 32.5% to take a 33.5% share but cows dropped from 15.6% to 14.6%.

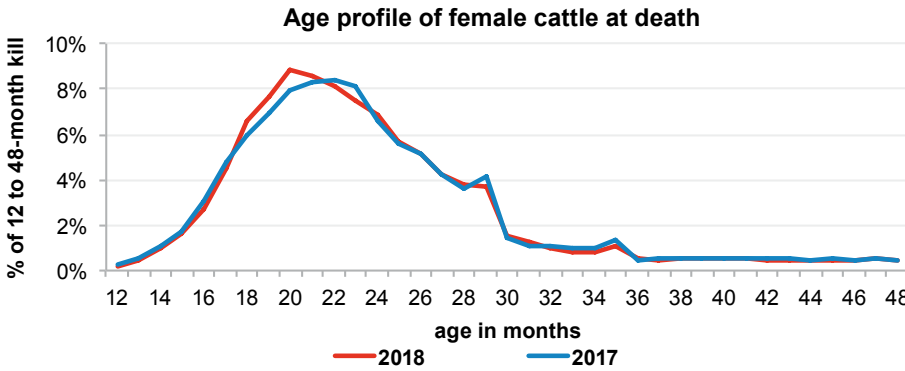
To be labelled as Scotch Beef, beef from eligible animals must also meet product specifications. Only carcasses classified as 2, 3, 4L, 4H or 5L for fatness and E, U, R or O+ for conformation are eligible.

In 2018, 94.6% of the steers and 97.4% of the heifers processed by price reporting abattoirs met the eligibility criteria. This marked an improvement from 94.1% and 97.3% respectively in 2017.

R4L continued to be the most common grade for both steers and heifers, and this dominance increased in 2018. In general, fat cover and conformation were higher than in the previous year.



Source: BCMS



Source: BCMS

## Age of Cattle at Slaughter

Despite a continued reduction in young bull kill, the proportion of male cattle slaughtered in the 12–15 months age range increased from 13% to 13.8% in 2018. Meanwhile, the steer age profile continued to become younger, with a further rebalancing away from 23–27 months towards 18–22 months. The most common age at death fell by a month to 22 months, but the median age at death stabilised at 22 months.

The heifer age at death profile also became younger in 2018, with the proportion slaughtered at 18–22 months rising 2.4 percentage points to 40%. In addition, the median age at death fell from 23 months in 2017 to 22 months in 2018, while the most common age at slaughter fell more significantly than for males, down two months to 20 months.

Steer Carcases by Grade at Scottish Abattoirs in 2018			
	Scotland		
	3	4L	4H
-U	9.8%	13.9%	2.4%
R	15.7%	27.5%	6.3%
O+	4.9%	6.4%	0.9%
Others:	8.2%		

Source: AHDB



Sheep

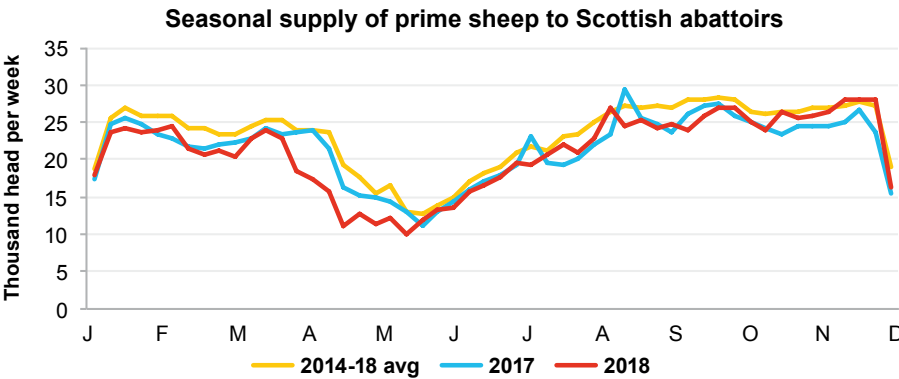
Prime sheep slaughter at Scottish abattoirs fell for the fourth straight year in 2018. Numbers decreased by another 2.3% to just under 1.1m head. At this level, throughput trailed its 2014–18 average by 9.3% and fell 18.3% short of its 2005–09 average.

While slaughter fell during the year as a whole, there was significant seasonal variation to this. During the first quarter, throughput fell by 1.9%. Numbers then fell by more than a fifth in April and May, reflecting an early Easter and a slow arrival of new season lambs on the market. Between June and October, throughput then fluctuated either side of year-earlier levels, totalling 0.8% lower for the period, before a strong increase towards the year-end saw volumes exceed 2017 levels by 9% in November and December.

The three largest weekly kills of the year occurred in the run-up to Christmas. At around 28,100 head, they were one-third above the annual average. While the weekly kill rose around the time of the Eid al-Adha festival in August, this was only the joint fifth largest of the year, when it had been the annual peak in recent years. This may, in part, reflect the earlier timing of the festival in 2018, in a period of less plentiful supply.

In its Economic Report on Scottish Agriculture dataset, the Scottish Government estimated that 2.17m Scottish born lambs were sold for slaughter in 2018, down 12.4% on 2017, reflecting a smaller lamb crop and delayed marketing pattern. This indicates that, on net, just over half of the lambs were processed in Scotland, up from around 45% in 2017, but still below the five-year average of around 54%.

The number of ewes and rams handled by Scottish abattoirs increased strongly for a second year in 2018, following up a 36% increase in 2017 with an 11% increase. This saw slaughter recover to a four-year high of 21,900 head. Nevertheless, this was growth from a very low base, reflecting that an estimated 96% of Scottish cull sheep are processed by abattoirs in England and Wales.



Source: Scottish Government

Average Carcase Weights				
	Scotland			UK
	2016	2017	2018	2018
	kg per head			
Lambs	20.2	20.3	20.3	19.3
Cull sheep	30.6	30.8	30.8	25.5

Sources: Defra; Scottish Government

In its Economic Report on Scottish Agriculture dataset, the Scottish Government estimates that the total number of Scottish ewes and rams slaughtered in 2018 rose by 11% to 589,600 head.

The average prime sheep carcase weight at Scottish abattoirs steadied at 20.3kg in 2018.

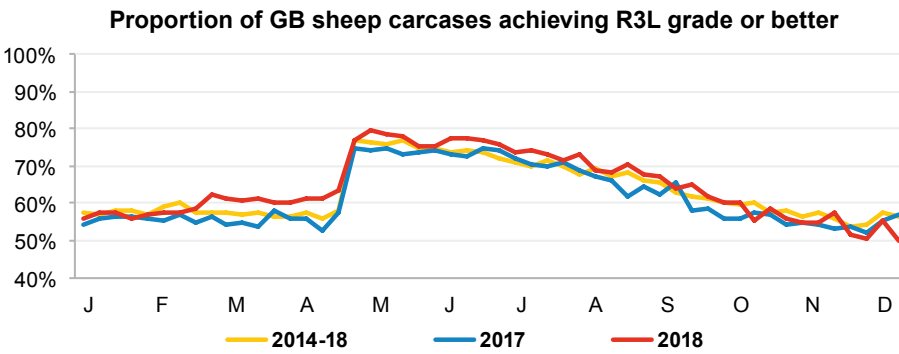
Prime hogg carcase weights averaged around 2% lighter than in 2017, at 20.2kg, starting the year down by around 1% before running up to 5% lighter after Easter. However, moving into the new season, lamb weights quickly turned round, exceeding year-earlier levels throughout the second half of 2018. In the third quarter (Q3) they averaged 20.2kg, before climbing to 20.6kg in Q4.

With carcase weights in line with the previous year’s average, prime sheepmeat production fell by the same rate as slaughter, sliding by 2.3% to 22,250t in 2018. Total sheepmeat production contracted by 1.9% to 22,900t.

Carcase quality

During 2018, 63% of the prime sheep slaughtered at GB price reporting abattoirs achieved an R3L grade or better. This was an improvement by two percentage points from 2017.

Carcase quality opened the season around a percentage point above 2017 levels, before averaging 5–6 points higher between mid-February and the end of April. Moving into the new season, quality retained a significant lead over 2017, averaging 3–4 percentage points, and this was sustained all the way



Source: AHDB

through until late October. In November, the gap narrowed to 1–2 percentage points, and then it reversed in the final month, averaging two points behind late 2017.

