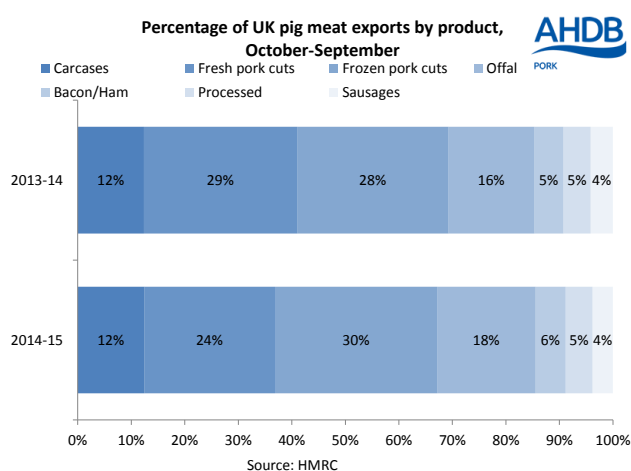


Chinese demand presents opportunity for UK exports

For the year ending September 2015, UK pig meat exports appear to have been more stable in comparison to previous years, when steady growth has been recorded. Total pig meat shipments in the year to September 2015 totalled 273,000 tonnes, a 4% increase on the same time a year before, mainly due to higher exports of pig offals. However, this overall stability hides some important changes.

Last year we published [analysis of UK export developments over time](#). Since then, the product mix of pig meat exports has changed relatively little. In the year ending September 2015, two thirds of exports were made up of fresh/frozen pork. The remaining third was made up of offal (18%), cured meats (6%), processed pork (5%) and sausages (4%).



Pork exports are made up of three segments, carcasses (including half carcasses), fresh cuts and frozen cuts. UK carcass exports continued to rise (+4%) in the year ending September 2015, with sow carcasses shipped to Germany still dominating the trade. However, there has been a shift from fresh to frozen cut. This has implications for the value of trade, as frozen cuts are generally traded at lower prices.

UK exports of fresh/chilled pork cuts have declined on the year, by 11% to 66,800 tonnes. The weak euro has certainly contributed to this, making UK pork more expensive on Eurozone markets. Of this trade, 97% was with the EU, with nearly 25,000 tonnes imported by Ireland. Contrary to the situation in previous years, the decrease has been driven by a reduction in fresh boneless cuts. This brings their overall share of fresh pork exports to 56%, a 5 point reduction from a year earlier. The decrease in exports of boneless meat was driven by lower shipments to Denmark and the Netherlands, from where most is presumably re-exported.

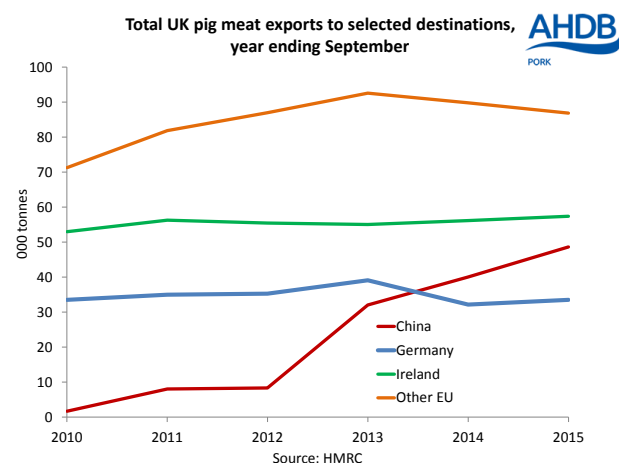
With a moderate rise in carcass exports and decrease in fresh shipments from the UK, growth in pork shipments in the year ending September 2015 has been driven by an increase in frozen trade. Overall frozen UK pig meat exports

were up 11% year on year. Compared to the fresh pork trade, frozen cut exports to the EU account for a much lower percentage share, at 30,000 tonnes, 36% of the total.

The largest importer of frozen pig meat from the UK is China. Although in the year ending September 2015 China imported only 3% more frozen pork cuts than the previous year, since the start of 2015 year-on-year export growth has accelerated to 7%. China now has a 31% share of frozen exports. Go back five years and the share of UK frozen pork trade held by the EU was just under half whilst China had a minimal share. This shows how fast Chinese demand for UK pork is growing.

Not only does China have a high demand for frozen cuts, it is a key market for the less domestically desirable parts of the pig, including offal. In the year ending September 2015, China imported 22,800 tonnes of UK pig offal, a 54% increase on the year and a total share of all offal exports of 45%.

Since 2013, China has overtaken Germany as the second largest importer of UK pig meat (including edible offal). On current growth trends it may soon overtake Ireland as the leading destination. Of all the pig meat exported from the UK in the year ended September 2015, 18% was shipped direct to China while only 12% was shipped to Germany (and 21% to Ireland). As some of the pork exported to other EU countries, such as Denmark, may ultimately be destined for China, it may already be the largest market in reality.



UK pig meat exports are of great value to the industry as they increase overall demand for UK pig meat, providing support to prices throughout the supply chain. Although all export opportunities for UK pig meat should be seen positively, being able to sustain supply to China and open up other developing markets has strong strategic benefits for the UK. As demand grows faster than production, many such countries, including China, are expected to face a meat shortfall by 2020. This may provide further opportunities for the UK, as its higher welfare standards may appeal to some consumers. The expected conclusion of a deal to export trotters to China will also add to the opportunities.