



Competitiveness of the beef chains in Northern Europe

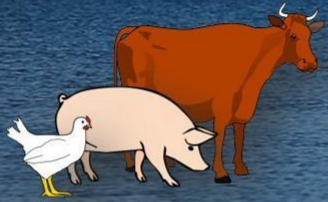
Csaba Jansik



Lihafoorum, Rakvere
November 22, 2019



Comparison of eight countries around the Baltic Sea



beef

pork

poultry



Set of indicators - meat chain competitiveness



Indicators of economic competitiveness

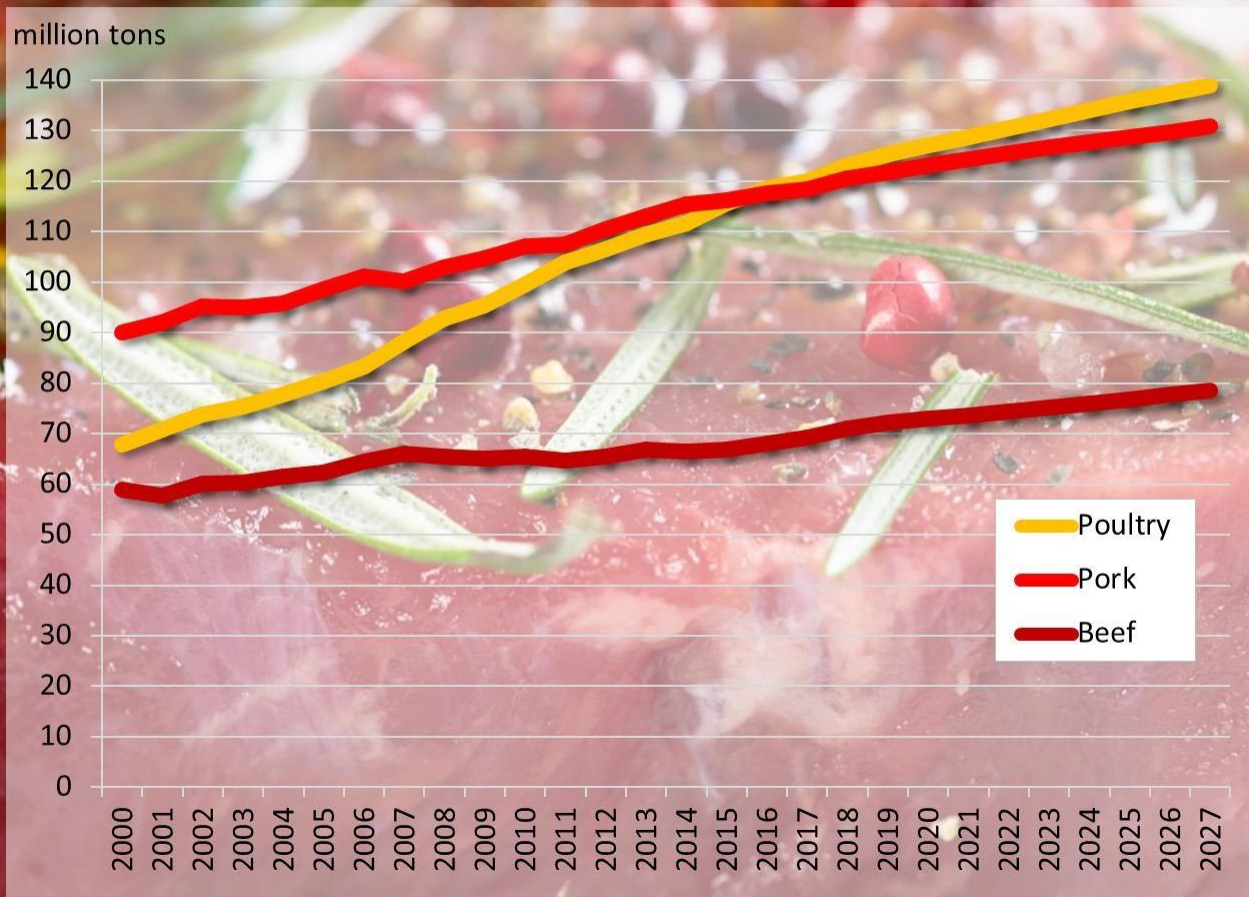
Productivity	⇒	Labor productivity, total factor productivity (TFP)
Foreign trade performance	⇒	Balassa indices (RCA), export intensity (export share of sales) market shares in major markets, foreign trade balance
Economic performances, market and ownership structures	⇒	Profitability, Industry concentration (CR4) Meat farm structure, average farm size, Meat prices, domestic vs. foreign ownership, coops
Growth	⇒	Growth of meat industry sales, Meat production growth, Export growth of meat and meat products
Innovation	⇒	R&D expenses

Indicators of biological competitiveness

Natural productivity indicators	⇒	Piglets per sow, Feed conversion ratios Live piglets/ pigs per sow, Poultry meat production/m ² /year
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The global demand of meat, 2000-2027



Global beef demand has grown moderately and will slightly .

Excellent prospects for the next decade.

Profitability ratio of EU beef farms



Source: Luke, Economy doctor, FADN dataset

https://portal.mtt.fi/portal/page/portal/taloustohtori/eufadnadvanced_so/aikasarja/kannattavuuskerroin



Euroopa Maailu Arengu
 Põllumajandusfond:
 Euroopa Investeeringud
 maapiirkondadesse



Source: Luke, Economy doctor, FADN Advanced Results (SO), own selection, Indicators

Productivity of the meat industry

▲ A relation between labour productivity and labour costs.

▲ Poland and Lithuania performing the fastest growth and Germany out of the old member states.