A further proxy of carcase quality is the proportion of prime sheep sold at auction that qualify as ‘Standard Quality Quotation’ (SQQ). The SQQ covers prime sheep weighing from 25.5kg up to a maximum liveweight of 45.5kg. During 2018, 71.8% of prime sheep sold at Scottish auctions fell into this weight band, down slightly from 72.5% in 2017.

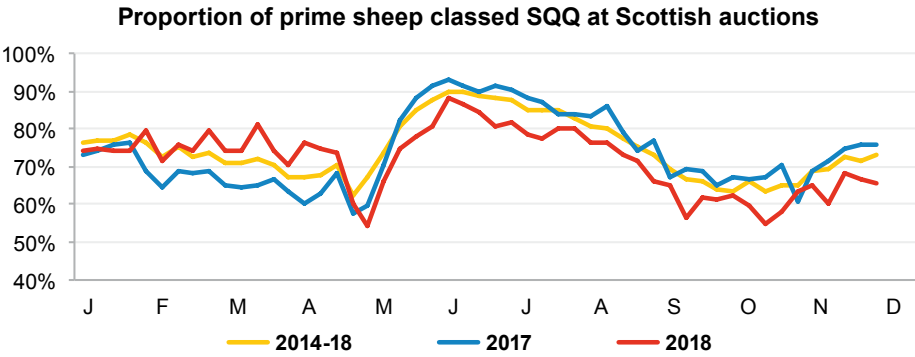
While relatively similar on average during the calendar year, there were more marked seasonal differences. Indeed, the proportion of hoggs staying within the SQQ weight band was significantly higher than in early 2017 – at 75.1% compared to 67.4% a year earlier. By contrast, an increased proportion of new season lambs were traded above the 45.5kg liveweight mark, resulting in the SQQ proportion slipping to 68.2% from 76.4% in 2017.

Pigs

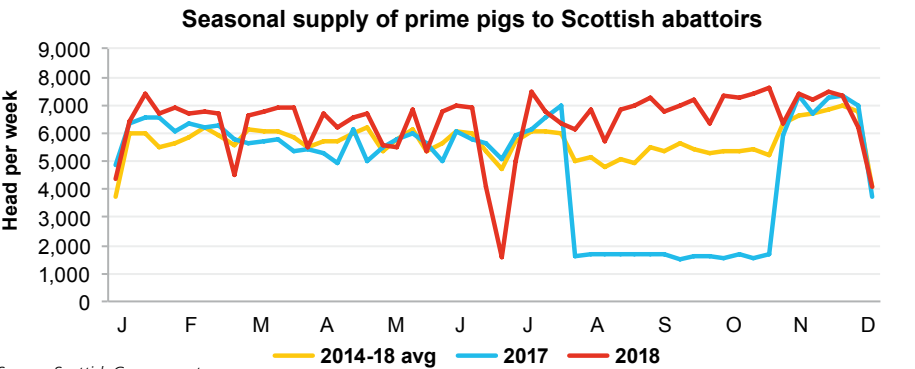
Prime pig slaughter at Scottish abattoirs rebounded in 2018, having been limited in 2017 by a three-month suspension of slaughtering at the country’s main pig abattoir following fire damage. Throughput rose by 34% to 333,200 head, recovering to its highest level since the closure of the facility at Broxburn in 2012.

In its Economic Report on Scottish Agriculture dataset, the Scottish Government estimates that 861,200 Scottish-born pigs were sold for slaughter in 2018, down 4.6% on the previous year. This suggests that the net proportion handled by Scottish abattoirs rose by 10.9 percentage points on the year to 37.6% and was enough to push it beyond the five-year average of 34.3%.

Investment in 2017, which resulted in an increased capacity to process sows in Scotland, led to a further expansion of sow slaughtering in 2018. The total number processed during the year more than doubled to 11,700 head, suggesting that there is the potential for all Scottish sows to now be processed in Scotland.



Source: AHDB; IAAS



Source: Scottish Government

Average Carcase Weights				
	Scotland			UK
	2016	2017	2018	UK 2018
	kg per head			
Clean pigs	80.7	81.8	82.5	83.3

Sources: Defra; QMS estimate from Defra and Scottish Government data

Prime pig carcase weights increased for the sixth consecutive year in 2018. Possible explanations for the 0.9% increase to 82.5kg in 2018 include further improvements in productivity as well as attempts to boost carcase weights to generate a higher revenue per carcase. The rise came despite higher feed costs.

At the UK level, carcase weights followed their general seasonal pattern of being at their highest levels over the winter months, except for December when the holiday season leads to early slaughter, and lowest during the summer. Average weights peaked at over 85kg in January and were around 84kg in the spring and autumn. The lowest average, of 82.2kg, was reported in July.

The combination of increased slaughter and carcase weights boosted prime pigmeat production by 35% at Scottish abattoirs in 2018, reaching an estimated 27,500t. Once the expansion of sow meat production has been factored in, total pigmeat production is estimated to have risen by 38% to 29,100t.



Scottish Abattoir Output

Twenty-three red meat abattoirs operated in Scotland during 2018 and submitted levy returns to QMS, down one from 2017. However, two sites closed during the year. Cattle slaughtering took place in 19 sites, while 17 processed sheep and 12 processed pigs. During 2018, Scottish Government slaughter data indicates that 1.92m animals were processed by Scottish abattoirs. This was an increase of 3.5% and followed three consecutive years of declines. Red meat production also rose by 3.5%, reaching an estimated 219,000t. While throughput was 3.5% below its five-year average, production volumes were fractionally higher than their 2014–18 average.

Scottish Abattoir Output						
	Number of animals		Volume of meat (t)		Estimated value (£m)	
	2017	2018	2017	2018	2017	2018
Cattle	462,375	459,440	167,250	167,020	674	695
Sheep	1,143,050	1,119,805	23,385	22,930	138	147
Pigs	254,195	344,850	21,125	29,140	42	55
Skins & hides	n/a	n/a	n/a	n/a	32	26.5

Sources: QMS Processor Survey; Scottish Government

It is estimated that the total turnover of the primary processing sector rose by £34m (4%) to reach £920m in 2018.

Employment is estimated to have risen by 2.5%, closing in on the 3,000 mark. Reflecting this increase, plus a general 2.4% rise in UK manufacturing sector wages in 2018, processors are estimated to have paid around £70m in wages to these staff, up from around £67m in 2017<sup>4</sup>.

With the availability of labour from EU countries tightening it is estimated that a significant rebalancing of the red meat processing workforce occurred in 2018, with non-UK EU nationals falling to 41% of employees, compared to an estimated 51% in 2018.

Increased prime cattle throughput and higher wholesale prices are estimated to have more than offset a reduction in fifth quarter value, raising turnover from cattle processing by 3% to £695m.

The combination of higher wholesale sheepmeat prices and heavier carcase weights is estimated to have more than offset a decline in abattoir throughput and a fall in fifth quarter value, pushing up sheep processing output by 6.5% to £147m.

The recovery in pigmeat production in 2018 is estimated to have more than offset a reduction in wholesale prices, raising turnover by 31% to £55m.

Sales of skins and hides were worth an estimated £26.5m to Scottish red meat processors in 2018. The market for both cooled significantly in 2018.

Scottish Abattoir Sector Scale			
	Cattle	Sheep	Pigs
Abattoirs killing stock	19	17	12
Proportion of kill in 5 largest abattoirs (%)	72.0	92.4	97.7
Proportion of kill in 5 smallest abattoirs (%)	0.1	0.4	0.5

Source: QMS levy returns

The cattle processing sector is more evenly spread in terms of capacity than the sheep or pig sectors. There are a number of medium-sized plants working with cattle, whereas sheep and pig processors tend to be either very small or very large. During 2018, the five largest cattle processing abattoirs saw their share of throughput increase by 1.5 percentage points, while the share of the top five sheep processors jumped by 7.8 points and the top-five share for pigs went up by 2.4 points, collectively adding 11.7 percentage points. Meanwhile, the share of cattle processing in the smallest five abattoirs fell from 0.6% to just 0.1%, while it eased from 0.5% to 0.4% for sheep. By contrast, the smallest five pig abattoirs captured a higher share than in 2017, rising from 0.2% to 0.5%.

