United Kingdom

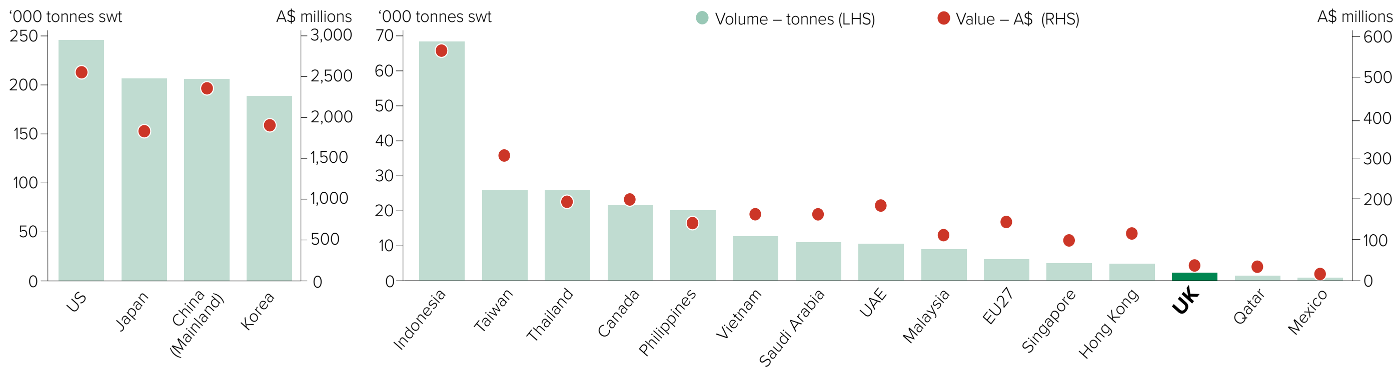
MARKET SNAPSHOT | BEEF & SHEEPMEAT

EXPORTS
Growth building on A-UK FTA in 2023

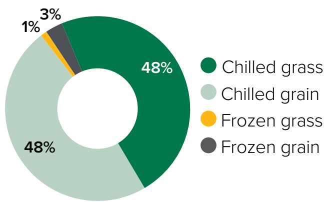
CONSUMERS
Affluent consumers who love red meat, affinity with Australia

GROWTH
Demand for safe, high quality and tender red meat

Australian beef exports to the UK in a global context [1 and 2]

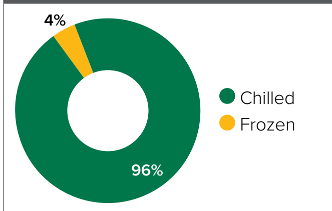


Australian beef exports – volume[1]



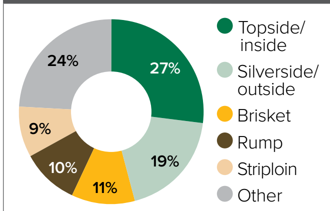
Total 2,406 tonnes swt

Australian beef exports – value[2]

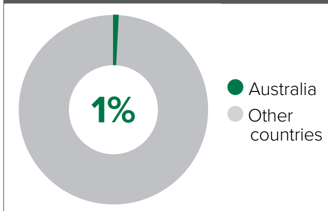


Total A$143 million

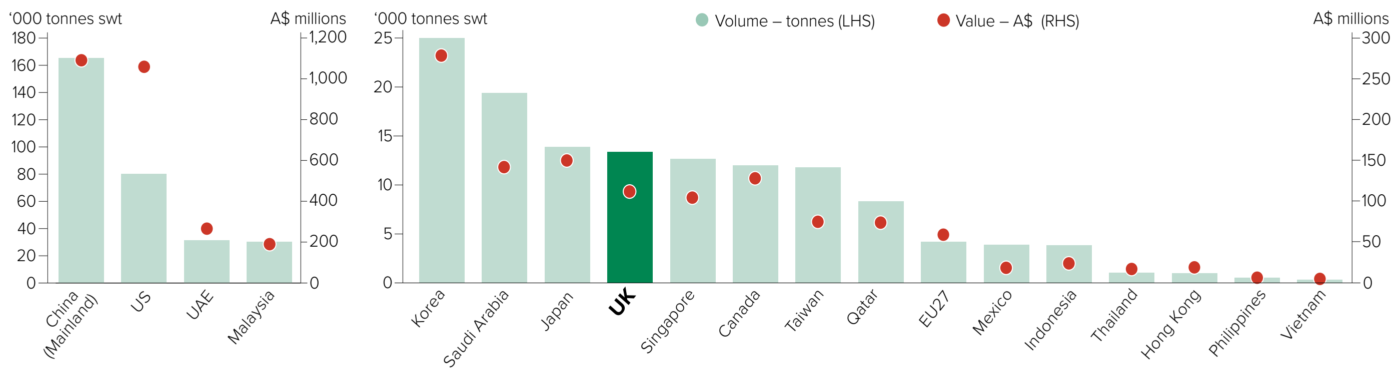
Australian beef exports by cut[1]



