

# Beefing up our Beef Production

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# Market Demand for Beef

- Ecolog and Local Market Monthly demand.
  - Ecolog 4.5t/month
    - 3.5t beef (fillet, rump, striploin, mince) = 12.5% of beef carcass.
    - 1t lamb + mutton legs.
  - Local Market 9.0t/month
    - Demand for the same products as Ecolog require and some other primal cuts.
  - To meet this = 275 Prime cattle to be slaughtered per month!!!
  - Currently we are importing for Ecolog from S. America.

# Market Demand for Beef

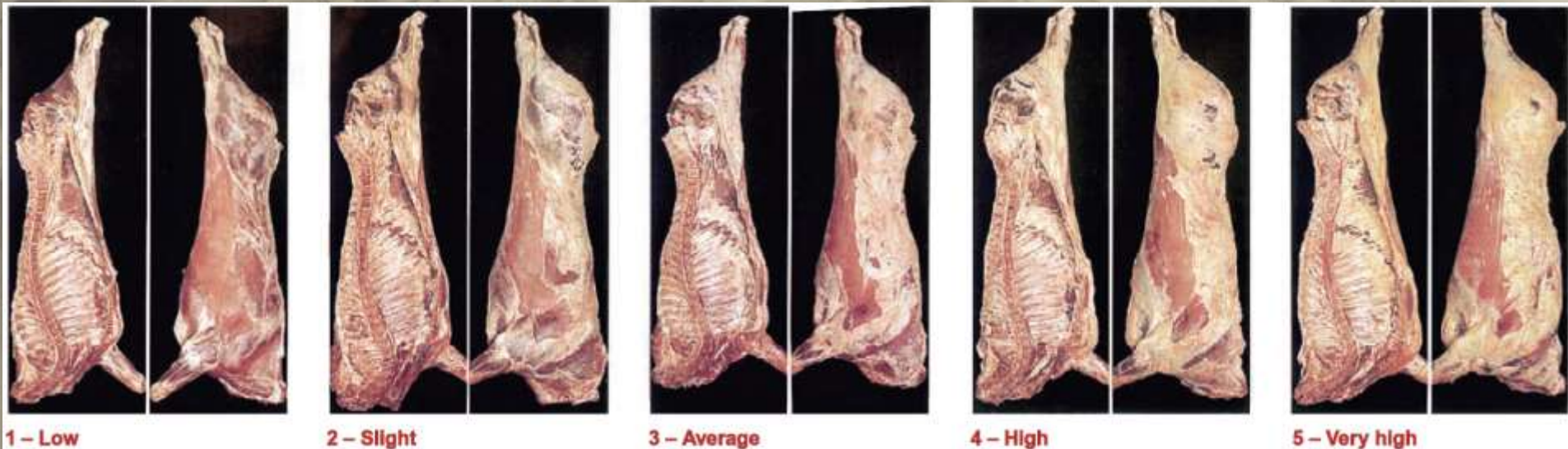
- Local Market + Ecolog = only 33% of carcass
- Remaining 67% (non-local) in high demand in UK
- Markets present for culls and older animal.
- FIMCo will guarantee to purchase all cattle.
- Customers want consistent, year round availability of supply. Building an Export market with sporadic supply is difficult.

**Question:** How can we build a successful and sustainable Industry on this and where could the other two thirds of the beef be sold?

# Desired animals

- 275 prime beef per month!
- Carcass characteristic targets:
  - 220-280kg carcass (ideal 240/250kg)
  - 5-10mm fat (Class 2, 3, 4, UK Carcass classification)

		Fatness						
		1	2	3	4L	4H	5L	5H
Conformation	E	Blue	Blue	Blue	Blue	Blue	Blue	Blue
	U+	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	-U	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	R	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	O+	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	-O	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	P+	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	-P	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow



# Desired animals

– Conformation U and R (UK Carcass classification)



# Beef Cattle

- 830 cattle slaughtered year ending 30<sup>th</sup> June 2018.
  - 404 in six week period, May to mid June. – can easily accommodate 275 + culls per month
- This six weeks slaughter generated 79.2 tonnes of boneless beef
  - 47 tonnes of this has been exported to the UK
  - Further 9 tonnes to export, however this is insufficient to justify sending a container. This reinforces the need for more volume and consistent supply.
  - Remainder has been sold into or is reserved for the local market and to supply a percentage of the Ecolog contract.
- FIMCo has successfully achieved a shelf life for vacuum packed beef of 130 days under chilled conditions. Potential chilled beef export!
- The key requirement to expand is consistent supply to customers
  - Local, Ecolog, Tourist or Export.