Distribution of Scottish Red Meat Sales in 2018 (based on a sample of processors)						
	Scotland		Rest of UK		Exports	
	Value (£m)	% by value	Value (£m)	% by value	Value (£m)	% by value
Beef	157	24	455	69	48	7
Sheepmeat	11.5	8.5	95	69	31	22.5
Pigmeat	18	32.5	36.5	67.5	<1	<1
Total red meat	186	22	587	69	79	9
Fifth-quarter	8	18.5	21.5	51.5	12.5	30
Skins/hides	8	31.5	17.5	66.5	0.5	2

Totals may not sum to 100% due to rounding.

Source: QMS Processor Survey

Distribution of Red Meat Sales by Market Outlet in 2018 (based on a sample of processors)				
	Beef	Sheepmeat	Pigmeat	Fifth-quarter
	% by value			
Multiple retailers	66.5	64	68.5	2.5
Independent retailers	2.5	2.5	15.5	3
Retail wholesalers	11.5	32.5	1	33
Food manufacturers	12.0	<1	2	23
Food service & catering suppliers	7	1	13	8.5
Other	<1	0	0	30

Totals may not sum to 100% due to rounding.

Source: QMS Processor Survey

England and Wales remained the most common first point of sale for Scottish processors in 2018, and it is estimated that around two-thirds of all revenues were generated there.

The Scottish processing sector continued to send less of its produce overseas than the UK as a whole. Higher beef producer prices and a lower scale of production in Scotland than in the rest of the UK make it harder for Scottish processors to compete in price-sensitive export markets, leading to a focus on lower volume but higher value markets.

While 2018 saw strong beef export growth, lamb exports softened despite the exchange rate remaining at a favourable level. Direct exporting of pigmeat from Scotland remained negligible.

Fifth quarter products continued to play an important role in helping cattle and sheep processors achieve carcase balance. These products are much more likely to be sold to wholesalers and food manufacturers than into the multiple retailers. They also make up a significant proportion of exports. Fifth quarter exports consisted mainly of beef in 2018 and showed significant growth.

Multiple retailers increased their dominance of the sales profile of Scottish red meat processors in 2018. There were estimated increases of around 10 percentage points of turnover share for beef and pork, although the increase for sheepmeat was only marginal.

For beef processors, the shift towards retailers came at the expense of food manufacturing, while there was a shift away from both wholesale and food manufacturing in the pork sector.

Fifth quarter is largely sold either wholesale or to the food manufacturing trade, with ‘other’ outlets making inroads in 2018.

**Scotland’s red meat exports outside the UK in 2018**

In the year to September 2018, Scotland’s red meat abattoirs are estimated to have sold approximately £75m of red meat and offal to customers outside the UK. Beef exports were estimated at £39m in value and 7,100t in volume (converting to around 10,000t in carcase weight terms), with a further 4,300t of beef offal generating nearly £9m of revenue.

However, a more recent survey carried out in the spring of 2019 indicated that sales in the calendar year of 2018 were in fact significantly higher than this – totalling £92m.

In the year to September 2018, product branded as Scotch Beef PGI is estimated to have accounted for 54% of beef export volumes and 62% of revenue. It averaged £6,900/t compared to £5,000/t for non-Scotch beef exports – a premium of 39%. Offal was exported at an average value of £2,600/t.

EU markets are estimated to have accounted for 98.5% of export revenues from Scotch Beef PGI, 96% from other beef and 62% from beef offal.

At £12.8m, France was the largest overall market in terms of export revenue, accounting for 29% of the combined beef and beef offal total. France accounted for 27% of Scotch Beef PGI sales, 28% of non-Scotch sales and 41% of the offal trade.

Italy was the largest market for Scotch Beef PGI, with 1,200t sold for £7.5m, giving it a 36% share by volume and 31% by value. Its share of non-Scotch and offal revenue was much lower, at a respective 11% and 1%. Belgium & Luxembourg and The Netherlands were also important markets, accounting for shares of 9% and 15% of Scotch Beef PGI export revenues.

The top premium beef markets within the EU in 2017/18 were Austria & Germany, averaging £13,300/t for sales of Scotch Beef PGI, and Belgium & Luxembourg, on £13,000/t.

Of the £2.9m worth of exports of beef and beef offal to non-EU countries, 68% of this revenue was generated from sales of beef offal.

Non-EU markets accounted for 38% of beef offal revenue. Hong Kong & Macau was the main destination for beef offal.

Norway, Switzerland & Iceland was the main non-EU market for both Scotch Beef PGI and non-Scotch product. Sales of Scotch Beef PGI to these countries had the highest average price for any market, at £18,400/t.

<sup>5</sup> Based on wages and salaries reported by six processing companies in their latest accounts filed at Companies House



Scotland's Beef Exports by Destination, October 2017 to September 2018 (£m)				
	Scotch Beef PGI	Non-Scotch	Beef Offal	Total
<b>EU</b>	23.5	14.3	3.3	41.1
<b>Belgium &amp; Luxembourg</b>	2.2	0.7	0.2	3.1
<b>France &amp; Monaco</b>	6.5	4.1	2.2	12.8
<b>The Netherlands</b>	3.6	4.9	0.1	8.6
<b>Italy</b>	7.5	1.7	0.1	9.2
<b>Spain &amp; Portugal</b>	1	0.4	0.1	1.5
<b>Austria &amp; Germany</b>	1.3	0	<0.1	1.4
<b>Denmark, Sweden &amp; Finland</b>	0.7	2.5	0.1	3.3
<b>Poland &amp; Baltic states</b>	0.2	0	0.5	0.7
<b>Other</b>	0.5	0.1	<0.1	0.6
<b>Non-EU</b>	0.4	0.6	2	2.9
<b>Norway, Switzerland &amp; Iceland</b>	0.3	0.3	<0.1	0.6
<b>Other</b>	0.1	0.3	2	2.4
<b>Total Exports</b>	23.9	14.8	5.3	44.1

Source: QMS Processor Survey, October 2018



## Retail Prices

### Consumer Prices Index (CPIH)

The general price level in the UK economy trended higher through 2017. Prices rose slightly more slowly than in the previous year, increasing by 2.5% between January and December compared to a 3.1% lift in 2017. In the year as a whole, prices rose by 2.3% from 2017.

Compared to 2017, the price level saw a strong upwards influence from energy costs, linked to rising global oil prices. However, strong competition and shifting consumer demand away from buying physical goods on the high street towards online purchases and experiences limited price increases in the consumer goods sector, while the cost of housing also rose slowly.

The headline year-on-year CPIH inflation rate opened 2018 at 2.7% – in line with its average from April to December 2017. However, it had eased to 2.2% by April, and held within a 2.2–2.4% range between March and November, before slipping to 2% in December. Inflation slowed in 2018 as the past effect of higher input costs due to the fall in sterling in mid-2016 dissipated.

The cost of food went up for a second year in 2018, although its rate of increase slowed by more than the general level of inflation in the UK economy.

Food prices were relatively stable in the first third of the year, before easing back by around 1% to their annual low in June. After lacking direction through the summer and into autumn, they then firmed again towards the year-end, closing the year around 0.5% higher than they had begun it.

Six of the nine categories in the food basket showed slower inflation rates than in 2017. However, two of the fallers – oils & fats and fish – continued to show well-above average rates of 5.9% and 3.8% respectively. By contrast, inflation in food products slowed to just 0.1%.

Annual CPIH inflation (%)			
	2016	2017	2018
<b>CPIH</b>	+1.0	+2.6	+2.3
<b>Food</b>	-2.4	+2.5	+1.8
<b>Meat</b>	-4.1	+1.8	+1.0
<b>Beef and veal</b>	-2.7	+0.3	-0.7
<b>Lamb</b>	-1.7	+4.4	+8.7
<b>Pork</b>	-5.3	+1.5	-0.3
<b>Poultry</b>	-6.1	-1.2	-0.4
<b>Edible offal</b>	-0.7	+1.1	+0.7
<b>Dried, salted or smoked meat</b>	-5.9	+3.0	+0.4
<b>Fish</b>	-2.3	+8.9	+3.8
<b>Milk, cheese and eggs</b>	-3.4	+2.0	+2.4
<b>Ready-made meals</b>	-1.0	+3.7	+1.6
<b>Restaurants and cafes</b>	+2.3	+2.9	+2.8
<b>Fast food and take away food</b>	+2.1	+3.1	+3.5

Source: ONS

Beef and veal retail prices trended lower through the first half of 2018 and then lacked direction between July and October before drifting slightly higher in the final two months. Despite this recovery, prices still fell by 1.5% between January and December. On average, beef retail prices tend to be relatively stable for long periods.