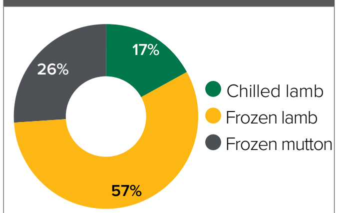
Australia's volume share of beef imports[2]



Australian sheepmeat exports to the UK in a global context [1 and 2]

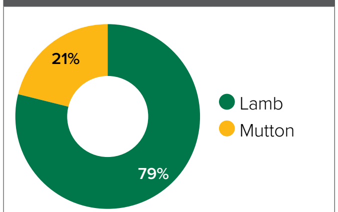


Australian sheepmeat exports – volume[1]



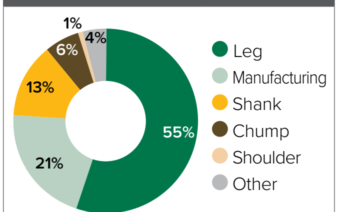
Total 13,351 tonnes swt

Australian sheepmeat exports – value[2]

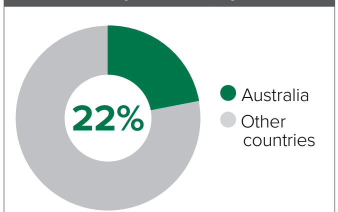


Total A$112 million

Australian sheepmeat exports by cut[1]



Australia's volume share of sheepmeat imports[2]



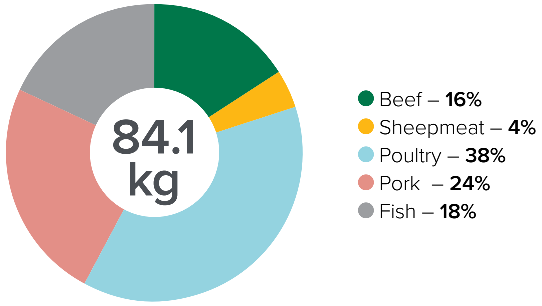
Data source for charts: [1]DAFF (CY2023), [2]S&P Global MI Global Trade Atlas (GTA) (MAT Nov 2023)

Beef

CONSUMERS

- UK beef consumption of 16.7kg per capita is higher than the EU average (of 14.1kg) although it has been on a very gradual decline over the past two decades due to growing concerns relating to health, the environment, animal welfare and cost *(Source: GIRA, 2024f)*.
- Britons have a long history of enjoying beef, which is still the second most frequently-consumed protein after chicken. It is perceived as a superior, great-tasting, family favourite as well as a versatile meat. This enables it to command a premium price compared to many other proteins.
- Many traditional beef dishes are based on slow cooking or mince, with domestic product generally on the lean side. Britons have relatively low awareness of some premium beef products – only 18% have heard of high marble score beef, compared to 33% of Chinese urban consumers, for example *(Source: MLA Global Consumer Tracker, 2022)*.
- By total sales value, beef is the second largest protein segment and among the fastest growing, with a projected compound annual growth rate (CAGR) of 1.1% 2024–2027 to reach GB£5.4 billion by 2027 *(Source: Fitch Solutions)*.
- Britons generally reserve highest trust for local and Irish beef following several decades of a 'buy British beef' campaign, particularly in retail. However, despite limited market access since 1973, Australian beef is among the most trusted of import suppliers. Among those aware of it, Australian beef is perceived to be safe, consistently high quality and tender – 49% say it will either be their first choice or they will seriously consider buying it when they next have the opportunity *(Source: MLA Global Consumer Tracker UK, 2022)*.