Annual average growth rate of labour productivity, 2002-2016

1,3%

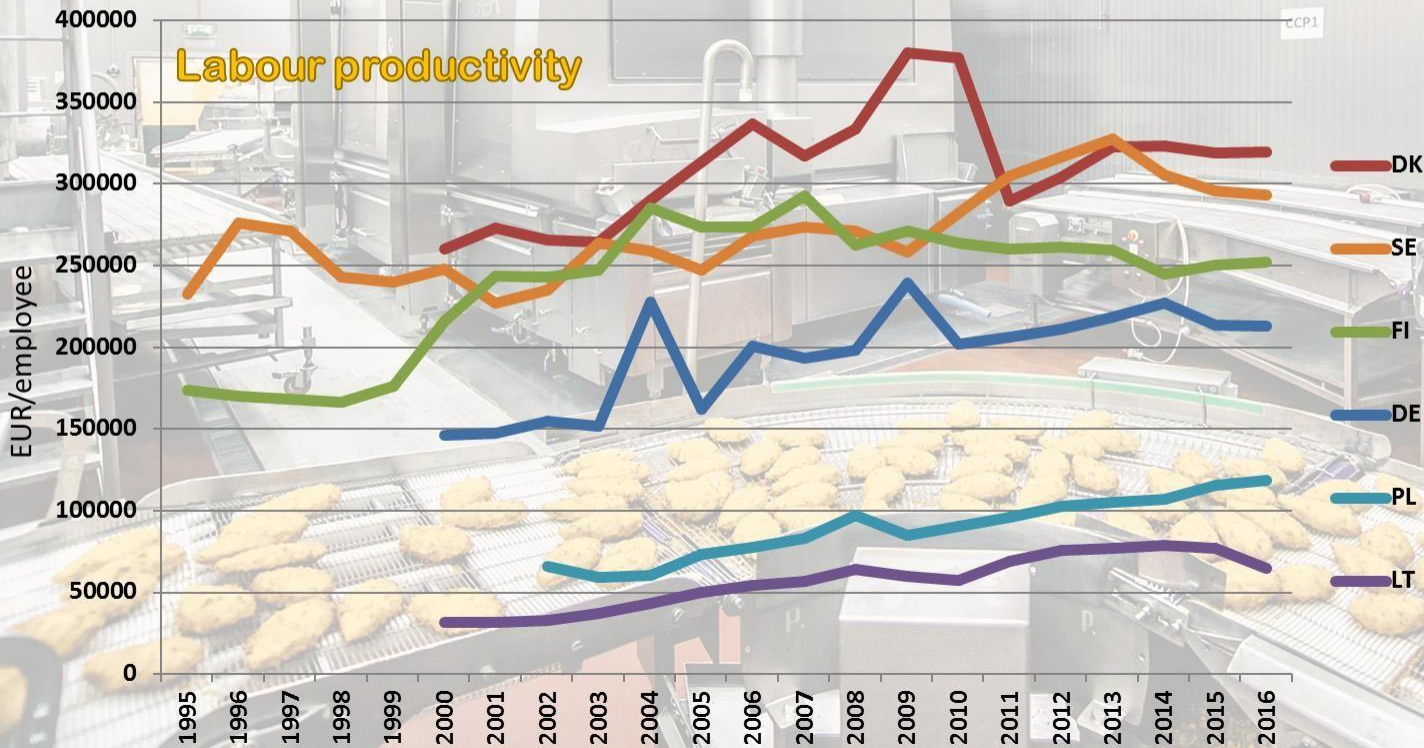
1,6%

0,3%

2,3%

4,3%

4,9%



The major factors behind productivity growth

Differences in major costs such as labour or raw material

Economies of scales in low margin activities such as slaughtering

Capital intensity, technology, automation

Branding and marketing in higher margin activities such as meat processing

Domestic and export markets

What is competitiveness?

Cost effectiveness

Skills of selling

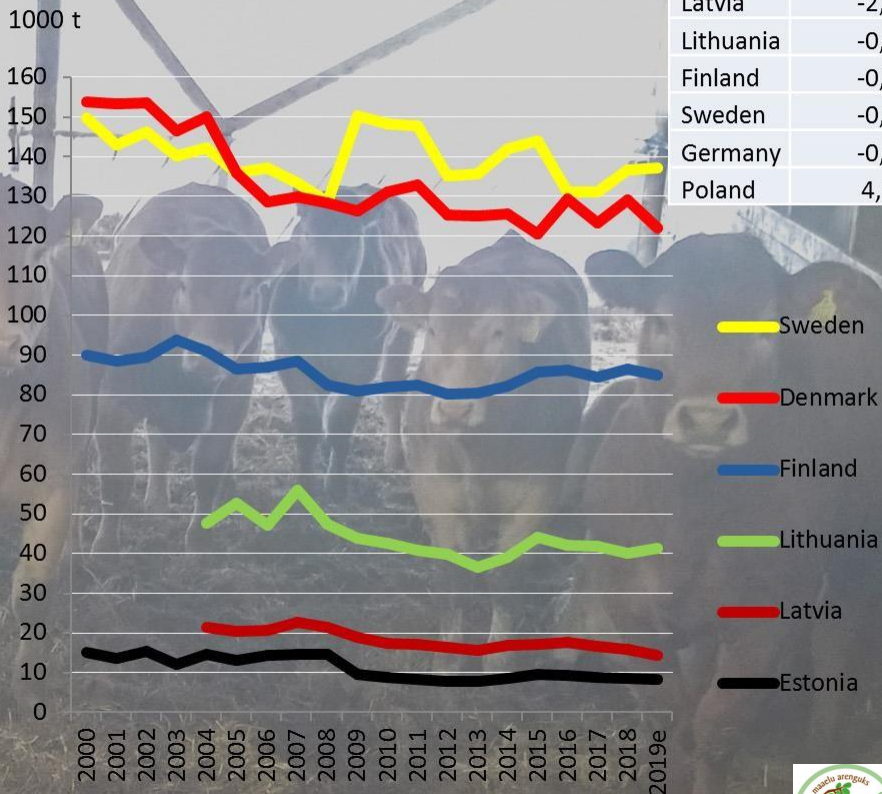
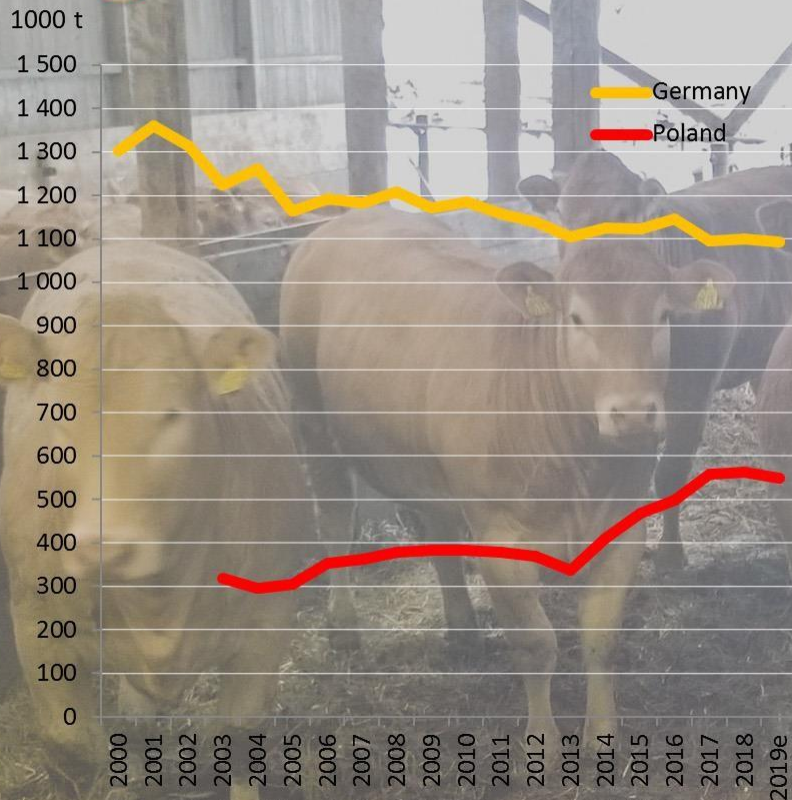