Lamb was one of the few meat categories to go against the overall trend in 2018. Having firmed through 2017, prices climbed by another 9.5% between January and July as the supply chain passed on the exceptionally high farmgate prices of the spring and early summer. However, most of this previous increase was reversed between July and October, possibly as retail price inflation had been having a negative impact on retail sales. A stable final quarter saw retail prices close the year 2.2% higher than they had opened it.

Pork retail prices were once again volatile from month to month in 2018. However, for a second year they lacked overall direction and were de-coupled from the more significant movements in farmgate prices. In 2017, the supply chain had absorbed most of the increase in farmgate

prices, of over 20%. With the average retail price falling by only 0.3% in 2018 compared to a producer price decline of over 6%, some of this value was recaptured by the supply chain.

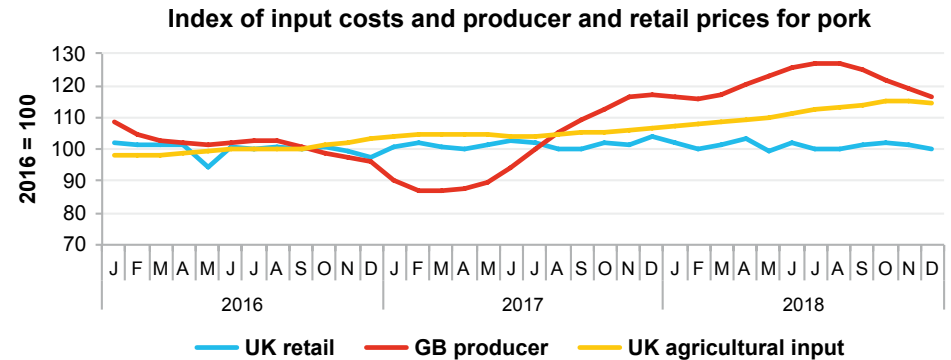
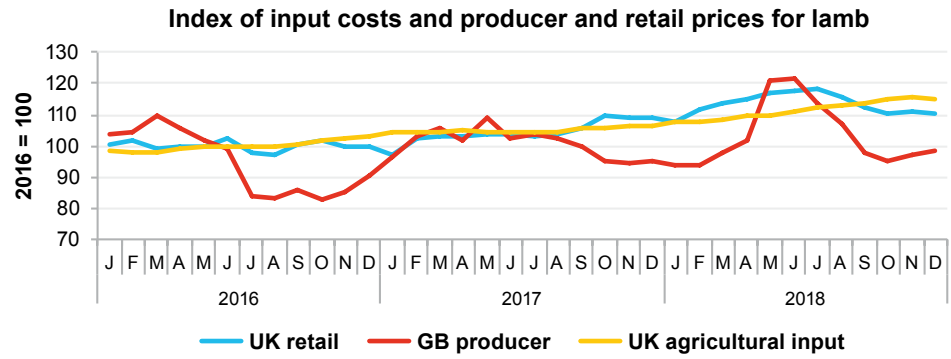
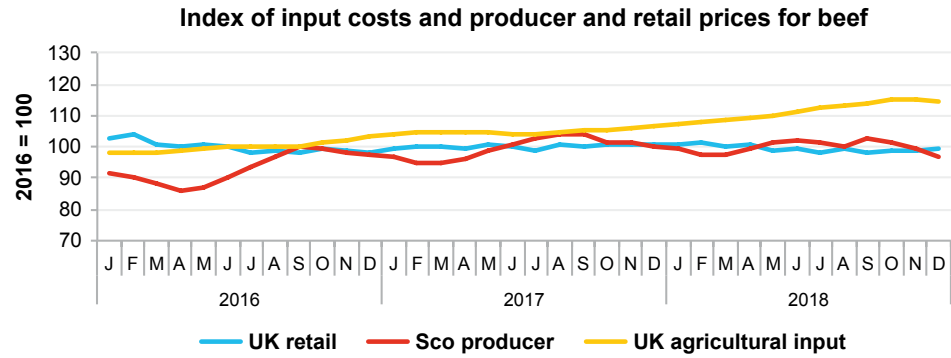
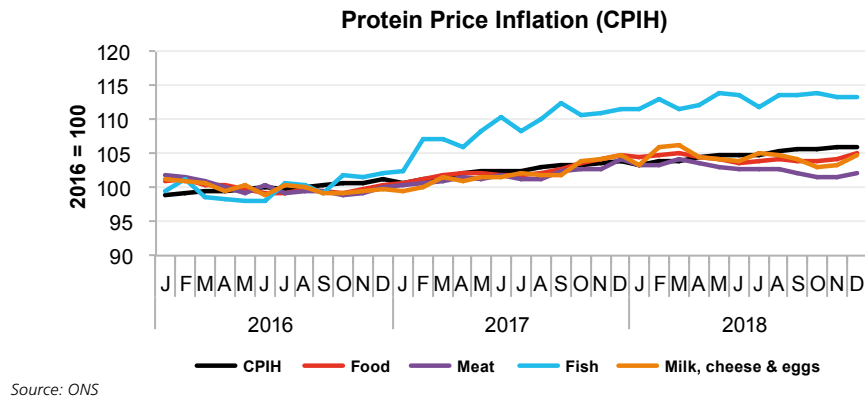
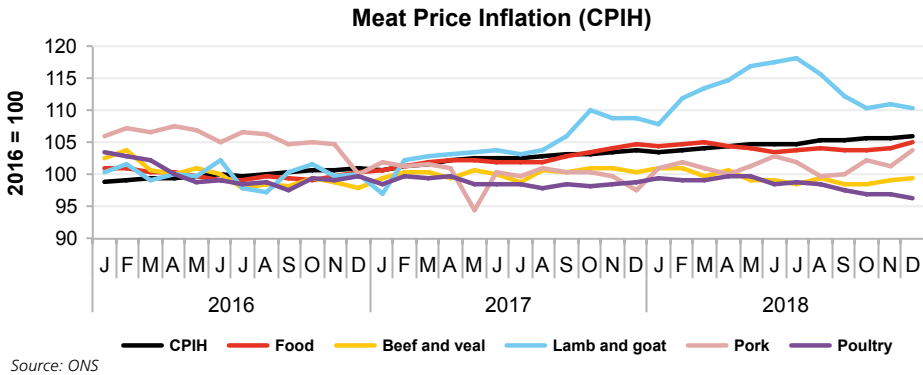
Edible offal prices rose through the first half of 2018, reclaiming the ground lost in mid-2017. Retail prices then steadied during the third quarter before slipping back in November, closing the year 2.3% higher than where they had been in January.

The retail price of dried, salted or smoked meats trended downwards in 2018. Falling farmgate prices for pigs may have given the supply chain some room to steadily reduce prices in attempt at stimulating consumption. By December, retail prices averaged 1.5% below their January position. The two months to show significant price lifts in 2018 – March and December – may reflect a seasonal lift in demand for Easter and Christmas.



Having risen steadily through 2017, dairy prices trended slightly lower in 2018. Their above-average inflation rate reflected the lower base to compare against, with this gap closing as 2018 progressed. Meanwhile, fish prices stabilised following a sharp upturn through 2017, while eggs and poultry continued to become cheaper, gaining further price competitiveness on the back of increasing production.

The retail price of ready meals saw a 2017 upturn go into reverse through 2018. This suggests that a general fall in raw material prices was passed on in attempt at supporting sales volumes. Meanwhile, inflation rates in the food service and catering sectors, which tend to be more reflective of general economic forces such as wage costs rather than raw materials, held at around the 3% level.



# Consumption and Use

## Product available for consumption

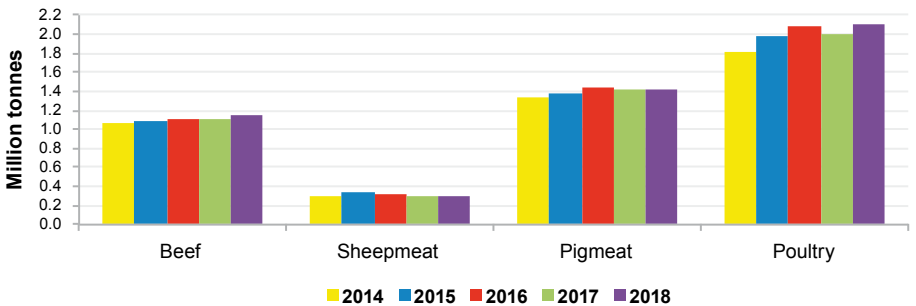
The total volume of beef available for consumption in the UK is estimated to have risen by 2.5% to reach a 31-year high of 1.14m tonnes in 2018. An expansion of domestic production by 2.2% (20,300t) coupled with a 4.1% (14,300t) lift in imports drove supply higher, but this was partially offset by a 4.9% (6,500t) lift in exports . Imported beef accounted for 31.4% of total supply, up from 30.9% in 2017 and a 2014–18 average of 30.8%. Meanwhile, exports were equivalent to 15.1% of UK beef production, up from 14.7% in the previous year and matching the five-year average.