Meat consumption per capita



Source: GIRA, kg per carcass weight equivalent (cwe) per head per year, 2024f

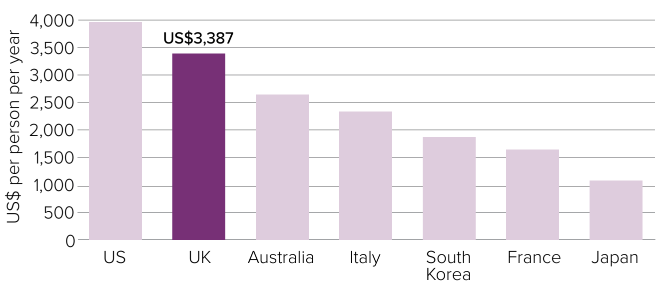
UK consumers' associations with Australian beef

Source: MLA Global Consumer Tracker UK, 2022. % Agree score

FOODSERVICE

- British diners' per capita restaurant and hotel spending is high by European standards, with eating out a key part of social life. While the foodservice sector has largely recovered to pre-pandemic levels, cost pressures from increasing food prices are impacting on profitability along with continued supply chain challenges and labour shortages.

Restaurants and hotels spending per capita

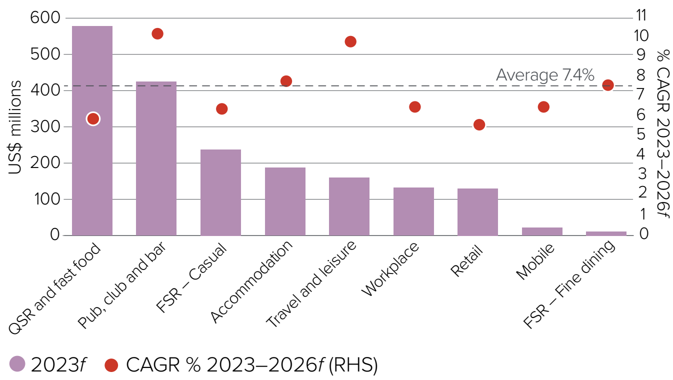


Source: Fitch Solutions, 2024f. Based on annual household spending. Data last reviewed October 2023

- The quick service and fast food segment accounts for the largest share of beef sales in the UK foodservice sector, where it features prominently in popular items such as pizza, burgers and curry. The UK is unique for its large pub sector, where beef is also popular in British and Irish cuisine dishes. Emerging cuisines that may support beef consumption in future include Thai, Indian, Japanese, Turkish and Mexican *(Source: GlobalData Menu Intelligence 2022)*.

- The market has a large hospitality foodservice segment where beef is enjoyed by tourist visitors, which numbered over 40.8 million in 2019 pre-pandemic. Visitor numbers are forecast to surpass pre-pandemic levels by 2024, growing at a CAGR of 3% 2024–2027, with a weaker pound encouraging more visitors.

UK foodservice sector total beef sales by channel



Source: GlobalData Future of Foodservice to 2026 UK, Jul 2022. Profit operators only. FSR = full-service restaurant. QSR = quick service restaurant. By Operator Buying Price. CAGR = compound annual growth rate

- MLA estimates that the vast majority of Australian beef exported to the UK in recent decades has been utilised in the foodservice sector, where it has an established place in high-end restaurants. With the bulk of this product being grainfed or chilled grassfed, the UK is among Australia's highest value export markets with a five year average export unit price to the UK 56% higher than Australia's global export average *(Source: S&P Global MI Global Trade Atlas (GTA), 2017–18 to 2022–23)*.

RETAIL

- The majority of UK shoppers purchase beef for home consumption from supermarkets, 38% do so at least weekly, with 31% also buying beef from butchers at least monthly. The UK has a relatively small but advanced and growing online retail sector by developed market standards, with around 13% of consumers having bought beef online at least fortnightly during the previous six months *(Source: MLA Global Consumer Tracker UK, 2022)*.