Growth



Europas Maatsl Aarengs
Pillunajandunford:
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maapikondadeos

Beef production in the Baltic Sea region 2000-2019e



Average annual growth rate 2005-2018 (%)

Denmark

-1,0

Estonia

-3,1

Latvia

-2,0

Lithuania

-0,8

Finland

-0,3

Sweden

-0,1

Germany

-0,9

Poland

4,5

Sweden

Denmark

Finland

Lithuania

Latvia

Estonia

Source: Eurostat, estimate for 2019 own calculations.

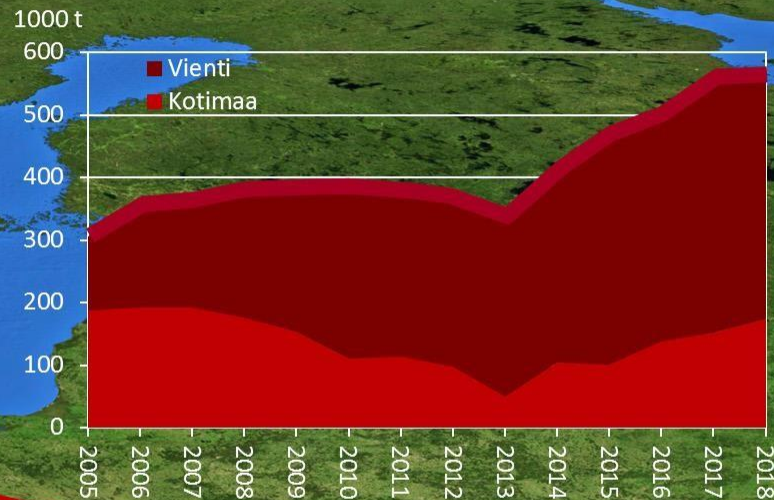


The growth of Poland

Foreign trade of live cattle



The production of beef of Poland and division of sales



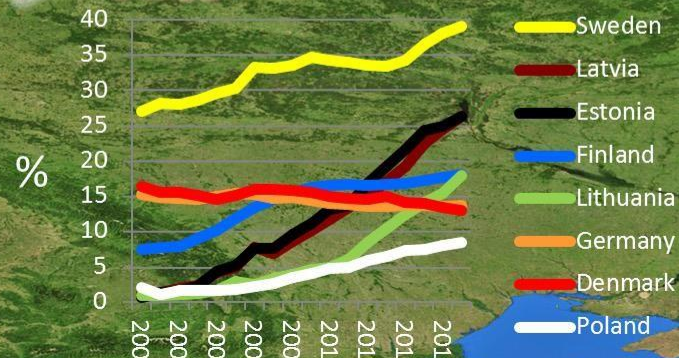
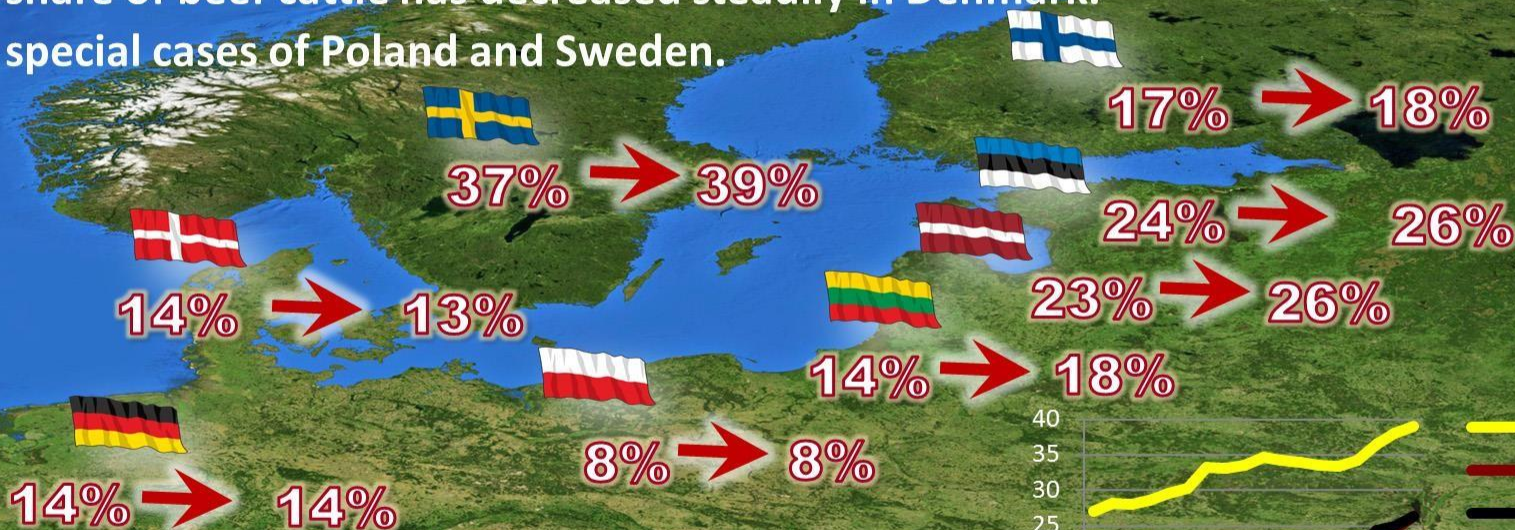
The share of beef cows, 2016 → 2018

The lower the share, the stronger the link to the dairy sector.