The total volume of sheepmeat available for consumption fell for a third year, down 2.1% to a six-year low of 299,400t in 2018. While an 8.3% fall in exports added 7,800t back to the market compared to 2017, this was more than offset by 3.3% declines in both home production and imports,

with the former subtracting 10,300t from the market and the latter 3,400t. Imported sheepmeat accounted for 32.4% of annual supplies compared with 32.8% in the previous year and a five-year average of 34.5%. The export share of UK production fell by 1.3 percentage points to 32.2, placing it slightly behind its 2014–18 average of 32.7%.

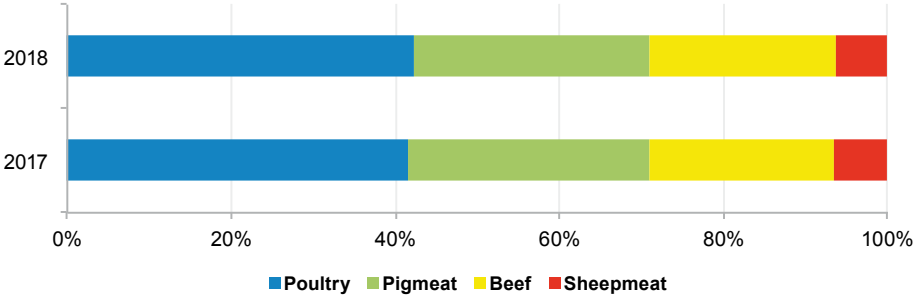
The total volume of pigmeat available for consumption edged 0.4% higher to 1.43m tonnes in 2018. While domestic production showed a 2.5% (21,800t) expansion, this was partially offset by the combination of a 1.5% (12,100t) reduction in imports and a 1.7% (4,300t) increase in exports. Imports accounted for an estimated 55.5% of supplies, down a percentage point from 2017 but slightly above the five-year average of 55%. Meanwhile, the proportion of domestic production exported fell back slightly from a record high of 28.7% in 2017 to 28.5%, placing it above the 2014–18 average of 27%.

Annual UK meat supplies



Source: Defra (2019b)

Annual share of UK meat supplies



Source: Defra (2019b)

Combined beef, lamb, pork and poultry supplies rose by 3% to 4.98m tonnes in 2018, putting it 3.4% in front of the 2014–18 average. Red meat supplies were 1% higher at 2.87m tonnes, meaning that red meat’s share of the total slipped to 57.6% from 58.8% in 2017.

## Retail Consumption

It is estimated that the volume of prime beef cuts (e.g. steaks, roasts and mince) sold by multiple and independent retailers to UK households in the 52 weeks to December 30 2018 totalled 296,900t. This was down by 1.8% year-on-year. This estimate is based on combining separate figures for GB and NI from Kantar Worldpanel. In Scotland, consumption fell slightly more slowly, down 1.4% at 28,950t, with declines of around 10% for roasts and stewing beef partially offset by a 2% lift in steaks and a marginal increase in mince.

Given that total UK beef supplies rose by 2.5%, a decline in retail sales indicates that either volumes used in food manufacturing and foodservice picked up strongly and/or cold store stocks were added to. Kantar Worldpanel data for processed beef products pointed to strong growth in sales of burgers during the hot dry summer of 2018 while there was some growth in ready meals, but pies and pasties struggled. Meanwhile, increased imports of frozen beef may have been used to boost stock levels.

At an estimated 64,600t during the 52 weeks to December 30 2018, UK retail sales of lamb fell by 7% year-on-year, following on from a sharp 9% drop in 2017. Scottish consumption volumes are estimated to have fallen at a faster rate of -8.4%, slipping to 3,200t. Since UK retail sales fell faster than total supply, it suggests increased use elsewhere and/or a higher carryover of product into 2019. During the 52 weeks to December 30 2018, it is estimated that 165,600t of pork was

<sup>3</sup>Import and export volumes include processed products and live animals, and are converted from product weight into carcase weight equivalent.

retailed across the UK, working out at a marginal 0.2% fall from 2017. Kantar Worldpanel data suggests slightly higher sales of numerous processed pigmeat products, including bacon, pork pies and sausage rolls; however, deli meats and hams fell slightly.

According to Kantar Worldpanel, bacon sales in the UK are around 30–35% higher than those of pork. If this is factored in, retail sales of fresh and frozen cuts of pigmeat could be 25–30% of total pigmeat supply.

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## Per Capita Supplies

On a per head of population basis, the volume of red meat plus poultry available for consumption in the UK is estimated to have risen by 1.7kg in 2018 to 75kg. This left it slightly below its recent peak in 2016. Growth in meat supplies more than offset the higher UK population. In Scotland, the estimated increase of 2.8kg out-paced that seen in the UK as a whole.

In 2018, UK per capita beef and poultry supplies are estimated to have risen as the lift in supply outpaced population growth. However, per capita sheepmeat supplies fell for a third year and steadied for pigmeat.

In Scotland, evidence from Kantar Worldpanel and Defra’s annual Household Food Survey indicates that whereas beef consumption per person is higher than in the rest of the UK, it is much lower for sheepmeat and pigmeat.

## Self-sufficiency

While abattoir beef production was estimated at 144.5% of potential consumption in Scotland during 2018, and sheepmeat production at 193%, pigmeat was estimated to have covered only 30% of national supply.

UK beef production was equivalent to 81.1% of available supplies in 2017, down from 2016’s 82.7% but above its recent low point in 2015. Meanwhile, the UK became an estimated net exporter of sheepmeat in 2017, with production rising from 92% to 101% of supplies. Pigmeat production remained at 61% of supply.

	Retail sales volume (t)	Total supply (t)	Retail sales as a proportion of total meat supply
Beef	296,900	1,143,900	26.0%
Lamb	64,600	299,400	21.6%
Pork	165,600	1,427,400	11.6%

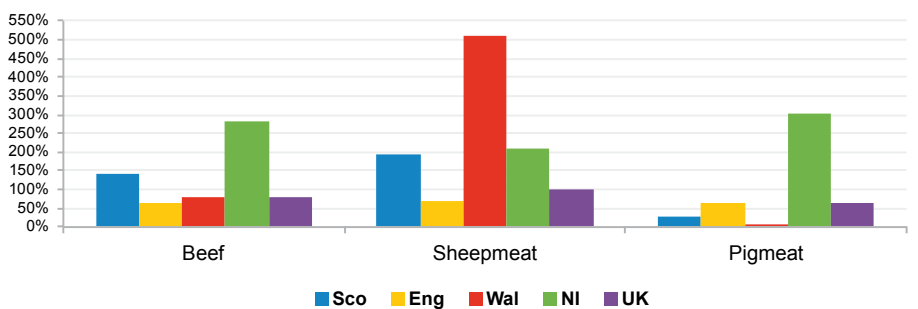
Sources: QMS calculations based on data from Defra (2019b) and Kantar Worldpanel )

## Per Capita Supplies

Kg per person	Beef	Sheepmeat	Pigmeat	Poultry	Total meat
2017 UK	16.9	4.6	21.5	30.2	73.3
2018 UK	17.2	4.5	21.5	31.8	75.0
2017 Scotland	20.8	2.3	17.0	28.2	68.3
2018 Scotland	21.3	2.2	17.9	29.7	71.1

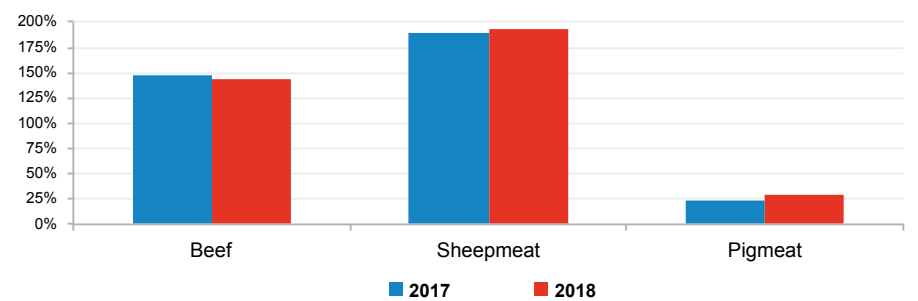
Source: QMS calculations; data from DAERA, Defra, HCC, Kantar Worldpanel, ONS, and the Scottish Government

Estimated self-sufficiency in 2018



Source: QMS calculations; data from DAERA, Defra, HCC, Kantar Worldpanel, ONS, and the Scottish Government

Estimated self-sufficiency in Scotland



Source: QMS calculations; data from DAERA, Defra, HCC, Kantar Worldpanel, ONS, and the Scottish Government

Seasonal shifts in supply and demand led to considerable variation in self-sufficiency for beef, lamb and pork, and for different cuts, during the calendar year. For example, March and April accounted for around 15% of annual sheepmeat production, but 25% of consumption, and, over this period, sales of lamb leg roasts are often four times their normal volume.