UK top grocery retailers by sales value

Source: IGD. Sales value A$ 2024f. Percentage based on total grocery sales value

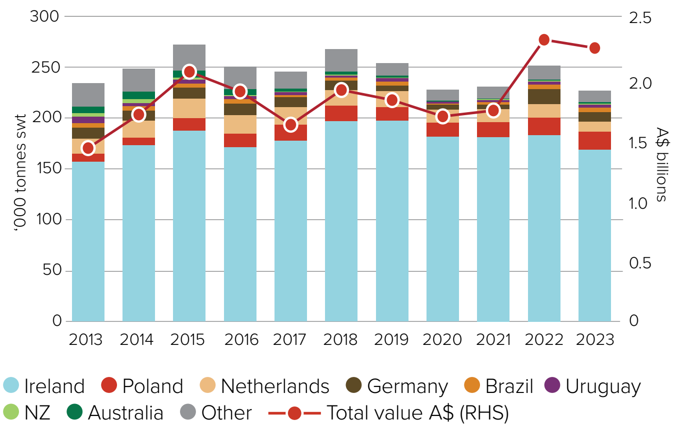
- Convenience continues to be a major driver of growth in the UK meat sector after the pandemic increased purchasing of meal kits, various pre-prepared and processed meat and meal solutions at retail. Meal kits continue to prove a popular option, 40% of shoppers saying they will start, continue or increase their use of meal kits in coming months. Although, consumers are managing their household budgets against cost pressures, over one third (35%) would pay more for prepared meals to ensure the quality of the product *(Source: Global Data Consumer Survey UK Q3 2023)*, highlighting the importance of understanding what 'value' means to shoppers.
- The second half of 2023 saw consumer confidence climbing to its highest point in almost two years as wage growth has started to outstrip inflation and inflationary pressures on household budgets ease *(Source: Bloomberg)*. UK spending on discretionary items, including food, is expected to continue to grow moderately in coming years *(Source: Fitch Solutions)*.
- Around one third (34%) of younger consumers aged under 35 say they are often influenced in their purchase choices by how ethical, environmentally and socially responsible a product is *(Source: GlobalData Global Consumer Survey UK Q3 2023)*. Hence, claims relating to sustainability and ethics are becoming more visible in UK meat retailing.

Roast Beef is a traditional feature in the Sunday Roast, a classic British favourite

COMPETITIVE LANDSCAPE

- An estimated 80% of beef consumed in the UK in 2023 was domestically produced. The current outlook is for UK beef production to decline at a CAGR of -0.8% from 2022 to 2027 due to reduced government support payments to producers and low profitability reducing the breeding herd. Total beef consumption is expected to remain steady over the next few years but with falling production, the UK is forecast to increase imports at a CAGR of +0.4% over the same period and import around 400,000 tonnes cwe of beef in 2024 *(Source: GIRA)*.
- UK beef import demand in 2022–23 was dampened as a result of inflationary pressures, with volume decreasing by 12% year-on-year, reflecting volumes similar to 2019–20 and 2020–21 *(Source: S&P Global MI Global Trade Atlas (GTA))*.
- The UK has a wide beef supplier base of over 40 countries. Over the past five years, the UK has imported an average of around 240,000 tonnes swt of beef per year. Country of origin labelling is mandatory in the UK for all red meat products sold to end consumers at retail and foodservice.
- Ireland has long been the UK's largest beef supplier with an import value share of 73% in 2022–23. Around two-thirds of this grassfed product was chilled, with a large proportion utilised in retail *(Source: S&P Global MI Global Trade Atlas (GTA))*.
- British and Irish beef is perceived as fresher and more convenient to purchase, offering a wider variety of cuts and a higher level of trust, particularly in the wake of the 2013 horsemeat scandal which shook public trust in regional meat supply chains.

UK beef imports by supplier*



*Source: Source: S&P Global MI Global Trade Atlas (GTA), *MAT year ending August*

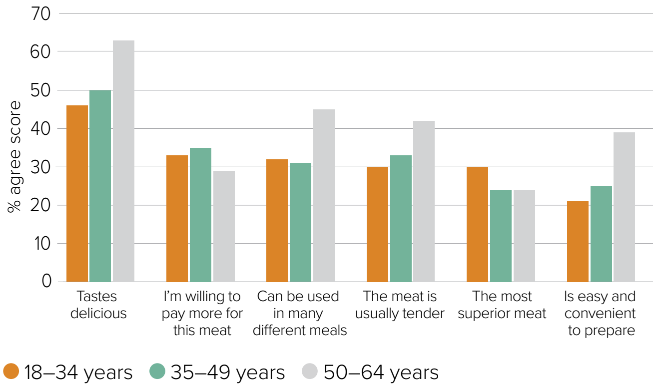
- Since the UK joined the EU in 1973 and up until Brexit in early 2020, it has been a notable export market for Australian beef in Europe, with the vast majority comprised of chilled beef, both grassfed and grainfed. Although still increasing from a small base, there have been growing exports to the UK from Australia with monthly volumes more than double compared to 2022 figures since the the Australia-United Kingdom Free Trade Agreement (A-UK FTA) came in force in May 2023.

