



European Union (EU*)



MARKET SNAPSHOT | BEEF & SHEEPMEAT



TRADE

A-EU FTA discussions to continue



CONSUMERS

Large pool of affluent consumers

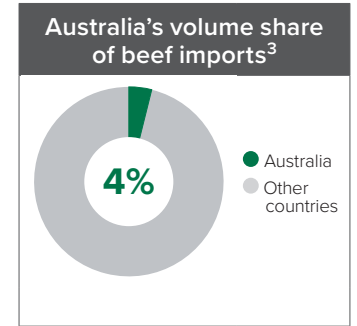
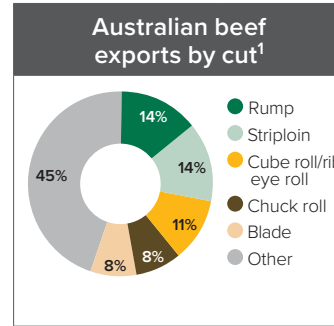
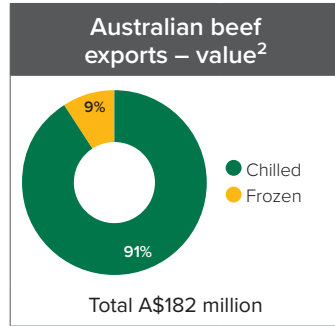
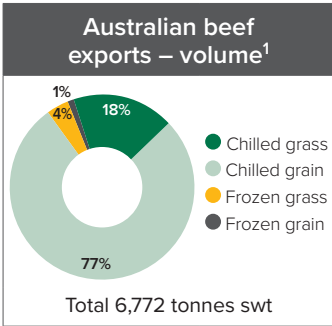
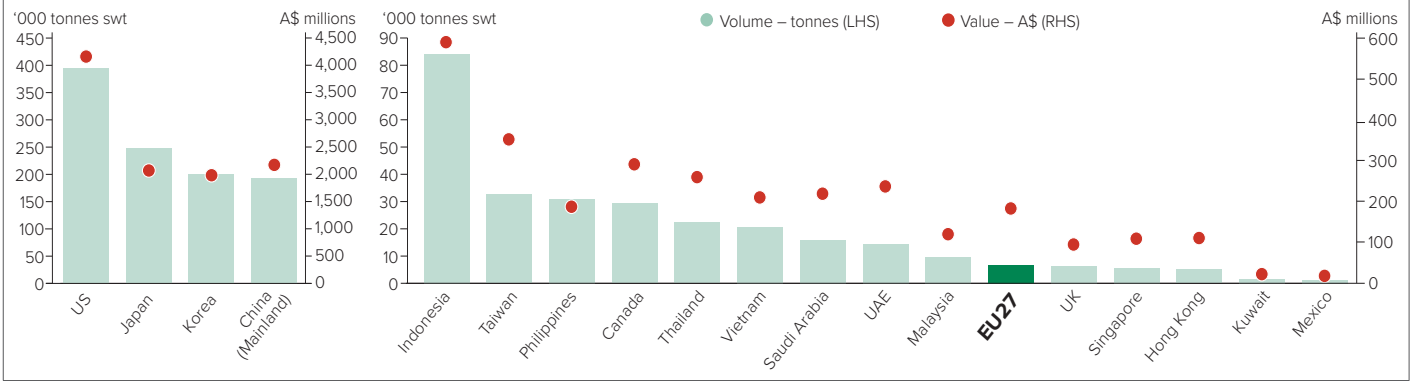