The shares of Baltic countries "exploded" in a few years.

The share of beef cattle has decreased steadily in Denmark.

The special cases of Poland and Sweden.

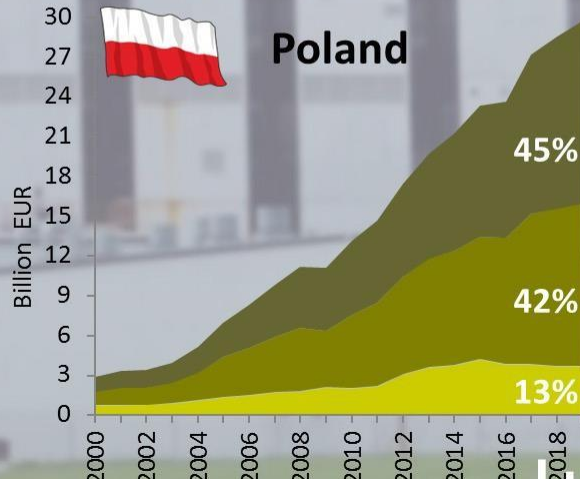
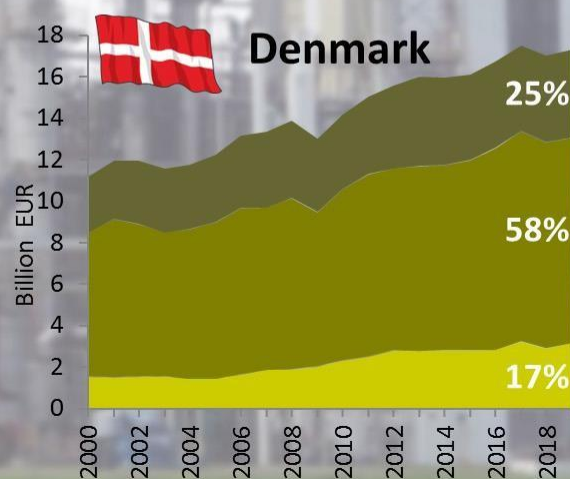
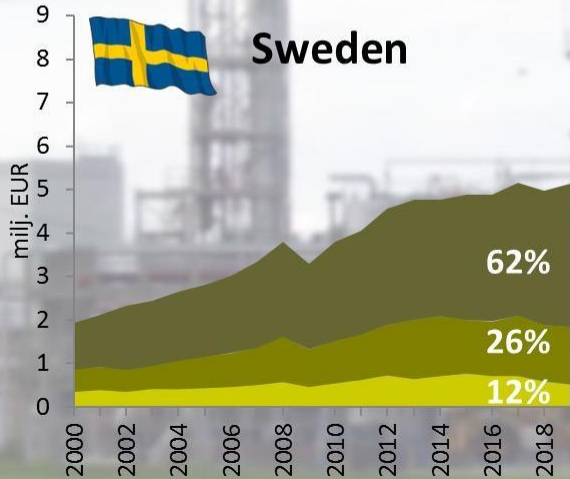
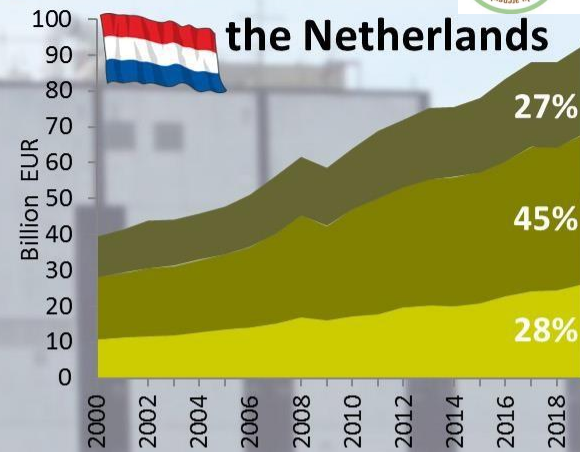
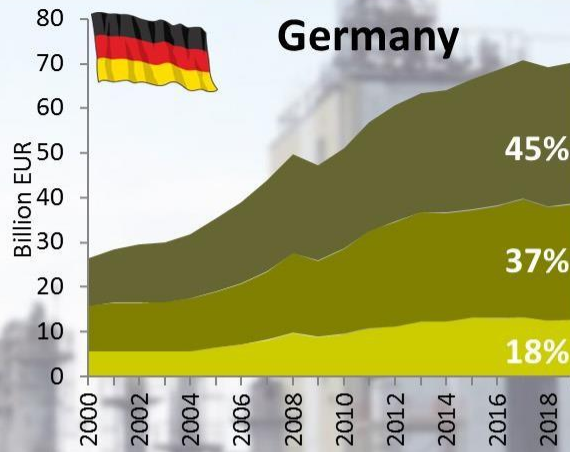
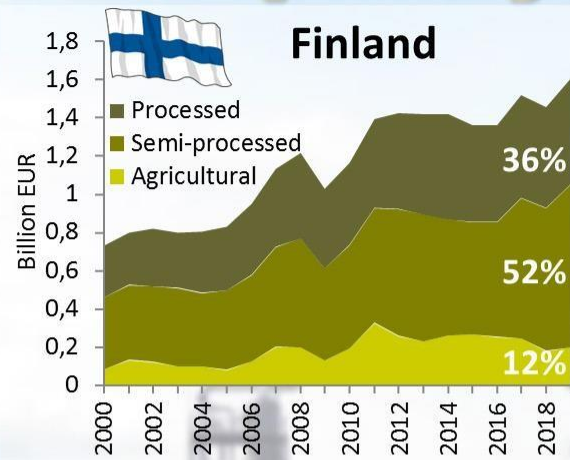


A photograph of a dark wooden barn with a green door and a circular logo on the wall. The logo features a house, two cows, and crossed tools, with the text "LIELLOPU" and "IZSOLU NAMS". The barn is situated in a rural area with a cloudy sky and a small pond in the foreground.