During 2017, Scottish self-sufficiency in beef is estimated to have fallen for a second year, with consumption

increasing at a time of falling production. By contrast, sheepmeat self-sufficiency rose for a second year as consumption fell faster than production. For pigmeat, self-sufficiency recovered after production had been disrupted by fire damage in 2017, but there was also an expansion of abattoir capacity. A rising Scottish population had a marginal downwards impact on self-sufficiency estimates for the three species.



# UK Overseas Trade

Detailed import and export data for red meat sales into and outside of Scotland are unavailable separately from UK figures. Consequently, this section summarises HMRC trade data for the UK as a whole and reflects the trade environment in which Scottish producers and processors operate.

## Imports

### Beef

Imports of fresh and frozen beef (including skirt) to the UK rose by 7.4% to 272,600t in 2018. At this level, volumes exceeded their 2014–18 average by 6.4%.

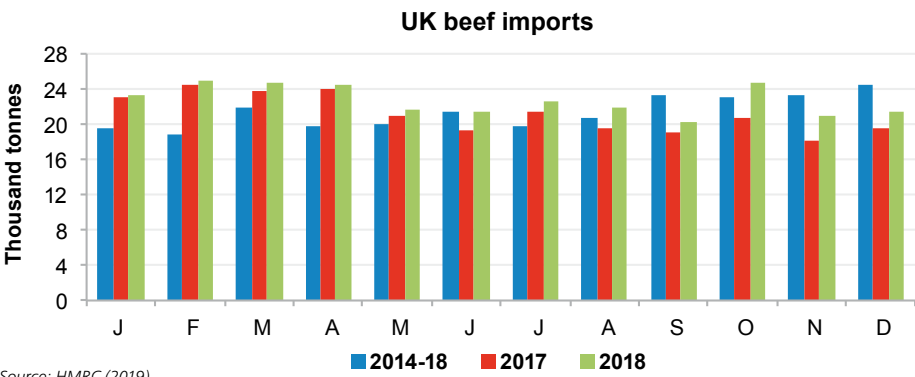
There was a continued rebalancing of imports as although fresh beef imports rose by 1.6% to 183,900t, the volume of frozen beef arriving in the UK increased much more strongly, up 21.6% at 88,900t. This saw frozen beef account for 32.6% of imports, up from 28.8% in 2017 and a five-year average of 28.2%.

Imports from EU countries increased by 7.1% in 2018 to reach 255,900t. This was 93.9% of total imports, down marginally from 94.1% in 2017 but well above the five-year average of 91.8%.

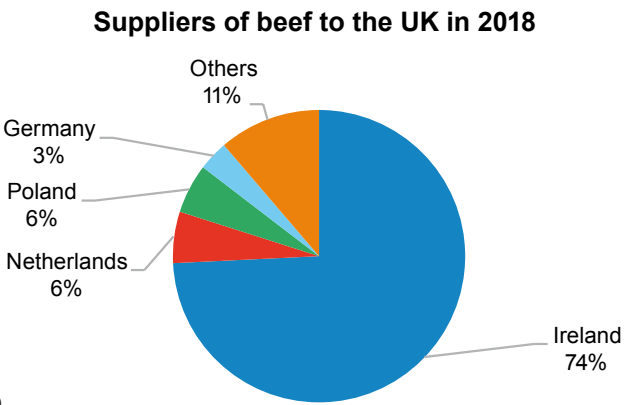
Deliveries from Ireland rose by 10.7% to 202,300t in 2018. Of this total, 142,400t (70.4%) was fresh beef – a year-on-year increase of 6% – while frozen shipments rose 24% to 59,900t. Ireland's share of the UK's beef imports lifted by 2.2 percentage points to 74.2%.

After four consecutive annual declines, beef imports from non-EU countries recovered slightly in 2018. Although they rose by 11% to 16,700t, this still left them trailing their 2014–18 average by 21%.

Imports of processed beef to the UK, including corned beef, contracted by 7.1% to 73,050t in 2018, placing them 4.6% below their 2014–18 average. Whereas imports from the EU declined by 17.2% to 47,900t, there was a 21.3% rise in volumes from non-EU countries, reaching 25,200t.



Source: HMRC (2019)



Source: HMRC (2019)

UK beef import prices 2018		
Destination	Avg import price (£/t)	y/y change
EU	3,926	+4.4%
Non-EU	5,607	-11.7%
All Exports	4,028	+2.9%

Source: QMS calculations based on HMRC data

### Sheepmeat<sup>5</sup>

UK sheepmeat imports fell for the fifth consecutive year in 2018. Volumes fell by another 2% to 74,000t – their lowest level of this century. Spending on sheepmeat imports rose by 2.5%, but higher average prices meant that this acquired a smaller volume.

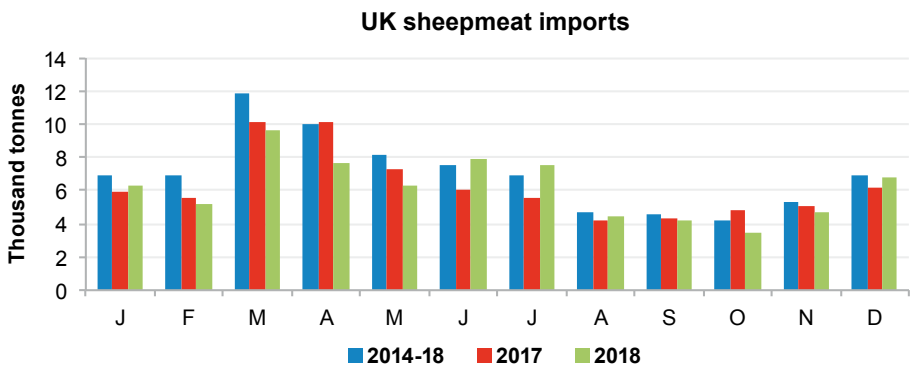
Spring is the peak importing period in the UK, as domestic product is less readily available and consumers like to buy leg roasts. Kantar Worldpanel indicates that retail sales of leg roasts in GB in the four weeks to April 22 2018 totalled 5,000t. If a leg roast weighs around 2kg, this works out at a requirement for 1.25m prime sheep. Similarly, at Christmas, 4,100t of leg roasts were retailed in the four weeks to December 30 2018, requiring 1.025m lambs. In a four-week period during the spring, GB abattoirs slaughter around 900,000 prime sheep, pushing up to around 1.1m in December. With domestic supply unable to meet demand, imports are required. Even if domestic production did cover Easter requirements for leg roasts, achieving carcass balance would be challenging.

In 2018, imports of legs totalled 33,000t, of which just over half was fresh or chilled product. This was 43.2% of all the sheepmeat imported to the UK.