GROWTH

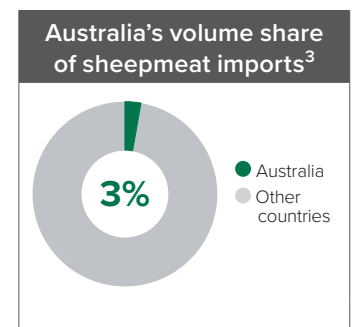
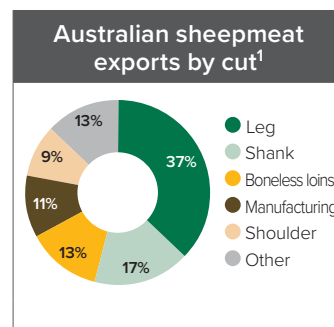
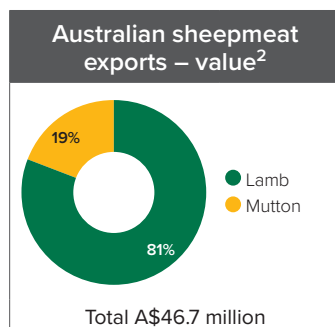
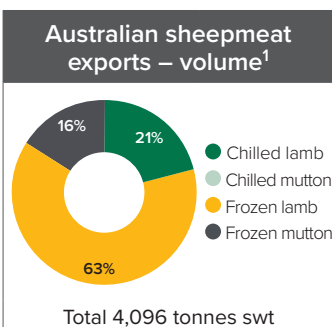
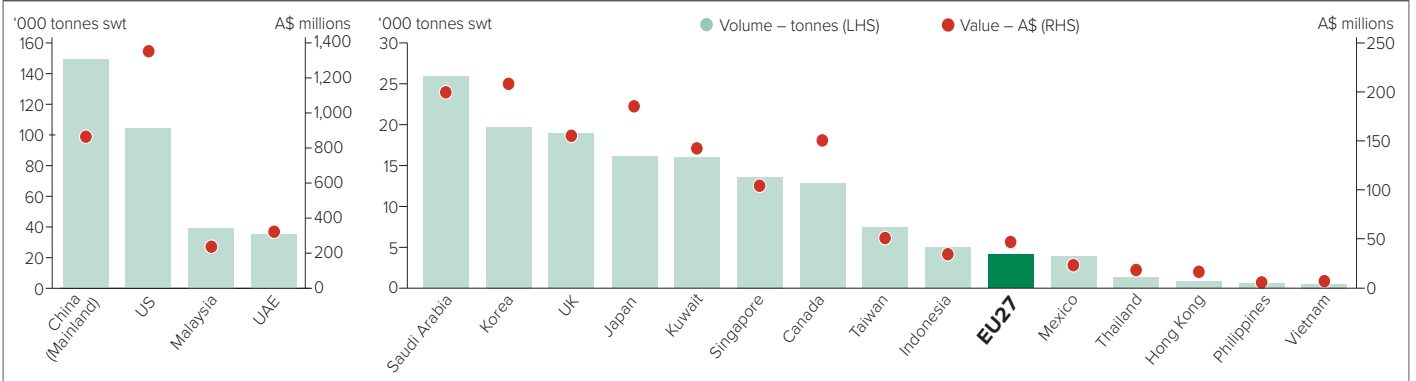
Demand for healthy and environmentally sustainable food

*EU27 – Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden

Australian beef exports to the EU in a global context^{1 and 2}



Australian sheepmeat exports to the EU in a global context^{1 and 2}



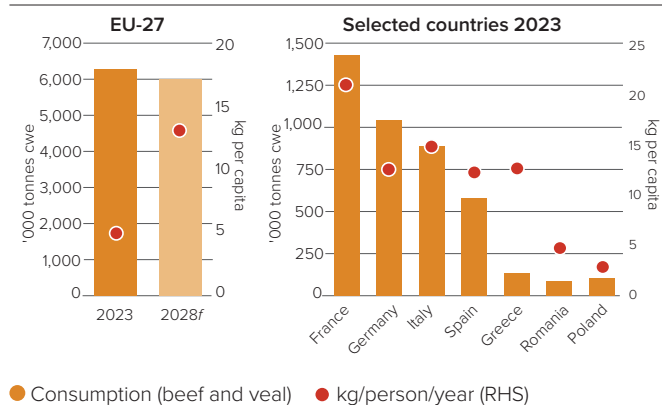
Data source for charts: ¹DAFF (CY2024), ²Trade Data Monitor (TDM) (MAT November 2024), ³Trade Data Monitor (TDM) (MAT October 2024)

CONSUMERS



- Beef consumption per capita is high by international standards in the European Union. However, rates of consumption differ between member states; Luxembourg, Ireland, Denmark, Sweden and France are among the world's highest per-capita consumers, while Poland only consumes 2.5kg per person each year (Source: GIRA).