Sheepmeat

CONSUMERS

- UK per capita sheepmeat consumption in 2024 is forecast to be 3.8kg, notably higher than the EU average (of 1.5kg) but is expected to see a continuation of a long-term gradual decline at a CAGR of -1.6% from 2022 to 2027 *(Source: GIRA)*. UK lamb sales in 2023 across all channels are forecast to total around GB£1.37 billion *(Source: Fitch Solutions)*.
- Britons perceive lamb as a superior, great tasting and tender meat, which justifies its price premium. As such, it tends to be considered a 'special' meat, reserved for meals such as on weekends and holidays when there is more time to prepare and enjoy it *(Source: MLA Global Consumer Tracker UK, 2022)*.
- Many older consumers have bought lamb at some time and have enough familiarity with it to know how to prepare and cook it. The country has sizable and growing populations of people with Southern Asian, African, Middle Eastern and Caribbean backgrounds that enjoy sheepmeat – comprising around 15% and over 10 million people *(Source: ONS, 2021)*. There are opportunities to increase lamb's appeal to younger consumers, with 26% of 18–34 year olds less familiar with lamb because they didn't grow up with it.
- Key barriers to increased purchase frequency of lamb besides cost are that some people dislike the taste or smell of the product, and perceived fattiness *(Source: MLA Global Consumer Tracker UK, 2022)*. There may be opportunities to encourage trial of Aussie lamb through education on cooking methods and recipes.
- Red meat production has increasingly been the subject of public discussion in relation to industry impact on animal welfare, greenhouse gas emissions and food safety *(Source: Red Tractor 2021)* which has contributed to consumption decline. Australian sheepmeat has an opportunity to address some of these concerns by communicating its sustainability credentials, world-leading animal welfare, food safety standards and systems in addition to its other strengths.

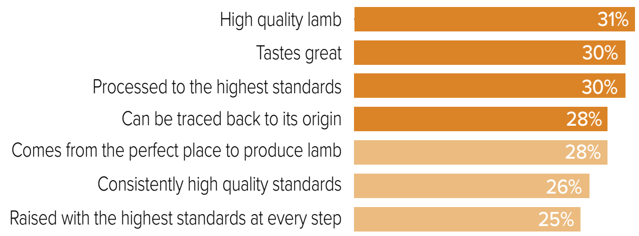
UK consumer perceptions of lamb by age group



Source: MLA Global Consumer Tracker UK, 2022

- The UK remains Australia's largest sheepmeat market in the EU. The majority of Australian sheepmeat exports to the UK have been both chilled and frozen lamb leg, frozen mutton leg, frozen lamb trimmings, lamb shank, lamb shortloin and frozen mutton thick and thin skirt *(Source: DAFF)*.

UK consumers' associations with Australian lamb

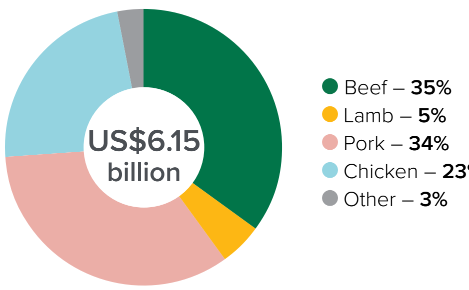


Source: MLA Global Consumer Tracker UK, 2022. Base: those who have any awareness of Australian lamb

FOODSERVICE

- Lamb and mutton feature on menus across a range of foodservice channels in the UK, with the largest lamb sales value coming from quick service and fast food, casual dining full-service and accommodation restaurants. Retail foodservice, such as meals through bakeries, supermarkets and convenience stores, is also a notable channel *(Source: GlobalData)*.
- The UK sector has a large presence of chains in all segments including pubs and even full-service restaurants where chains contributed an estimated 58% of total sales in 2024. The total sales value of lamb in the UK foodservice sector in 2024 is forecast to be around US$335 million *(Source: Global Data)*.
- The highest penetration of lamb in UK full-service restaurants is in establishments that feature Indian and other Southern Asian, British, Middle Eastern and Caribbean cuisines *(Source: GlobalData)*. Lamb is also used in British and Irish cuisine items in accommodation restaurants and pubs where it is often an option in carvery type establishments.
- Lamb typically features as the main meat, popular in curries, kebabs, pies and roasts. Almost half of Britons (47%) say they experiment with different cuisines when eating out. Emerging cuisines that may help grow sheepmeat consumption in the foodservice channel include Turkish and Lebanese *(Source: GlobalData)*.

