

EU-MERCOSUR DEAL COULD BE FINALISED BY THE END OF FEBRUARY

THE EU is currently negotiating a trade agreement with the four founding members of Mercosur (Argentina, Brazil, Paraguay, and Uruguay) and reports from Brussels this week have indicated that the EU and Mercosur could finalise a trade agreement later this month.

While an agreement will benefit the EU by eliminating very high customs duties in key sectors, including cars and parts, machinery, chemicals and pharmaceuticals other sectors are more at risk, and in particular agriculture.

Mercosur is currently a major market outlet for EU exports of olive oil, frozen potatoes, malt, pasta, chocolates, fruit and vegetables, wines and spirits and exporters of these mostly high-value added agricultural exports could benefit significantly from the removal of tariffs.

However other agricultural products, such as beef, ethanol, sugar and poultry are sensitive for the EU. To conclude this agreement, it will be necessary to provide some market access for Mercosur on these products, which are among their key export interests.

Partial liberalisation mechanisms such as tariff rate quotas (TRQs) allow the EU to provide limited market access on these products for Mercosur countries, while also safeguarding the interests of EU farmers. Under TRQs, Mercosur countries would be allowed to export at a reduced tariff up to a pre-agreed volume.

The reports of an agreement being reached by the end of the month follows the decision by the EU to conditionally raise its quota offer for Mercosur beef to 99,000 tonnes. During an earlier negotiating round in

Image 1: The EU-Mercosur trade deal could see 100,000 tonnes of South American beef entering the EU market



December the EU offered a beef quota of 70,000 tonnes of beef however this offer was rejected by Mercosur.

Particular aspects of this quota have yet to be agreed such as how it will be administered and how the quota will be divided between chilled and frozen beef. Reports have indicated that Uruguay in particular is pushing for an increase in volumes for chilled beef over frozen and wants quotas to be administered by the exporting country.

According to Agra Europe if the Mercosur agreement follows similar lines to the EU's FTA with Canada, the offer would likely include a duty-free quota for chilled and frozen cuts – to be phased in over a number of years – while also reducing tariffs for Hilton quota beef from 20% to 0%.

French agriculture minister Stéphane Travert has said that beef exported to the EU under this new agreement should as much as possible be required to meet the same conditions as imports under the existing Hilton quota. This means that beef should only come from certain categories of cattle and not from animals raised in feedlots. He also suggested that the new quotas should be accompanied by a price adjustment mechanism.

Beef farmers in many EU countries are opposed to a free trade deal with Mercosur as they feel opening up to

more South American beef will drive large numbers of EU beef producers out of business. They also claim it will expose EU consumers to meat produced to lower standards when it comes to food safety, the environment and animal welfare – but this is strongly refuted in South America.

As an export focussed region NI and the UK recognise that trade is a two way street and that to create preference for our products in the marketplace with consumers we have to supply quality products at a competitive price with verifiable standards and traceability backed up with excellent customer service.

There is huge pressure coming from South American countries who would like to get greater access to premium EU markets but this access cannot be to the competitive detriment of EU producers.

PROGRESS MADE IN ACCESSING VALUABLE CHINESE MARKET

GAINING access to important markets beyond the EU in Asia, Northern America and the Middle East is a key priority for Northern Ireland's meat exporters. This access to third country markets has become increasingly important in recent times following the decision by the UK to leave the EU and the uncertainty that surrounds continued access to this important market outlet.

LMC plays a strategic role facilitating the opening of new markets through its membership of the UKECP. LMC is a co-founder of this joint industry/government programme, the aim of which is to establish access for UK red meat products into third country markets. In May 2017 the UK Export Certification Partnership (UKECP) facilitated a study tour by Chinese officials which included visits to factories, feed mills, competent authorities, farms and government laboratories across all the UK regions.

Last week the British Prime Minister Theresa May announced that China is set to lift its embargo on UK beef imports later this year. China has a population of 1.3 billion people with an average per capita beef consumption of 4-5kg so direct access to this market offers huge potential to the UK beef industry.

The UK has been closed out of the valuable Chinese market since the BSE crisis in the 1990's. The Chinese authorities have pledged to improve market access for the

UK and remove barriers to trade. In addition they have agreed to make progress on lifting the BSE ban on British beef exports within the next six months and also to allow exports of a greater range of dairy products.

However while the lifting of the BSE ban is positive progress there are still quite a few steps to go through before shipments will actually happen. Ireland had the same ban lifted by China in 2015 and has yet to get up and running with beef shipments. The roadmap that the UK and China has been working towards commenced in 2013 with the UK formally requesting China to lift the beef ban.