EU-27 beef and veal consumption



Source: GIRA

- There has been a long-term decline in per capita consumption over the past decade, falling at a compounded annual growth rate (CAGR) of 1.7% from 2012 to 2022. Slower decline at 0.9% CAGR

forecast for 2023 to 2028 while total beef consumption will decline at a slightly slower pace due to some population growth and tourism growth (Source: GIRA).

- In the medium term, 2024 to 2028, the European food market is recovering as total household spending on food is estimated to grow by 5% in 2025. Consumers across Europe are still price conscious, so switching to cheaper proteins or cutting back is expected to continue in 2025 to manage household budgets (Source: Fitch Solutions).
- The relative affluence of EU citizens, alongside stringent import requirements, means that EU beef imports are considerably more valuable than the global average. Exports tend to consist of loin cuts, and chilled beef makes up a considerably larger percentage of imports than the global average.
- Consumers are increasingly paying more attention to the production process, with a greater emphasis on local, organic, and quality. Dietary adjustments, health and environmental considerations and convenience are key drivers that will influence the demand for meat moving forward.
- The EU is the main player in the global market for veal, accounting for almost 90% of world consumption which is concentrated in Spain, France, Italy and Germany, averaging around 1kg per capita in 2019. However, consumption has trended down due to weakening appeal among younger consumers (Source: GIRA).

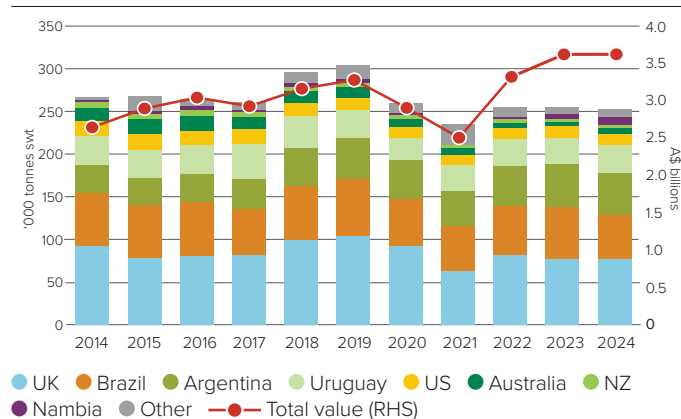
COMPETITIVE LANDSCAPE

- While the EU is a significant producer of beef, most production is derived from dairy-based herds and consumed domestically. Despite, forecast declines out to 2030, EU is estimated to have produced 6.3 million tonnes cwe of beef in 2024 – almost three times that of Australia. France is estimated to account for 20% of EU beef production, followed by Germany at 15%, Italy and Spain (both at 11%) and Ireland at 9%. (Source: GIRA).
- Domestic beef production accounts for 94% of total EU beef consumption, but declines in EU beef production coupled with the growth of imported beef will gradually account for a larger proportion of total consumption. Import volumes are forecast to increase at a CAGR of 2.1% from 2023 to reach 400,000 tonnes cwe by 2028 as a result of the gradual increase of import quotas and free trade agreements with various partners (Source: GIRA).
- Under the EU-UK Trade and Cooperation Agreement product can be traded between the EU and the UK duty-free and quota-free. Under these positive trade conditions, UK is one of the largest supplier of beef to the EU, supplying 77,075 tonnes shipped weight (swt), 22% of the total in 2023–24, however the last few years has seen Argentina overtaking UK volumes with an average market share of around 23% in the past 4 years.
- The South American trade bloc Mercosur – consisting of Argentina, Brazil, Uruguay and Paraguay – concluded free trade agreement negotiations with the EU in June 2019, with an outcome that substantially increases beef access for the bloc. However, the agreement has met strong criticism in the EU particularly around environmental-related concerns, and is yet to be ratified. Political hurdles remain that may continue to delay ratification.
- After the conclusion of the EU-Canada Comprehensive Economic and Trade Agreement (CETA), which entered into force provisionally in 2017, Canada has attained access for 50,000 tonnes cwe of beef to the EU (Source: Government of

Canada), but little trade has since yet materialised. Similarly, the United States gained access to a reserved portion of the HQB grainfed quota in 2020, reserving 18,500 tonnes for US exporters in that year (increasing to 35,000 tonnes over seven years), but this has not yet led to a substantial increase in exports of US beef.