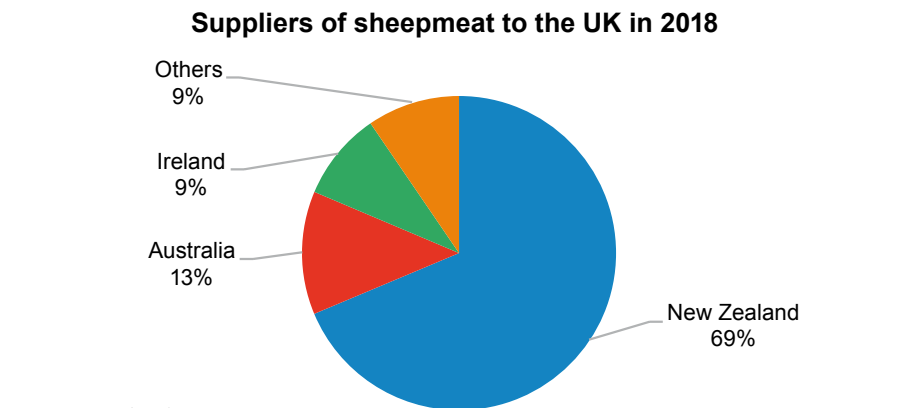
With Easter moving forwards to the turn of April in 2018, sheepmeat imports arrived earlier than in 2017, resulting in March volumes being significantly higher than April levels compared to a more even split in 2017.

New Zealand (NZ) saw its share of UK imports fall slightly in 2018, slipping to 68.7% from 69.1% in 2017. This was well down on the highs of 75–76% in 2015 and 2016. Volumes fell 2.7% to 50,800t. This was well below half of the proposed post-Brexit quota level of 114,138t.

Imports from Australia fell for a fourth year in 2018, down 12.8% at 9,400t. It should be noted that deliveries from Australia are restricted by an EU quota for tariff-free access of only 19,186t per year, with the proposed post-Brexit split resulting in a 15,349t allocation.



Source: HMRC (2019)



Source: HMRC (2019)

UK sheepmeat import prices 2018		
Destination	Avg import price (£/t)	y/y change
EU	3,822	19.2%
Non-EU	5,088	3.5%
All Exports	4,898	4.6%

Source: QMS calculations based on HMRC data

Imports of sheepmeat from Ireland rose for a third year. A 9.9% increase saw them recover to a five-year high of 6,600t in 2018.

<sup>5</sup>HS code 0204. This includes goat meat, of which trade is minimal.

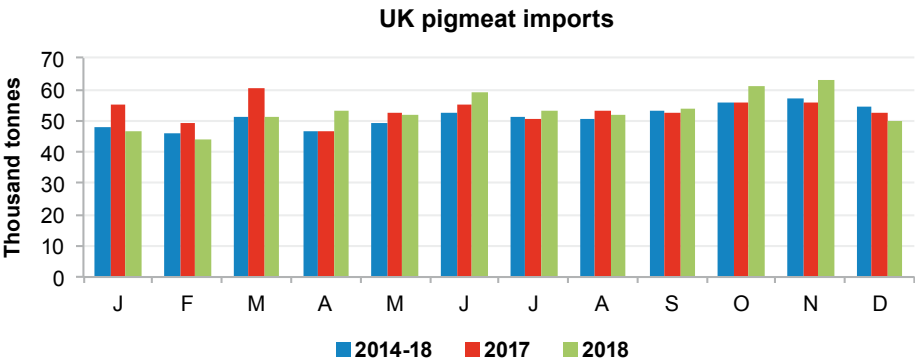
Pigmeat

According to HMRC data, UK pigmeat import volumes were little changed for a third year at 639,350t in 2018. However, imports were considerably lower in the first quarter before exceeding year-earlier levels in the final quarter. Imports exceeded their five-year average by 3.7%.

There was little year-on-year change in deliveries of fresh and frozen pork or bacon and ham, with the former at 432,900t and the latter at 206,500t. This left pork accounting for 67.7% of the pigmeat total.

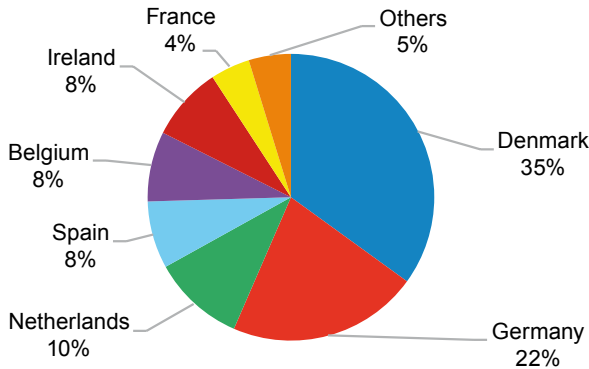
EU countries supplied nearly all of the UK's pork imports in 2018. Denmark was the principal supplier, but volumes declined by 8.6% to 151,400t. By contrast, imports from Germany grew by 26% to 93,200t, raising their market share by 4.4 percentage points to 21.5%.

Having replaced Denmark as the principal supplier of bacon and ham to the UK in 2017, imports from the Netherlands rose further in 2018, lifting 3.8% to 98,400t. By contrast, the volume arriving from Denmark fell by another 5.2% to 55,200t. Imports from Germany also declined.



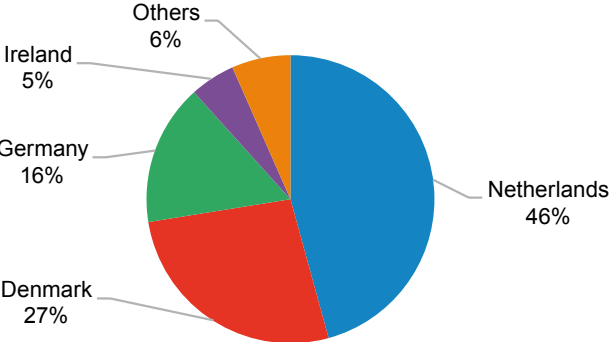
Source: HMRC (2019)

Suppliers of pork to the UK in 2018



Source: HMRC (2019)

Suppliers of bacon & ham to the UK in 2018



Source: HMRC (2019)

Exports

Beef

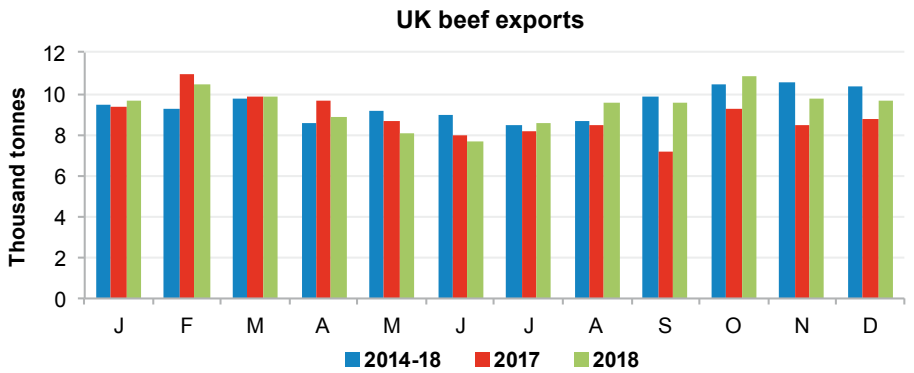
UK exports of fresh and frozen beef (including skirt) rebounded in 2018, rising by 5.4% to 112,400t. However, this still left them trailing their 2014–18 average by 0.9%.

Exports of beef to EU countries showed an 8.5% expansion in 2018, reaching 98,600t. This meant that the EU accounted for 87.7% of UK beef exports, up from 85.1% in 2017 and a five-year average of 85.6%.

Ireland remained the largest UK export market for beef in 2018. Deliveries grew by 7.3% to reach 36,350t. This was a 32.3% share, up from 31.8% in 2017. In addition to product destined for retail, exports to the Irish Republic reflects cross-border movements of beef between Northern Irish abattoirs and cutting plants in the Republic for further processing. The Netherlands remained the UK's second largest export destination, but volumes slipped by 13.9% to 23,600t, lowering its share by 2.2 percentage points to 22%.

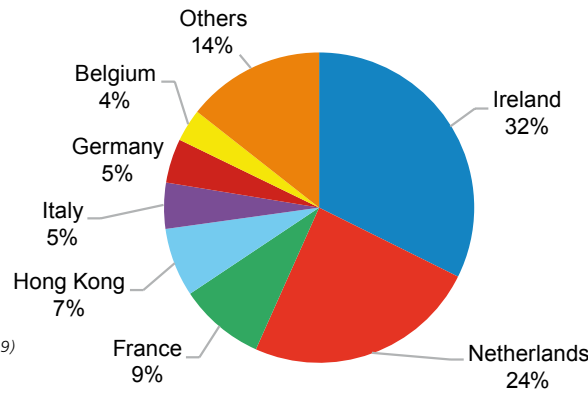
Beef exports to non-EU markets fell by 12.5% to 13,900t in 2018, leaving them 15% adrift of their five-year average.