# Markets

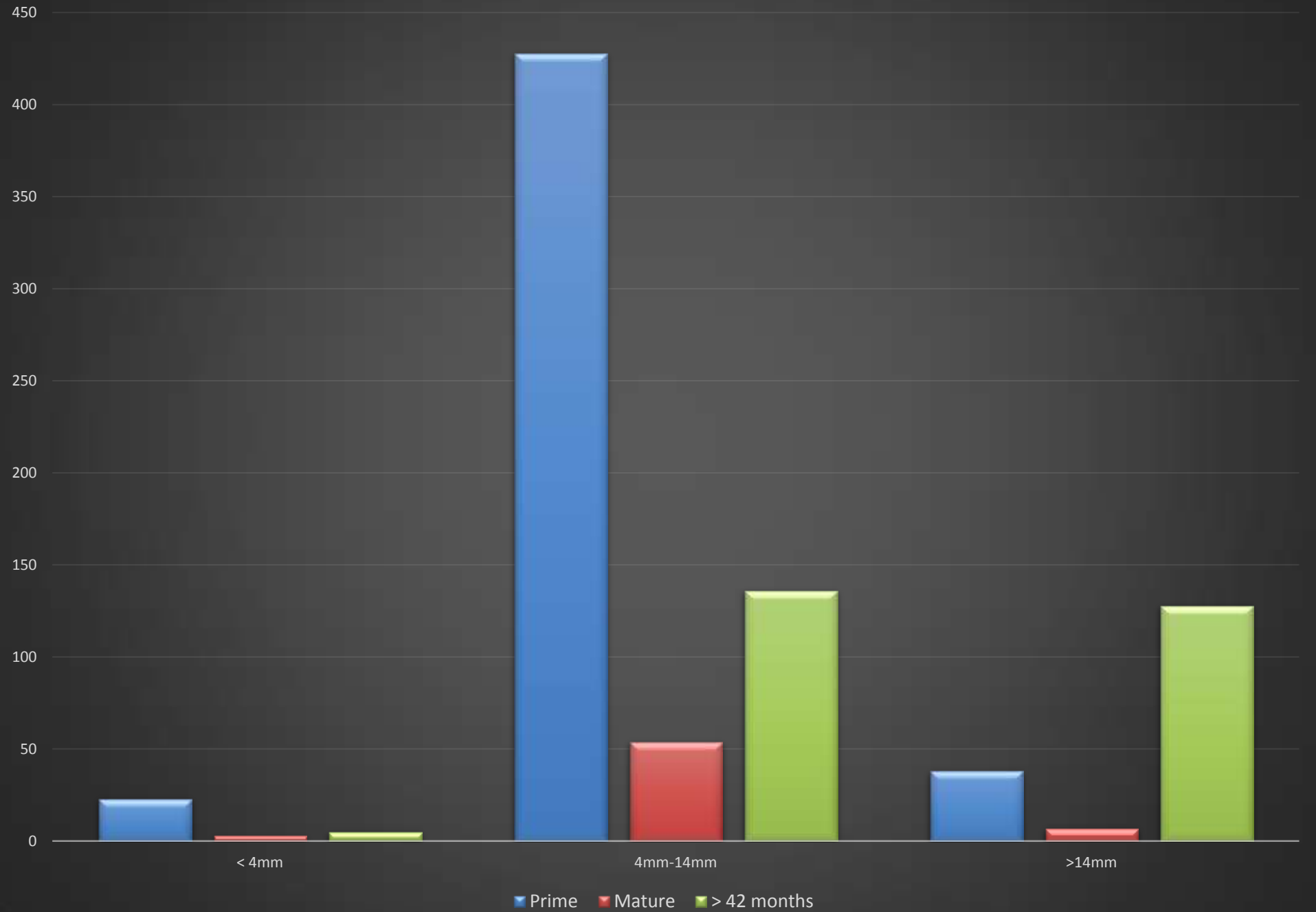
- Export into high end, niche market for Prime Beef for the steak cuts: Rump, Striploin, Fillet, Ribeye is aimed at but these are the very same products that are in demand in the Local market, Ecolog and the developing Tourist market. This leaves no surplus for potential export markets for these products. The carcass imbalance (67%) is then left to be sold in the UK and whilst there is a ready market, we are competing in a commodity market without these premium cuts. However, this market is huge.
- Manufacturing Beef from over 42 month cattle, again, there is ready export market but product is traded as a commodity and competes on World prices with South American product. But Falkland Island Mutton competes on these terms.
- However, should there be a consistent supply of Prime beef round and FQ cuts, a market for the Falkland Island Beef can be built in the UK.
- Build Tourist demand for Falkland Island Meat, niche market for high quality.
- Local market relatively static, slow growth. Increased by Ecolog contract but this will also be fixed volume with little potential to grow only by substitution of the imported beef with local beef.
- Expanding cruise ship demand for a quality product, which is largely untapped at the moment.

# Challenges

- Balanced Year round supply of Cattle.
  - Reduced beef slaughter Feb-Apr due to high sheep slaughter.
  - FIMCo will take cattle, within reason, once they are finished, maximum of one month delay
  - Pricing Matrix.
    - To be reviewed in coming months. Two Price seasons: Winter (July-Oct) and Nov-June.
    - Review penalties at outliers.
      - Overfat less desirable and still heavy penalties, as FIMCo has no market for fat that are economically viable.
      - Leaner carcasses, can be marketed as Manufacturing Beef.