Once China formally issues a notice to lift the ban then both sides have to agree a protocol for the import of UK beef to China and plants that have applied to export beef have to be registered by the Certification and Accreditation Administration of the People's Republic of China (CNCA) before any shipments can begin.

The UKECP has been working tirelessly on access to China as its number one priority and access negotiations can only proceed as quickly as the third country is prepared to move but very good relations have been built up in recent years between UK and Chinese authorities and LMC is actively supporting the work of UKECP to help ensure this important market opens up to UK exporters as soon as practically possible.

BVD ERADICATION PROGRAMME: WHAT IMPACT WILL BVD STATUSES ON APHIS HAVE?

THE introduction of animal BVD status information on APHIS from 12th February 2018 will bring about significant benefits to the BVD Eradication Programme. While BVD test details and BVD statuses have been, and will continue to be, available on the AHWNI database, BVD statuses will now also be visible on APHIS on-line and APHIS herd lists.

Farmers can use APHIS to see the BVD statuses of their animals and should check that all animals born after 1st March 2016 have a BVD status, ensuring that any animals that have a non negative status are followed up appropriately. In addition, the BVD status of purchased animals will be listed and should be checked if it was not known at the time of sale.

Herd owners are encouraged to establish the BVD status of animals that do not have a recorded test result. This can be done through the use of a supplementary tag (for untested animals and where unsuitable samples have been submitted) or by asking their private vet to blood sample non-negative animals.

DAERA is also introducing movement restrictions for certain animals that do not have a BVD negative status:



Animal Health & Welfare NI
BVD Eradication Programme

www.bvdni.com

- For animals born since 1st March 2016 - only negative (BVDN) animals can be sold at market, sold directly to another herd or exported (including via an Export Assembly Centre).
- For animals born before 1st March 2016 - animals which are positive (BVDP), inconclusive (BVDI), dam of a PI (DAMPI) or offspring of a PI (OFFPI) cannot be sold at market, sold directly to another herd or exported (including via an Export Assembly Centre).

Cattle imported from the ROI that are to be exported back at a later stage will be required to have a BVD test carried out in NI before the movement back to the ROI can take place. There may be an exception if the natal herd in the ROI has used a laboratory designated under the NI programme for tissue tag testing, in which case the NI herd owner should contact AHWNI for advice. The transfer of BVD results between the ROI and NI is not currently undertaken.

Action points for farmers

- Check the BVD status of all cattle on the holding, particularly noting the status of bought in stock.
 - Before moving cattle, check their BVD status to ensure that there is no BVD restriction in place.
 - Order supplementary tags for cases where the sample taken was unsuitable for testing or for untested animals born on or after 1st March 2016.
 - Contact your PVP about getting blood samples taken for animals that have had an initial positive result or an inconclusive result, animals that are untested dams of PIs or the offspring of PIs.
 - Cull positive animals as quickly as possible after obtaining a positive initial result or a positive retest.
- For all BVD queries, please check the AHWNI website www.animalhealthni.com or contact the AHWNI helpdesk on 028 7963 9333.



FQAS Helpline

If you have had a recent inspection and need help and advice to rectify any non-conformances, contact the FQAS helpline:
028 9263 3024

Answerphone Service
Factory Quotes &
Mart Results
Updated 5pm Daily

Tel: 028 9263 3011

Text Service
Free Price Quotes sent to your mobile
phone weekly

Email - bulletin@lmcni.com
Tel: 028 9263 3000

WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 05/02/18	Next Week 12/02/18
Prime		
U-3	348 - 354p	348 - 352p
R-3	342 - 348p	342 - 346p
O+3	336 - 342p	336 - 340p
P+3	290 - 306p	290 - 304p
Including bonus where applicable		
Cows		
O+3 & better	260 - 280p	260 - 280p
Steakers	140 - 170p	140 - 170p
Blues	120 - 130p	120 - 130p

Cow quotes vary depending on weight and grade.
Pricing policies vary from plant to plant. Producers are advised to check pricing policies before presenting cattle for slaughter.

