

GLOBAL
OUTLOOK

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Some remarkable – and welcome – figures from the Food and Drink Federation (FDF) recently have shown overseas demand for meat is spearheading the growth in total UK food and drink exports. This is something the meat industry can be proud of and, in my opinion, receives scant recognition in the wider media.

These figures come at the same time as we are being told that the government is backing UK farmers to produce and export more food. Its Exports Action Plan will help companies to export successfully by simplifying the paperwork and promoting the best of British food and drink overseas.

Yet this potentially good news comes at a time when the shipping industry is going through significant change in an increasingly tough trading environment. Looking at the overall shipping industry – not just the reefer (refrigerated container units) – over-capacity remains the key issue for many of the carriers, forcing down rates and keeping margins keen. Despite this, many carriers have kept the new vessel order book strong, displaying a welcome degree of confidence in the long-term outlook for international trade.

The top 20 carriers tightened their grip on the liner markets as their combined share of available capacity grew during 2011 and their combined capacity increased by 8.7% over the past 12 months.

However, in the short term at least, trade is set to get even more competitive as carriers prepare for these capacity additions and an intensifying rate war as they restructure their networks and reshape their alliance partnerships. Also, the usual year-end surge in bookings did not materialise in 2011, forcing carriers to postpone the traditional peak-season surcharge on many key routes.

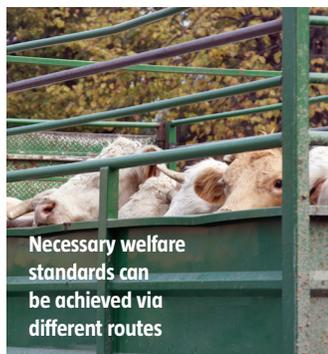
So while the opportunities grow for British meat exporters, there are rough seas ahead and it's not all going to be smooth sailing.

Diverse reaction to EU animal welfare strategy

A new EU strategy on animal welfare, announced on 19 January, has met with mixed reviews from meat and farming organisations.

The new four-year strategy aims to improve welfare standards by enhancing compliance with existing laws and laying down a time-line of actions, which will be gradually introduced between 2012 and 2015. It also includes a proposal to simplify EU legislation in 2014, creating a tool to improve the transparency of animal welfare claims and increase training among people who handle animals.

The strategy recognised that pan-European compliance was difficult, due to the diversity across member states. The EU health and consumer policy commissioner John Dalli said the new strategy will permit an element of flexibility, which will allow operators to attain the



necessary welfare standards via different routes.

NFU vice-president Gwyn Jones said that 'science-based' welfare indicators would be a positive step forward, but warned the EU must ensure this does not carry an extra cost burden for UK farmers or threaten existing welfare standards.

"This is a positive step, but the 'devil will be in detail' – something lacking at this stage," he said.

Red Tractor Assurance CEO David Clarke said a considerable amount of work would be needed to flesh out the strategy and judge any real impact. "In most areas, the strategy is merely reflecting current practice under UK assurance," he added.

Both the RSPCA and Compassion in World Farming (CIWF) said the strategy contained some promising features, but fell short of delivering long-overdue progress on welfare issues. Peter Stevenson, chief policy advisor at CIWF, said: "This new strategy is welcome in its commitment to improving animal welfare in the EU. But it has some omissions that represent a lost opportunity to improve conditions for Europe's farm animals."



Specialist pig farm income set to fall

The average income on specialist pig farms in England is expected to fall by around 20% over the next year, a 2011-12 forecast from Defra has revealed. The *Farm Business Income in England* report painted a broad outline of the next 12 months, based on information available for prices, animal population, marketing, crops and yields expected.

The survey revealed the knock-on effect of higher cereal prices on pig farms, which continued to increase throughout 2011 and now account for around half the input costs. The falling income came despite the increase in livestock, driven by firmer prices for finished pigs. Since 2009/10, the

average income on specialist pig farms has more than halved.

The survey also revealed that specialist poultry farms were also expected to fall by around 8%, as increased costs offset the value rise from broiler and egg production.

However, Defra said that grazing and livestock farms in lowland and less favoured areas (LFA) should see an increase in average incomes in 2011/12 compared to 2010/11, despite the increase in costs and bought-in feed prices. This was largely driven by firmer prices for fat and store cattle, as well as high values for finished lambs, cull ewes and replacement breeding sheep.

Eblex reveals Outlook date and venue

Eblex has announced the date for this year's Outlook Conference as Wednesday 2 May.

The half-day event highlights economic and market information and forecasting for the pig, dairy and beef and lamb sectors, and is jointly hosted with Bpex and DairyCo.

Booking details, as well as the finalised programme, will be published at the end of March, but the event will be held in London, at One Great George Street.

David Swales, market specialist manager with AHDB Market Intelligence, said: "Outlook has been an important date in the red meat industry diary for more than 15 years. This is the second year it has been expanded to include the dairy sector, which shares many common issues with the red meat divisions. The conference will include a wealth of the latest forecasting information to help delegates make sound business decisions in the months ahead."

For more booking information, email outlook2012@ahdb.org.uk or visit the Outlook section on the Eblex website <http://tinyurl.com/8yck8wr>.