Beef cattle auction in Latvia



Food exports by level of processing



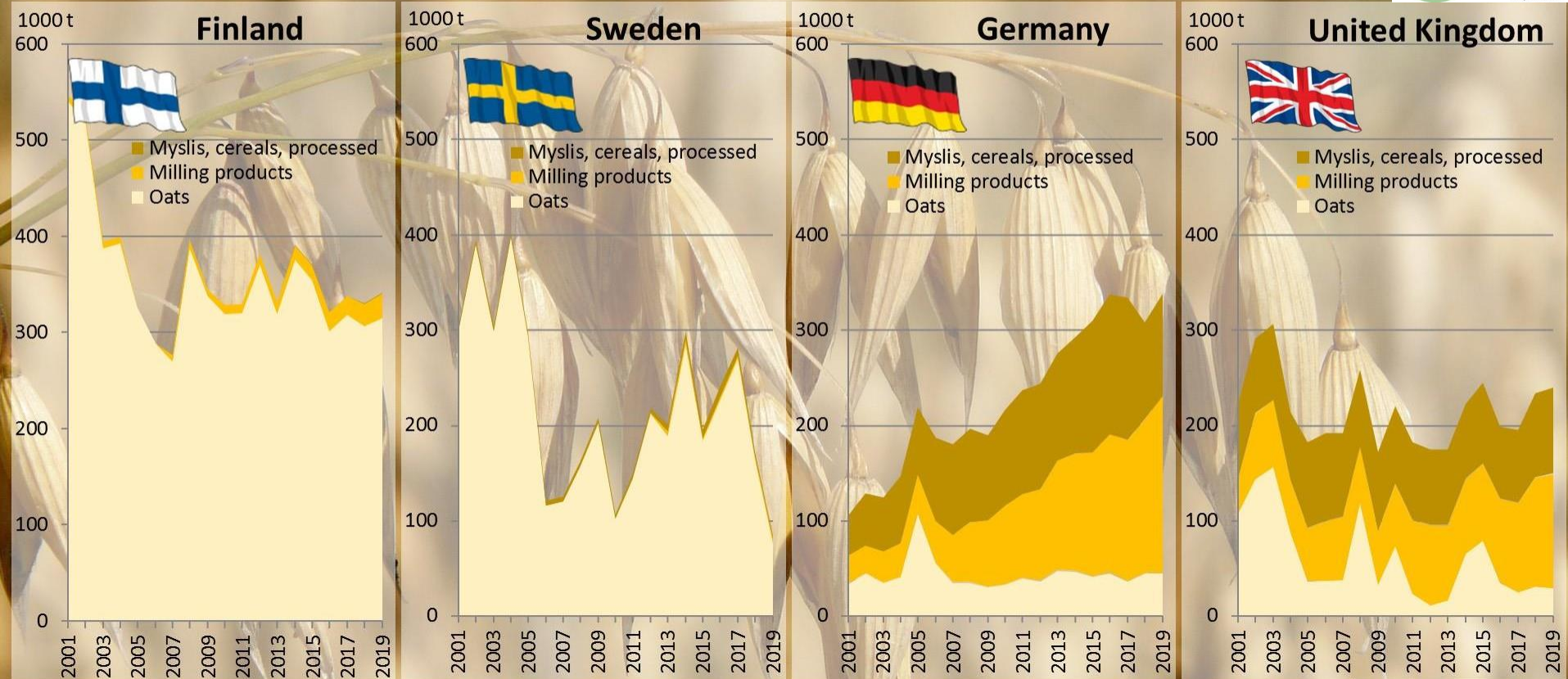
Source: own calculations using Eurostat Comext database, CN01-24, Projection for 2019 based on January-August figures.

Why is the level of processing so important?



Export of oats, milling products and muslies

Export volumes

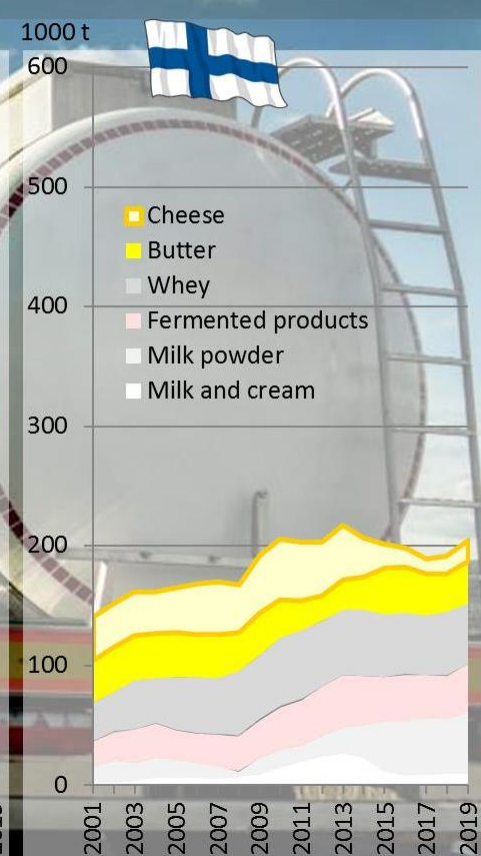
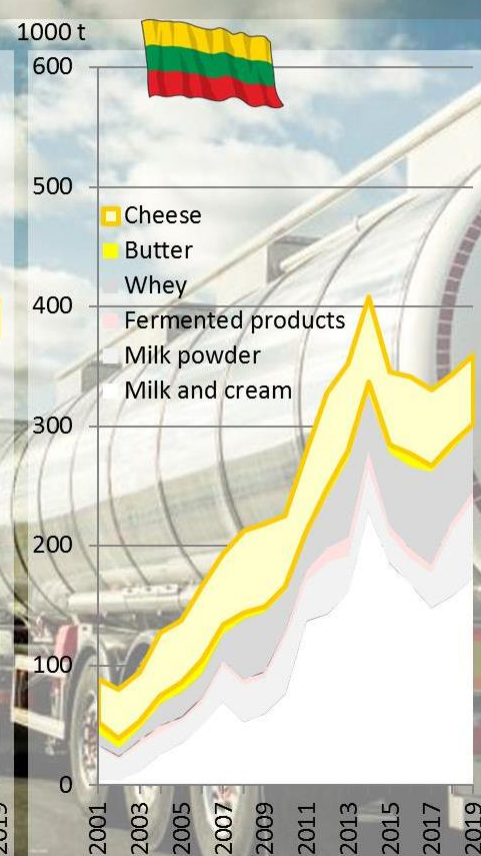
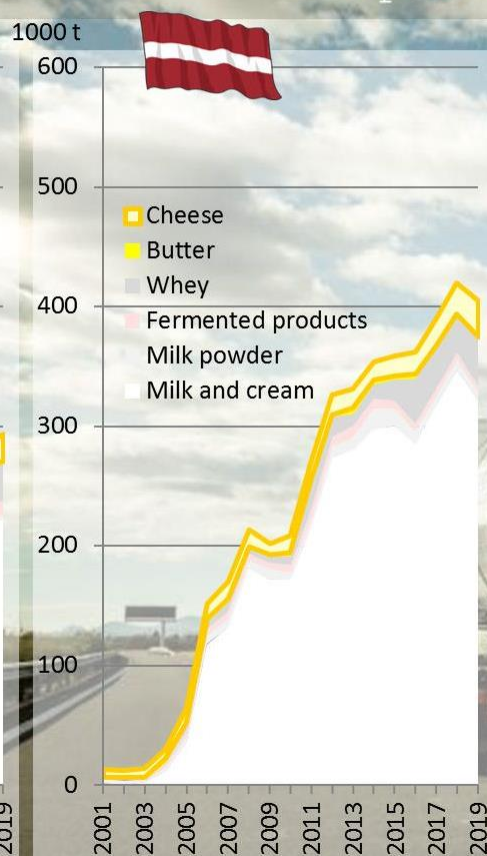
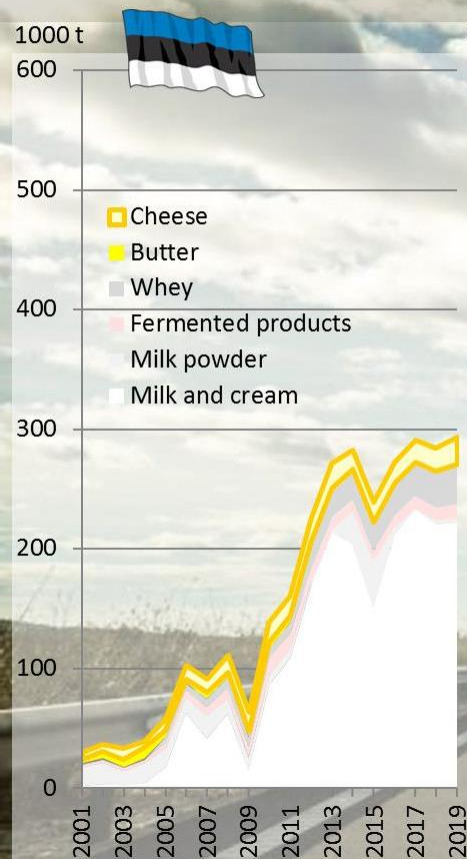