Share of UK foodservice sales value

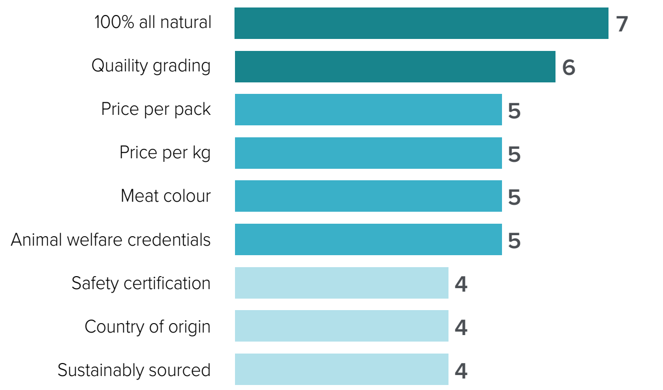


Source: GlobalData Future of UK Foodservice to 2026. Based total sales value by operator buying price of all meat species, 2023f

RETAIL

- UK consumers purchase the majority of their lamb from supermarkets, though around 18% often also buy it from butchers. At the end of 2021, some 13% had bought lamb online at least weekly in the past six months *(Source: MLA Global Consumer Tracker UK, 2022)*.

Attributes most motivating to UK lamb shoppers at retail



Source: MLA Global Consumer Tracker UK, 2022. Ranking based on relative importance, Max Diff Score

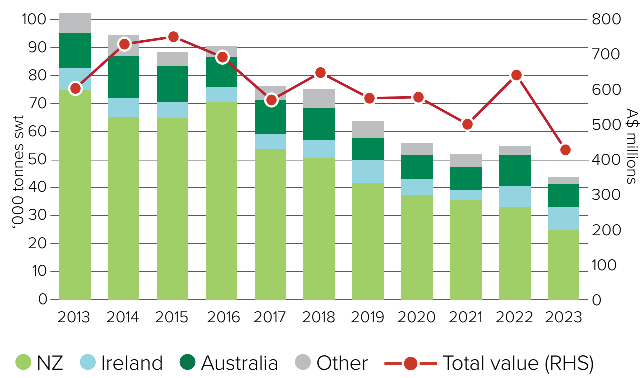
- The pandemic caused an upsurge of interest in new cuisines to expand home repertoires at a time when dining out and travel were restricted. This openness to trying new foods has continued, with 54% of UK consumers saying they experiment with different recipes at home *(Source: GlobalData Global Consumer Survey UK Q4 2022)*. Lamb is in a unique position to deliver 'something new' for both existing shoppers of lamb through its versatility, and inspire new shoppers seeking recipe ideas to encourage lamb trial.

Roast lamb leg is a Sunday favourite

COMPETITIVE LANDSCAPE

- Approximately 77% of the sheepmeat consumed in the UK in 2022 was domestically-produced, the remainder filled by imports. UK domestic sheepmeat production is expected to reach around 286,000 tonnes cwe in 2024 and is forecast to fall somewhat over the next few years, in line with a smaller flock and softer demand *(Source: GIRA)*.
- UK sheepmeat imports have declined from all key suppliers, particularly over the past five years, to historically low levels, as consumption demand weakened and global sheepmeat prices hit record highs with supply tight from New Zealand and Australia. With the A-UK FTA in force, there has already been increased supply from Australia comparing month-on-month imports to the year prior.
- In 2022–23, the UK imported 41,361 tonnes of imported sheepmeat valued at A$418 million, with 60% of this product sourced from New Zealand, 18% from Australia and 17% from Ireland. The remaining suppliers were largely made up of European nations *(Source: S&P Global MI Global Trade Atlas (GTA))*.
- UK sheepmeat import demand has a seasonal component, with consumption spikes around Christmas and Easter. A large proportion of these imports are frozen leg and other bone-in cuts, popular for roasting.
- New Zealand has been by far the largest sheepmeat import supplier to the UK for over 20 years, providing both chilled and frozen lamb. Supply out of New Zealand has been more constrained in recent years, with reallocation of land to the dairy sector, poor conditions and strong demand from Asian markets such as China. Production and exports are forecast to decline up to 2027 *(Source: GIRA)*. The NZ-UK FTA signed in March 2022 came into force on 31 May 2023, further enhancing New Zealand's market access.
- With Australian production forecast to increase following a period of flock rebuilding, Australian sheepmeat is well-positioned to increase exports to the UK during 2024 and beyond.