- As the EU requires all imported beef to be strictly hormone growth promotant-free (HGP-free), most US and Canadian beef is ineligible for export. In Australia, product bound for the EU must be European Union Cattle Accreditation Scheme (EUCAS) accredited to ensure that Australian beef meets the EU's requirement for HGP-free beef.
- New Zealand (NZ) signed a free trade agreement with the EU in July 2023, that entered into force 1 May 2024. This agreement lowered the in-tariff quota on NZ beef from 20% to 7.5% and raised the quota to 10,000 tonnes cwe per annum seven years after entry into force.

EU-27 beef imports by supplier*



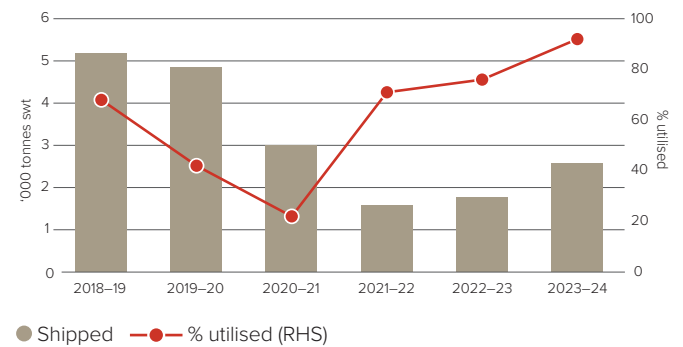
Source: Trade Data Monitor (TDM), *MAT year ending August



MARKET ACCESS

- Australia's current access to the EU beef market is in stark contrast to the majority of other export markets, which have largely liberalised trade. Transformation of punitive EU market access (low volume import quotas and high out of quota import tariffs) will be an important component of ongoing Australia-EU free trade agreement negotiations.
- Upon the conclusion of the Brexit transition period at the end of 2020, Australia's existing high-quality beef (HQB) Hilton beef quota was split between the EU and UK. Of the existing 7,150 tonnes available within the quota, 3,761 tonnes were allocated to the UK and 3,389 tonnes to the EU, with the 20% in-quota tariff maintained for both markets.
- Australia has predominantly exported beef to the EU under two quotas:
 - High Quality Beef (HQB) 'Hilton' or World Trade Organisation (WTO) country specific quota: 3,389 tonnes with 20% in-quota tariff.
 - Global HQB grainfed quota: in 2024–25, a 12,400 tonne quota for the year will be allocated on a first-come, first-served basis, shared between Uruguay, New Zealand, Argentina and Australia.
- An agreement reached between the United States and the EU to reserve a portion of the HQB grainfed quota will reduce the size of the global quota volume to 10,000 tonnes from 2026.
- Within the EU, the majority of Australian beef is typically discharged in the Netherlands. However, this does not necessarily denote the point of consumption, as importing countries often serve as central distribution points for the beef to be transported to neighbouring countries.

Australian EU beef High Quality Beef Hilton* utilisation



Source: DAFF, *also known as WTO quota





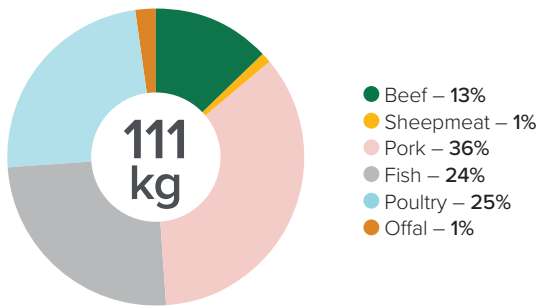
Sheepmeat

CONSUMERS



- The role and prevalence of sheepmeat consumption varies significantly between EU members. For instance, in Greece, consumption is traditionally linked to the seasonal production cycle, while in other countries demand is tied to culturally significant occasions such as Easter. There has been a slight decline in consumption since 2000, but sheepmeat demand in the EU is generally inelastic, with demand fluctuating in line with particular religious celebrations such as Easter. Sheepmeat consumption is forecast to remain stable at 1.5kg per capita in the years leading to 2028 (Source: GIRA).