Source: own calculations based on Eurostat Comext database

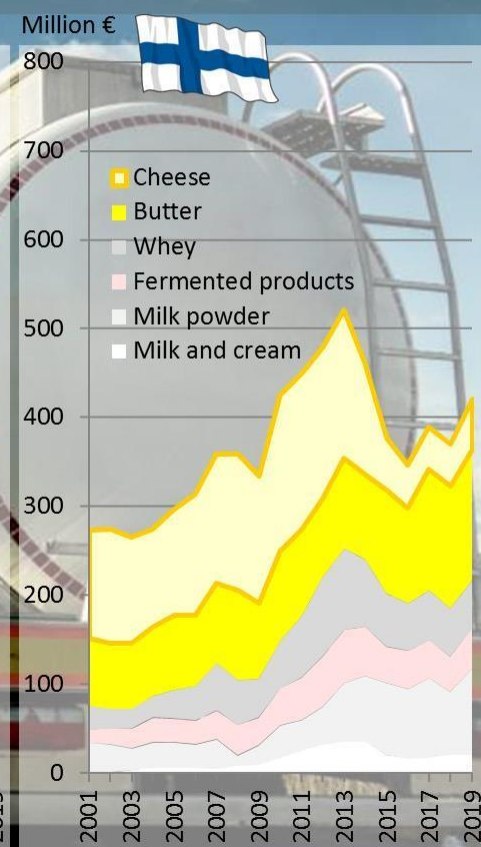
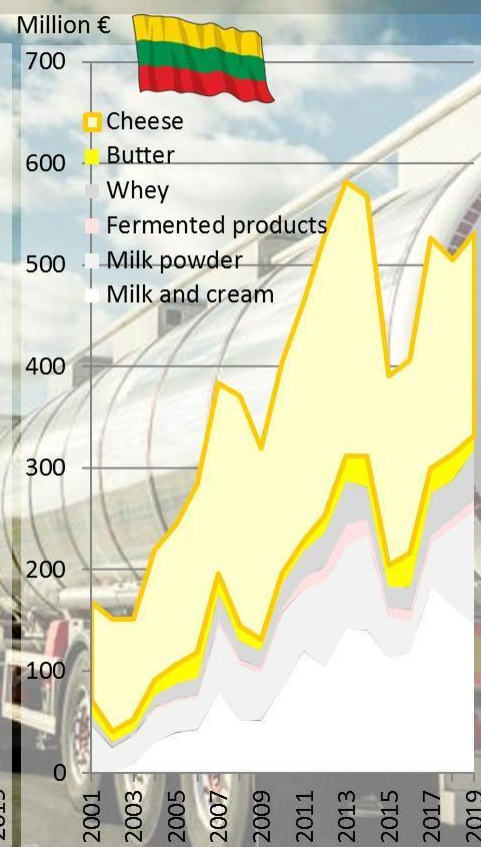
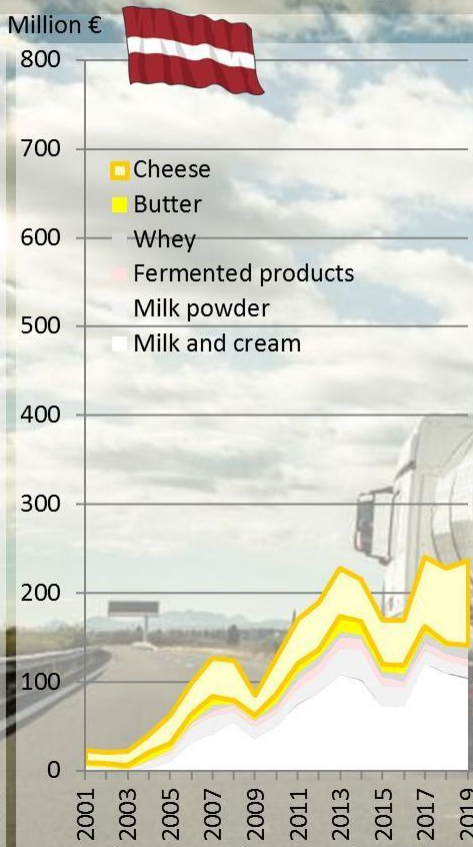
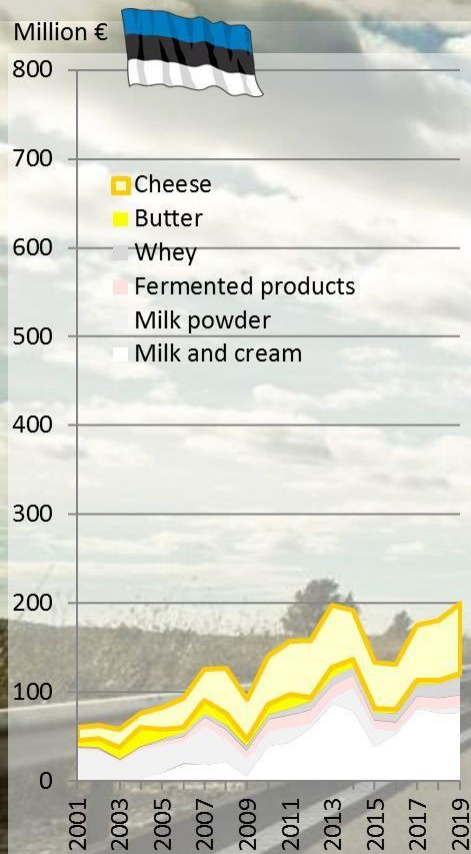
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Export of milk and dairy products