UK sheepmeat imports by supplier*



*Source: S&P Global MI Global Trade Atlas (GTA), *MAT year ending August*

Beef

Market access overview – beef

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
The Australia-United Kingdom Free Trade Agreement **(A-UK FTA)** was signed by parties in December 2021 and came into force on 31 May 2023	43,333 tariff free quota Above quota tariff 12% and up to GB£2.6/kg 0% tariff on live cattle	**Ireland:** Under the EU-UK Trade and Co-operation Agreement **(TCA)**, Irish beef can enter the UK tariff and quota-free **New Zealand:** NZ-UK FTA was signed March 2022 and came into force on 31 May 2023 allowing a duty free transitional quota of 12,000 tonnes in year one which will apply and up to 38,000 tonnes by year 10 upon FTA EIF* **Canada/Mexico:** As of July 2023, UK signed the accession protocol to enable UK to join Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) with TRQ of 2.6Kt for 2024 however this is not expected to enter into force until late 2024. FTAs are in negotiations for Canada and Mexico	Increasing TRQ* volumes for beef over 10 years, with access to a duty-free transitional quota of 35,000 tonnes on EIF*, rising in equal instalments to 110,000 tonnes in year 10 In the subsequent 5 years (year 11–15 post-EIF*) a safeguard will be applied on beef imports exceeding a further volume threshold rising in equal instalments to 170,000 tonnes, levying a safeguard duty of 20% for the rest of the calendar year Out of quota tariffs to remain at MFN until year 10 and then be reduced to zero Australia has access to higher HQB* quota volumes than all other competitors, with the highest percentage EU/UK quota split to the UK awarded to Australia (65.3%)	All beef supplied to the UK must be European Union Cattle Accreditation Scheme (EUCAS) accredited which requires all beef to be hormonal growth promotant (HGP) free Australia can export processed red meat products, composite products and items such as offals, green runners, pet food, rendered products, coproducts and treated blood products

Best access — Major challenges

*Source: DFAT, WTO, DAFF. * HQB = High Quality Beef. *TRQ = Tariff Rate Quota. *EIF = Entry Into Force*

Sheepmeat

Market access overview – sheepmeat

Trade agreements	Import tariffs	Competitors	Volume restrictions	Technical access
The Australia-United Kingdom Free Trade Agreement **(A-UK FTA)** was signed by parties in December 2021 and came into force on 31 May 2023	30,556 tariff free quota Above quota tariff 12% and up to GB£2.6/kg 0% tariff on live sheep	**New Zealand:** Has a quota of 114,205 tonnes NZ-UK FTA was signed in March 2022 and came into force on 31 May 2023 allowing a duty free transitional quota of 35,000 tonnes in year one will apply up to 38,000 tonnes by year 10 upon FTA EIF*	Increasing TRQ* volumes for sheepmeat over 10 years, with a duty-free transitional quota of 25,000 tonnes on EIF* rising in equal instalments to 75,000 tonnes in year 10 In the subsequent five years (year 11–15 post-EIF*) a safeguard will be applied on sheepmeat imports exceeding a further volume threshold rising in equal instalments to 125,000 tonnes, levying a safeguard duty of 20% for the rest of the calendar year Out of quota tariffs to remain at MFN until year 10 and then be eliminated	No trade restrictive non-tariff barriers currently Australia can export processed red meat products, composite products and items such as offals, green runners, pet food, rendered products, coproducts and treated blood products

Best access — Major challenges

*Source: DFAT, WTO, DAFF. *TRQ = Tariff Rate Quota. **EIF = Entry Into Force*