EU-27 average per capita consumption by protein



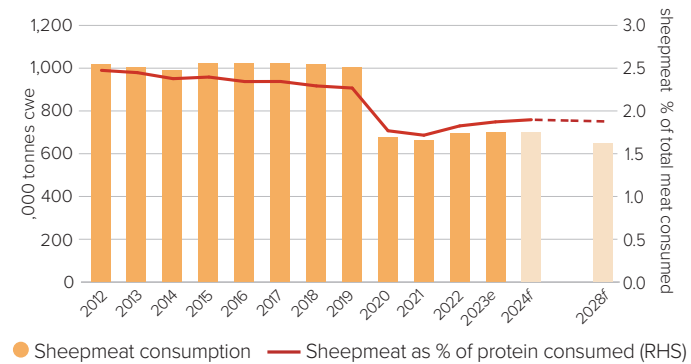
Source: GIRA, 2024f figures, Kg cwe per person per year

- Sheepmeat plays a minor role in European consumer diets. Consumption is primarily concentrated in Western Europe, particularly France and Spain, but Romania and Greece are also

significant producers and consumers. However, similar to other developed markets, social factors such as health concerns, animal welfare and environmental issues remain a challenge for increasing sheepmeat consumption in the EU.

- Australia predominantly exports lamb legs to the EU, which are directed into retail channels. New Zealand lamb has a larger footprint in retail due to more advantageous trade access.
- Australian lamb is perceived as having strong food safety credentials – likely tied to a history of no major animal disease outbreaks – but is perceived as less fresh compared to locally sourced product.

EU-27 sheepmeat consumption



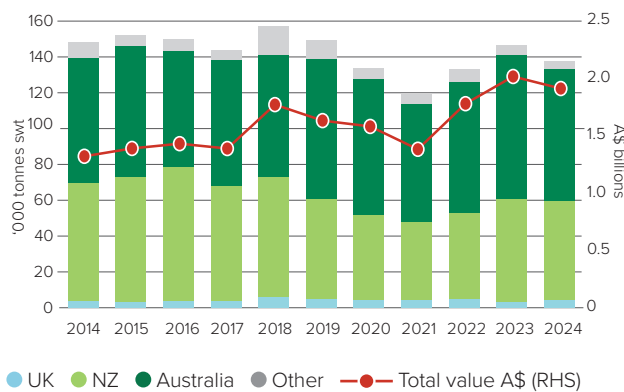
Source: GIRA

COMPETITIVE LANDSCAPE



- The majority of EU sheep production is located within five countries – Spain, France, Romania, Greece and Ireland, making up more than 75% of production. Despite the brief uptick of sheepmeat production in 2022, production is expected to continue to contract, declining through the medium term at 1.3% to 2028 (Source: GIRA).
- UK sheepmeat accounts for more than 50% of EU lamb and mutton imports into the EU, while EU markets accounted for 96% of all UK sheepmeat exports in 2023–24, highlighting the importance of the trade relationship between the two regions.

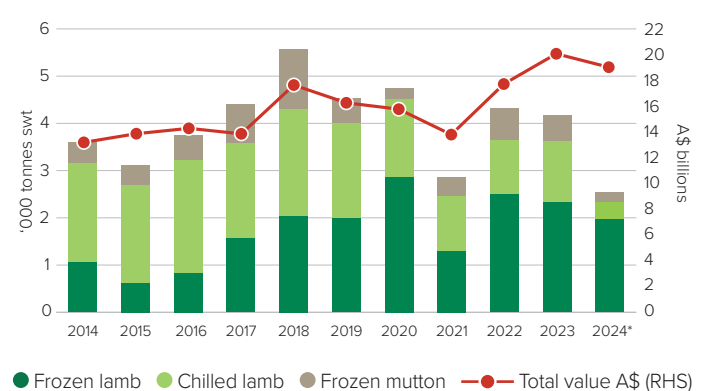
EU sheepmeat imports by supplier*



Source: Trade Data Monitor (TDM), *MAT year ending August

- New Zealand's preferential market access with the EU has allowed it to capture the majority of remaining market share. However, imports from New Zealand over the last several years have fallen due to a combination of land increasingly reallocated to the dairy sector and Asian markets' continued emergence as major buyers of New Zealand sheepmeat.
- Australian sheepmeat exports to the EU are high value product, with the average unit price in 2023–24 of A\$12.05 which was 59% higher than the average of Australia's global exports (Source: Trade Data Monitor (TDM)). Despite the A-UK FTA entering into force on 31 May 2023, 2023–24 still saw growth of 23% for Australian sheepmeat exports to the EU (Source: DAFF).