REPORTED NI CATTLE PRICES - P/KG

W/E 03/02/18	Steers	Heifers	Young Bulls
U3	363.1	362.7	352.5
R3	356.6	357.0	345.8
O+3	348.9	348.3	337.0

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 03/02/18	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	183.5	198.6	217.8	219.8
P2	203.3	216.4	242.1	253.6
P3	224.4	237.1	256.2	263.0
O3	264.0	252.3	274.4	282.3
O4	200.0	243.3	280.9	284.4
R3	-	-	-	305.0

Deadweight Cattle Trade

BASE quotes for in spec U-3 grade prime cattle ranged from 348-354p/kg this week with quotes for early next week of 348-352p/kg. The majority of plants are quoting 350p/kg for steers and 352p/kg for heifers. Quotes from the major plants for good quality O+3 grading cows this week ranged from 260-280p/kg with most plants quoting in the region of 270p/kg. Similar quotes are expected next week.

The local beef processing plants have reported steady supplies of all types of cattle with prime cattle throughput last week totalling 7,093 head. This was an increase of 144 head from the previous week. Meanwhile cow throughput in local plants last week totalled 2,152 head, back from the 2,405 head killed during the previous week.

Cattle imports for direct slaughter from ROI last week consisted of 93 prime cattle and 34 cows while a further 11 prime cattle and 176 cows were imported from GB. These imported cattle accounted for 1.5 per cent of prime cattle throughput and 10 per cent of cow throughput in local plants last week. Meanwhile exports out of NI to ROI for direct slaughter consisted of 23 prime cattle, 120 cows and 8 bulls with a further 39 prime cattle and 1 cow exported to plants in GB.

The average steer price in NI last week was almost unchanged at 351.3p/kg however the R3 steer price was back by 1.2p/kg to 359.1p/kg. The deadweight trade for heifers followed a similar trend with the heifer price back marginally to 351.6p/kg and the R3 heifer price back by 1.2p/kg to 358.4p/kg. The average young bull price in NI last week was 333.8p/kg, back 1.3p/kg from the previous week while the R3 young bull price was back by 1.8p/kg to 346.3p/kg. The average cow price in NI last week increased by 2p/kg to 265.7p/kg while the O3 cow price was back by almost 1p/kg to 280.5p/kg.

The deadweight cattle trade continued to come under pressure in Scotland and Northern England last week however showed some signs of firming in the Midlands and Southern England. The R3 steer price in Scotland last week was back by 1.8p/kg to 374.1p/kg while in Northern England it was back by 4.2p/kg to 363.1p/kg. Meanwhile in the Midlands the R3 steer price increased by 1.3p/kg to 365.2p/kg with the R3 steer price in Southern England increasing by a similar margin to 362.9p/kg. The average R3 steer price in GB last week was back by half a penny to 366.5p/kg which puts the differential with NI at 7.4p/kg. The cow trade continued to firm in GB last week with average cow prices increasing strongly in all of the regions.

In ROI last week the deadweight cattle trade continued to come under pressure with the R3 steer price back the equivalent of 2.6p/kg to 339.2p/kg and the R3 heifer price back by a similar margin to 350p/kg. This puts the differential with NI at 19.9p/kg for R3 grading steers and 8.4p/kg for R3 grading heifers. The cow trade in ROI has also come under some pressure with the O3 cow price back by half a penny to 285.8p/kg. This was 5.3p/kg higher than the equivalent price in NI.

LAST WEEK'S DEADWEIGHT CATTLE PRICES (UK / ROI)

W/E 03/02/2018	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB	
Steers	U3	363.9	349.9	374.9	369.8	371.1	370.3	371.6
	R3	359.1	339.2	374.1	363.1	365.2	362.9	366.5
	R4	358.0	340.2	377.6	373.3	363.9	360.6	370.0
	O3	349.2	324.4	350.2	336.4	337.5	334.3	339.6
	AVG	351.3	-	370.9	355.5	352.0	349.1	357.2
Heifers	U3	363.2	363.6	382.3	374.6	380.3	372.5	378.3
	R3	358.4	350.0	374.8	364.6	367.4	361.8	367.9
	R4	356.6	351.3	375.2	371.1	366.6	360.0	369.1
	O3	348.7	336.0	343.4	342.2	339.0	342.4	341.7
Young Bulls	U3	352.5	343.6	371.9	354.3	359.4	340.4	356.5
	R3	346.3	332.5	362.9	349.9	348.0	354.8	352.5
	O3	332.7	317.0	321.2	310.7	309.8	325.5	314.1
AVG	333.8	-	344.6	328.4	321.7	325.6	328.6	
Prime Cattle Price Reported	6300	-	6860	7074	7054	4717	25705	
Cows	O3	280.5	285.8	275.0	265.3	278.1	267.0	271.5
	O4	283.6	286.0	278.8	268.1	276.7	264.6	272.4
	P2	240.8	255.4	213.3	223.7	227.4	226.1	224.8
	P3	259.0	275.2	233.9	239.6	245.4	248.5	244.0
	AVG	265.7	-	266.9	247.5	246.0	236.0	246.8