Export volume



Export value



Source: own calculations based on Eurostat Comext database

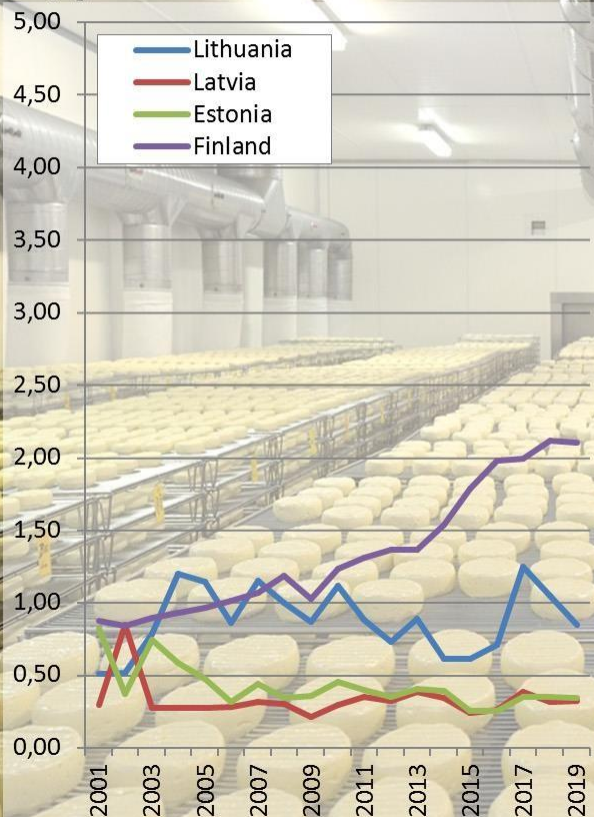
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Export of milk and dairy products