Australian sheepmeat exports to the EU



Source: DAFF, Trade Data Monitor (TDM), *MAT year ending August





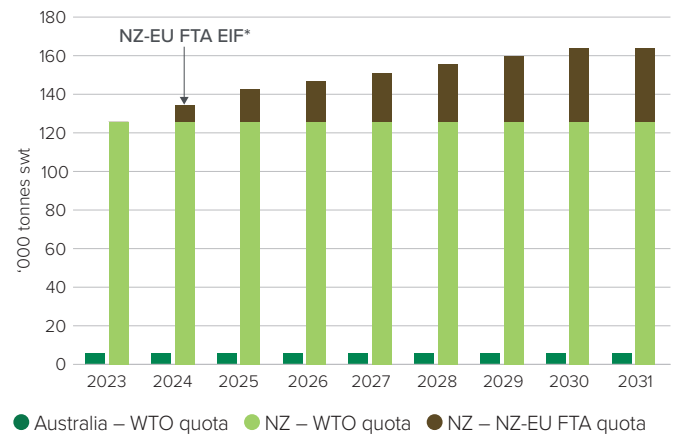
Sheepmeat



MARKET ACCESS

- Australia has a 5,851 tonne cwe (combined sheepmeat/ goatmeat) country-specific import quota into the EU. Out-of-quota imports from Australia incur prohibitive import duties of 12.8%, plus up to an additional €3.10/kg.
- There is also a 200 tonne *erga omnes* sheepmeat and goatmeat quota that is accessible to a number of countries.
- Australian sheepmeat access is currently disadvantaged compared to New Zealand, which has a 125,769 tonnes cwe sheepmeat and goatmeat tariff free quota annual allocation from 1 July 2023.
- Although New Zealand has not fully utilised its quota in recent years, reaching just 42% of the allotted volume in 2023–24, its sheepmeat export volumes to the EU were 15 times larger than Australia for the same period (Source: Trade Data Monitor (TDM)).
- New Zealand and the EU signed the New Zealand – European Union Free Trade Agreement (NZ-EU FTA) on 1 July 2022 which entered into force on 1 May 2024. The agreement will allow an additional 38,000 tonnes of NZ sheepmeat imports after a seven year transition period.

EU annual sheepmeat quota volume: Australia compared to New Zealand



Source: DAFF, NZ Meat Board, Annual tariff-free quota, * EIF = entered into force





Market access overview – beef

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
Australia-EU Free Trade Agreement negotiations commenced in July 2018 and are ongoing	2024–25: WTO (or 'Hilton') quota: 20% in-quota tariff; above quota tariff 12.8% + €3/kg Grainfed beef quota: 0% in-quota tariff; above quota tariff 12.8% + €3/kg	Argentina, Brazil and US/Canada have larger allocations than Australia under the WTO quota New Zealand: The NZ-EU FTA was signed in July 2022 and entered into force on 1 May 2024, allowing NZ an additional 10,000t cwe beef access Ongoing pressure on reduced shared grainfed quota, with quarterly allocation being filled within weeks	2024–25: WTO (or 'Hilton') quota: 3,389 tonnes country specific high quality beef Shared access to 12,400 tonnes global grainfed quota (available on a first-come, first-served quarterly basis) Access via EU importer held licences) to shared frozen beef quota and frozen beef for processing quota	All beef supplied to the market must be European Union Cattle Accreditation Scheme (EUCAS) accredited and thus free of hormone growth promotants (HGP)

Best access Major challenges

Source: Trade agreements, DFAT, MLA



Market access overview – sheepmeat

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
Australia-EU Free Trade Agreement negotiations commenced in July 2018 and are ongoing	2025: WTO quota: 0%; above quota: 12.8% + 90.2~311.8 €/100kg	NZ: WTO quota allows for 114,184 tonnes (carcase weight equivalent, calendar year basis) while the NZ-EU FTA was signed in July 2022 which entered into force on 1 May 2024 and allows an additional 38,000 tonnes cwe tariff-free after a seven year transition period UK: No quota or tariff applicable for exports to the EU	2025: WTO quota: 5,851 tonnes country-specific, carcase weight equivalent (cwe)	No trade restrictive non-tariff barriers currently operational

Best access Major challenges

Source: Trade agreements, DFAT, MLA

Global Insights on



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