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=87.83p Stg
(ii) Shading indicates a lower price than the previous week.
(iii) AVG is the average of all grades in the category, not just those listed

LATEST LIVEWEIGHT CATTLE MART PRICES NI

W/E 03/02/18	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	205	218	211	180	204	192
Friesians	156	169	160	137	154	149
Heifers	200	210	208	176	196	186
Beef Cows	150	190	168	120	149	135
Dairy Cows	115	140	127	70	114	90
Store Cattle (p/kg)						
Bullocks up to 400kg	240	286	250	200	239	220
Bullocks 400kg - 500kg	215	247	230	175	214	195
Bullocks over 500kg	190	214	202	165	189	178
Heifers up to 450kg	225	267	240	180	224	202
Heifers over 450kg	200	216	208	165	199	182
Dropped Calves (£/head)						
Continental Bulls	270	345	305	180	268	225
Continental Heifers	220	330	275	125	218	170
Friesian Bulls	120	200	150	50	118	85
Holstein Bulls	110	170	125	20	108	65

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 05/02/18	Next Week 12/02/18
Hoggets >22kg	405p	410-425p

REPORTED SHEEP PRICES

(P/KG)	W/E 20/01/18	W/E 27/01/18	W/E 03/02/18
NI L/W Hoggets	365.8	369.3	370.3
NI D/W Hoggets	407.2	410.6	406.7
GB D/W Hoggets	413.0	415.4	426.7
ROI D/W	417.7	412.7	-

Deadweight Sheep Trade

QUOTES from the major processors for R3 grading hoggets at the start of this week were in the region of 405p/kg up to 22kg however these firmed as the week progressed with quotes for early next week expected to range from 410-425p/kg up to 22kg. The plants have reported steady supplies of hoggets to meet demand with 6,027 head killed locally last week. A further 8,901 hoggets were exported from NI to ROI last week for direct slaughter. During 2018 to date 78,286 hoggets have been exported from NI to ROI for direct slaughter, accounting for 55 per cent of total hogget output from NI. The deadweight hogget price in NI last week was 406.7p/kg, back 3.9p/kg from the previous week when the average hogget price was 410.6p/kg.

This week's marts

STEADY numbers of hoggets have continued to pass through the local marts this week however reports have indicated the hoggets on offer are of very mixed quality. In Omagh last Saturday 687 hoggets sold from 381-412p/kg while in Swatragh 600 hoggets sold from 341-398p/kg. In Saintfield this week 644 hoggets sold from 370-436p/kg compared to 575 hoggets last week selling from 360-375p/kg. In Rathfriland on Tuesday 435 hoggets sold to an average of 390p/kg compared to 533 hoggets last week selling to an average of 372p/kg. In Ballymena on Wednesday 1,041 hoggets sold to an average of 377p/kg, a slightly sharper trade than the previous week when 1,506 hoggets sold to an average of 367p/kg. Ewe numbers passing through the marts have remained steady this week with top reported prices generally £90-105.

LATEST SHEEP MARTS

From: 02/02/18		Hoggets (P/KG LW)			
To: 08/02/18		No	From	To	Avg
Friday	Newtownstewart	102	365	376	-
Saturday	Omagh	687	381	412	-
	Swatragh	600	341	398	-
Monday	Massereene	726	380	420	-
	Kilrea	360	366	378	-
Tuesday	Saintfield	644	370	436	-
	Rathfriland	435	366	410	390
Wednesday	Ballymena	1041	350	410	377
	Markethill	830	370	407	-
	Armooy	212	372	405	-

Contact us:

Website: www.lmcni.com

Telephone: 028 9263 3000

Fax: 028 9263 3001

FQAS Helpline: 028 9263 3024

Answerphone: 028 9263 3011

Comments: bulletin@lmcni.com

Information supplied by LMC / DAERA/ AHDB/ DAFM

LMC does not guarantee the accuracy or completeness of any third party information provided in or included with this publication. LMC hereby disclaims any responsibility for error, omission or inaccuracy in the information, misinterpretation or any other loss, disappointment, negligence or damage caused by reliance on third party information.



Not for further publication or distribution without prior permission from LMC