In addition to fresh and frozen beef, the UK exported 9,500t of processed beef in 2018, of which 95.6% went to EU countries. Shipments rose by 1.8% from 2017 and exceeded their five-year average by 8.2%.



Source: HMRC (2019)

UK beef exports 2018



Source: HMRC (2019)

UK beef export prices 2018		
Destination	Avg import price (£/t)	y/y change
EU	4,058	+2.2%
Non-EU	2,840	-3.7%
All Exports	3,907	+2.3%

Source: QMS calculations based on HMRC data





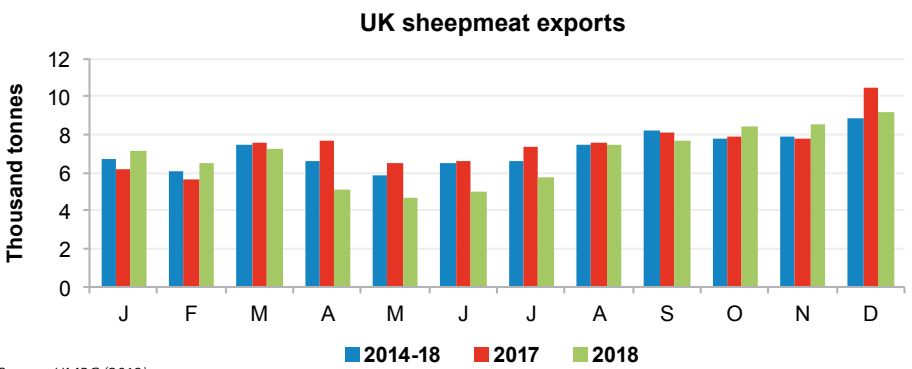
Sheepmeat<sup>6</sup>

UK sheepmeat exports fell back for the fourth time in five years in 2018. At 82,700t, volumes contracted by 7.5% and fell 4.1% short of their 2014–18 average. A tightening of supply in the spring and smaller lamb crop limited the availability of product for export for much of the year.

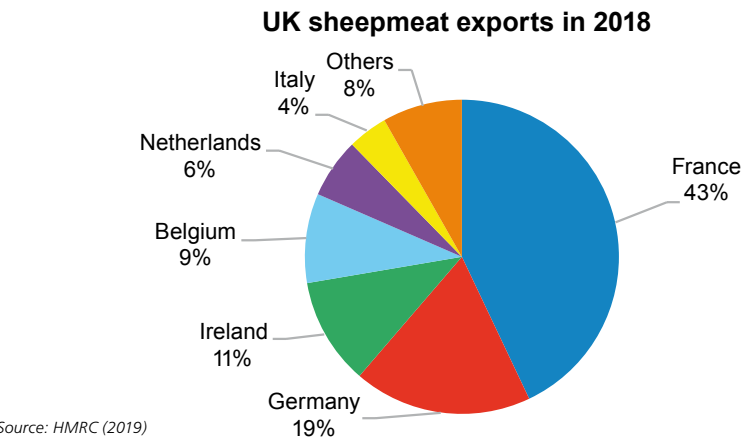
UK sheepmeat exports to the EU contracted by 6.3% in 2018, slipping to 78,650t. This was a 95.1% share of exports, above 2017’s 93.9%. EU importers spent around 5% less buying sheepmeat from the UK (in euro), while UK export revenues fell by 4.3%, reflecting a slightly higher average price.

France remained the UK’s largest sheepmeat export destination in 2018. However, its share of the total continued to slide as export volumes fell by 12.8% to 35,500t. The French share slipped to 42.9% in 2018 from 45.6% in 2017 and a five-year average of 48.7%. By contrast, exports to Germany continued to grow, up 8.1% in 2018 to 15,200t. This was an 18.4% share of exports; well above 2017’s 15.7% and a five-year average of 13.8%.

After making a strong recovery in 2017, UK sheepmeat exports to non-EU countries fell by more than a quarter in 2018, dropping to 4,100t. Hong Kong was once again the majority destination, at around two-thirds of this total, providing an outlet for lower value frozen bone-in cuts.



Source: HMRC (2019)



Source: HMRC (2019)

UK sheepmeat export prices 2018		
Destination	Avg import price (£/t)	y/y change
EU	4,493	2.1%
Non-EU	2,925	13.7%
All Exports	4,416	3.0%

Source: QMS calculations based on HMRC data

<sup>6</sup>HS code 0204. This includes goat meat, of which trade is minimal.

Pigmeat

A sixth consecutive year of pigmeat export growth for the UK took volumes to 236,600t in 2018. This was up 1.8% from 2017 and 9.1% above the 2014–18 average.

Exports of fresh and frozen pork rose for a ninth year, up 1% at 216,000t, while bacon and ham shipments – of which most went to the Irish Republic – posted a fifth year of growth, rising 11.1% to 20,600t. This meant that bacon and ham’s share of total pigmeat exports picked up to 8.7% from an 8% share in 2017.

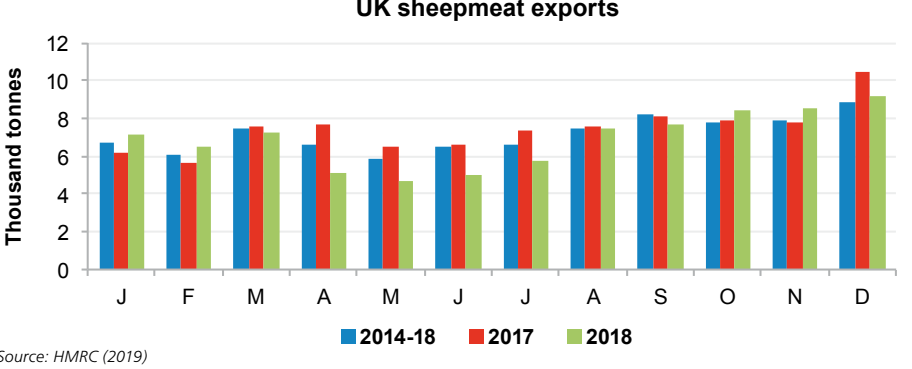
In contrast to total exports, sales to the EU declined by 1% in 2018, slipping to 135,500t. This saw the EU share of exports slip from 64% in 2017 to 62.8% in 2018.

Fresh boneless cuts remained the most common product type exported to the EU, accounting for 40.8% of volumes compared to 34.4% in 2017. Carcasses and half-carcasses (mostly sows) continued to account for just under a quarter of sales, but frozen bone-in cuts reduced in importance, with their share easing to 24.2% compared to 27.1% in 2017.

Exports to the main EU markets of Ireland, Germany, Denmark and the Netherlands rose by 0.5% to a collective total of 109,200t in 2018. Increases to Ireland, Germany and the Netherlands offset a decline in sales to Denmark. These markets were 80.5% of exports to the EU, up from a 79.3% share in 2017, and 50.5% of all exports, down from 50.8% in the previous year.

There was a 4.5% expansion in UK exports to non-EU countries in 2018, with volumes reaching 80,500t. A total of 89.4% of this was frozen bone-in cuts of pork.

Non-EU export growth came despite a 6.9% contraction in trade with China/Hong Kong, which slipped back to 48,600t. At this level, it remained the main export market by volume, but its share of non-EU markets declined by 7.4 percentage points to 60.4% while its share of total exports fell 1.9 points to 22.5%. The offsetting growth markets included Japan, the US and the Philippines.



Source: HMRC (2019)



On average, exports to the EU returned £1,355/t in 2018 compared to £1,415/t in 2017 – a decline of 4.4%. By contrast, non-EU markets averaged £1,315/t, up 3.9% on £1,265/t in 2017.

Sales of bacon and ham to Ireland grew strongly for a second year, rising 14.7% on the back of a 20% increase in 2017. The 15,700t sold to Irish buyers was 76.5% of the bacon & ham total, up from 74.1% in 2017.

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The Rural Centre, West Mains, Ingliston, Newbridge EH28 8NZ

Tel: +44(0)131 510 7920 Email: [info@qmscotland.co.uk](mailto:info@qmscotland.co.uk) Web: [www.qmscotland.co.uk](http://www.qmscotland.co.uk)

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