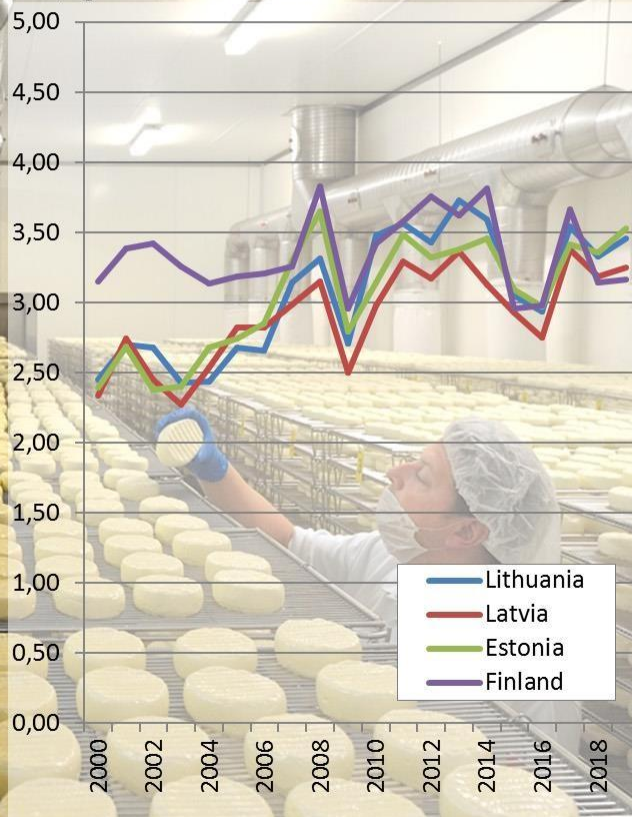


Unit price

EUR/kg



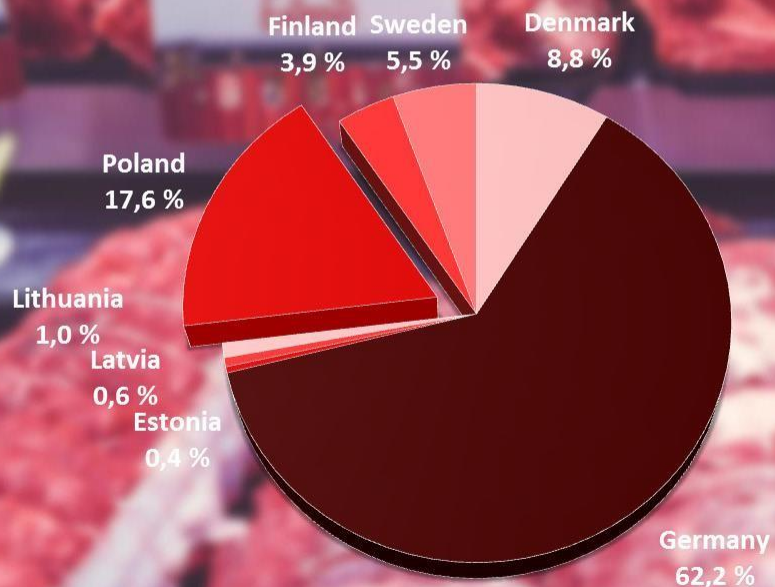
EUR/kg



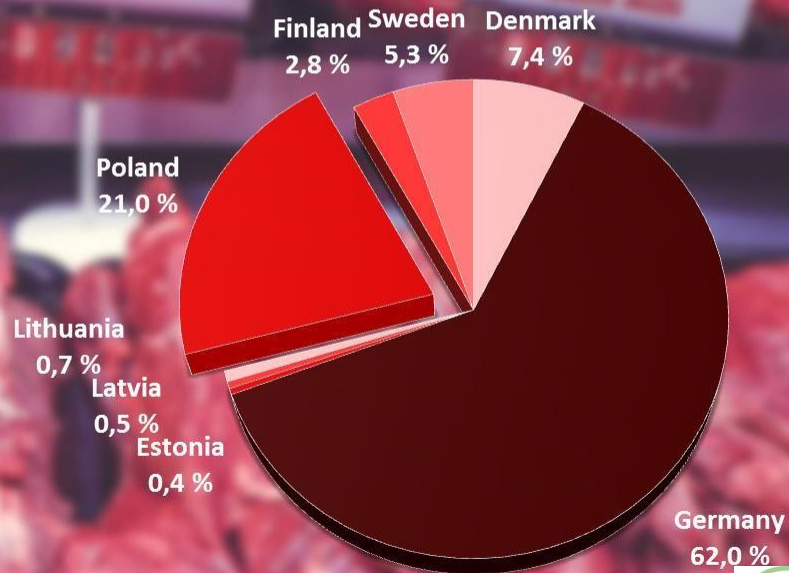
Growth in the meat industry

The shares of meat industry around the Baltic Sea by country
(based on aggregated sales revenues of the industry, %)

2008



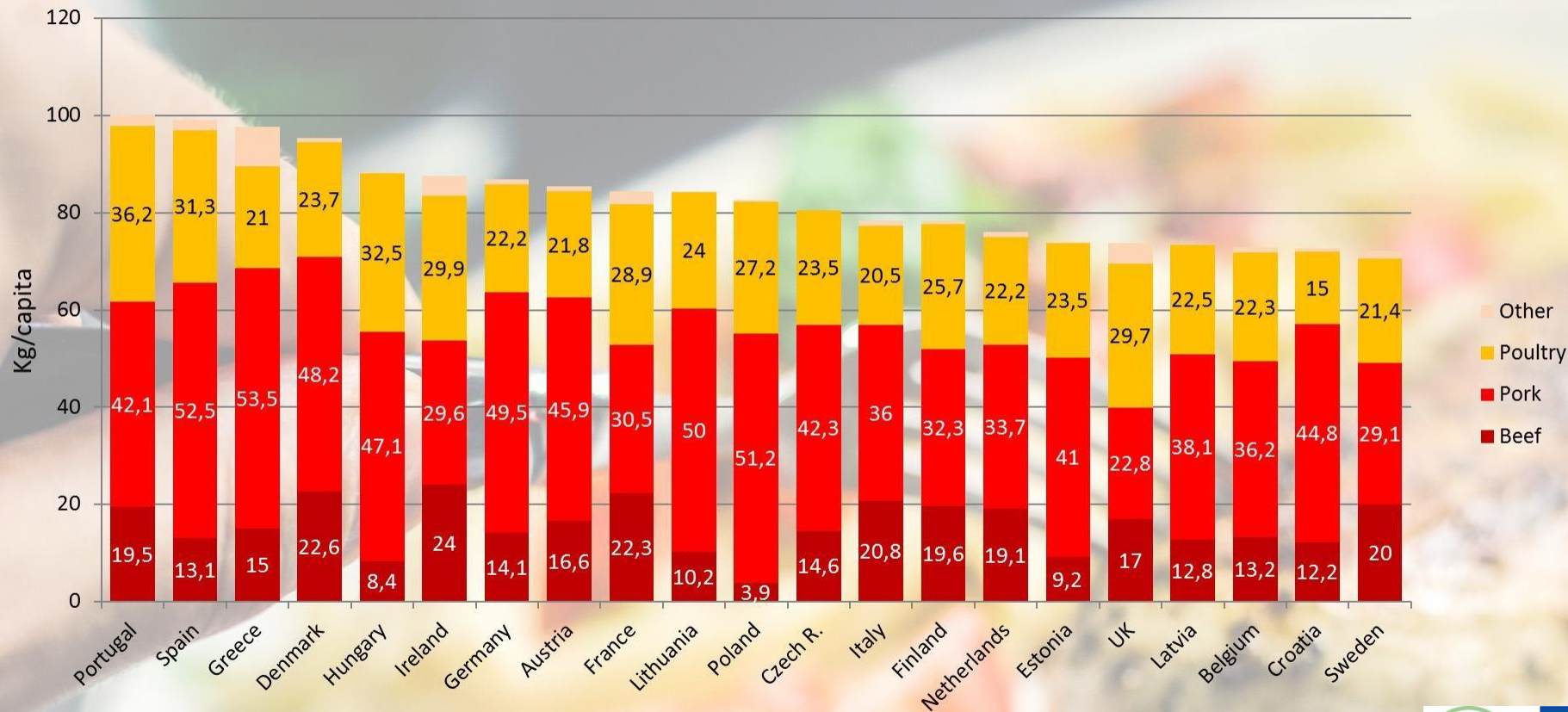
2017



Source: own calculations based on Eurostat databases (SBS).



Meat consumption in Europe, 2018



Source: Lihatie DOTUS



Soft factors of competitiveness

Environmental considerations

Carbon footprint, methane emission, use of production resources such as water and soil, effects of soya use, protein feed alternatives

Animal welfare

The principles and criteria of Welfare Quality®

Health conditions

Use of antibiotics, microbial resistance

Hygienic conditions, safety

Production methods and conditions

Grazing and use of grassland and natural pastures

Consumer awareness?