# Fat Measurement: Cattle Slaughtered.



# Challenges

## – Transport

- Islands- limited ferry availability (timing)
- West- roads in winter
  - Space on ferry in summer
- Timing of various finishing systems
  - Possible finishing on East
    - » Dependant on £
- Focus efforts to get full loads
- FIMCo can hold up to 16 head of cattle overnight and are prepared to accommodate larger loads.
- FIMCo is unable to undertake Cattle collection at this point in time, as we are looking to improve sheep collection to increase numbers for slaughter.

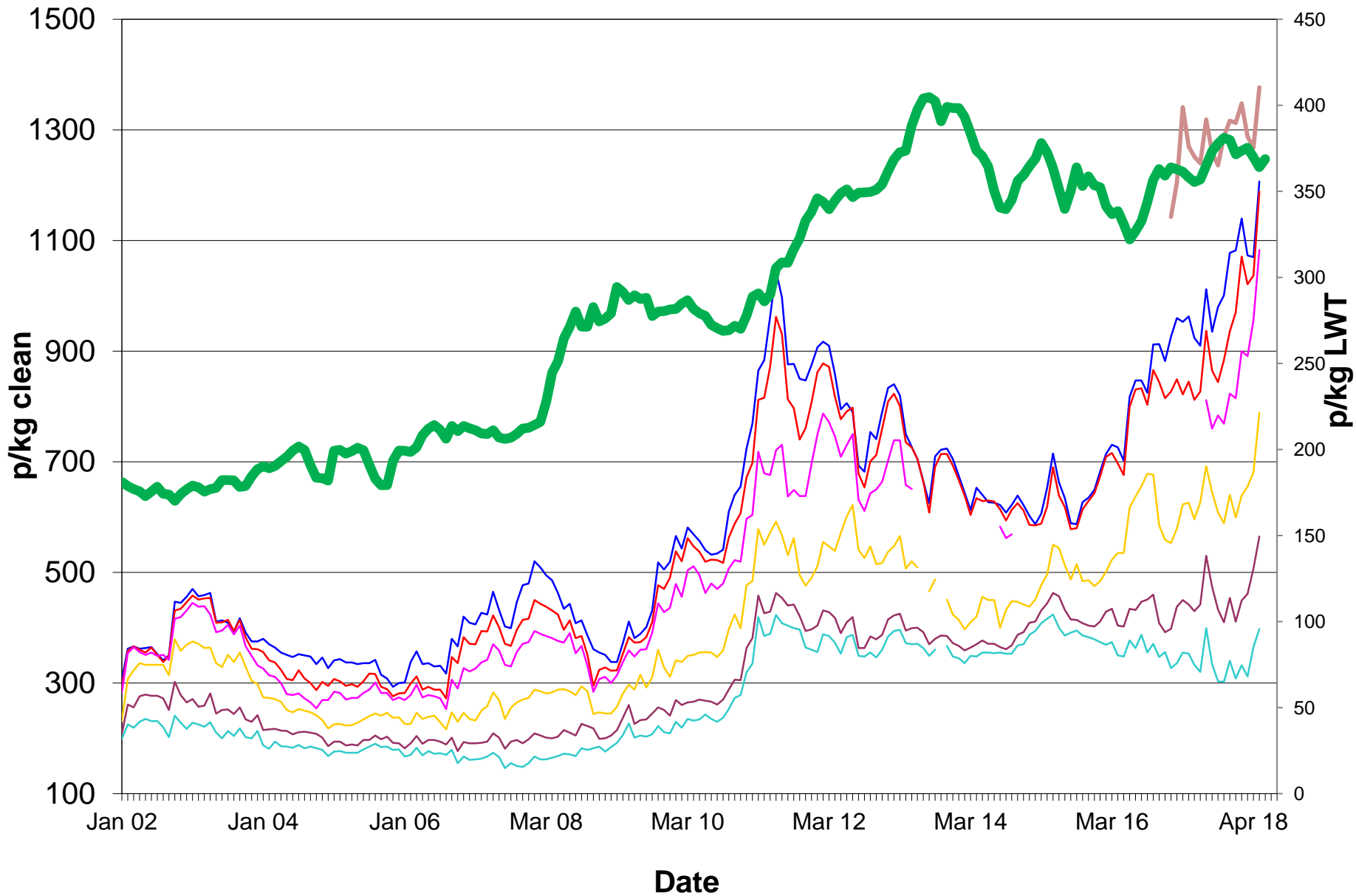
## – Contracts and ‘holding back’ stock

- Can take stock when ready- but can't take a surge
- Flexible timing until numbers increase

# Challenges (AD)

- It's a [numbers game](#)!!!!

# AWEX Wool Price Summary v UK Beef Steer (U3) 2002 - 2018



# How do we get there?

- FIP- ring fence funds for Beef increase
  - Possible 50% vs 75%
  - AI
  - Heifers
    - Retain heifers until 2/3 calves

# Going forward

- Potential £ beef vs sheep meat and wool
- Cost of production
  - Native v reseed