



PULSE OF THE UK REPORT

This issue highlights current trends in the United Kingdom's (UK) consumer, retail, and trade sectors, with a focus on implications for New Zealand. We look at challenges for NZ's chilled lamb imports, the growing premium petfood market, and explore challenges with the UK's Red Tractor programme. We also cover Brexit's impact on supermarket pricing and look at Australia's increasing share in the UK lamb market.

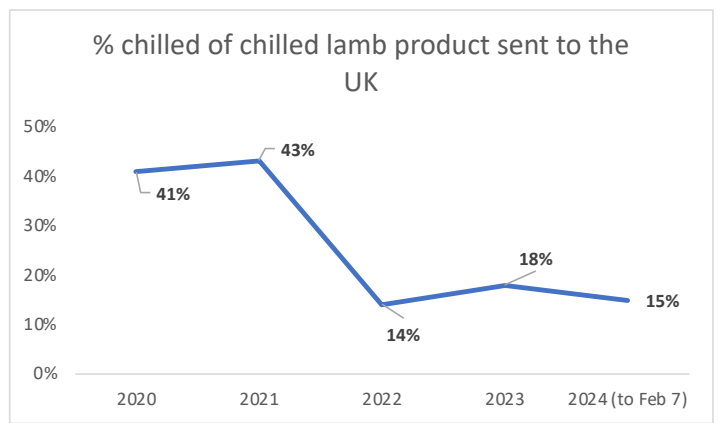
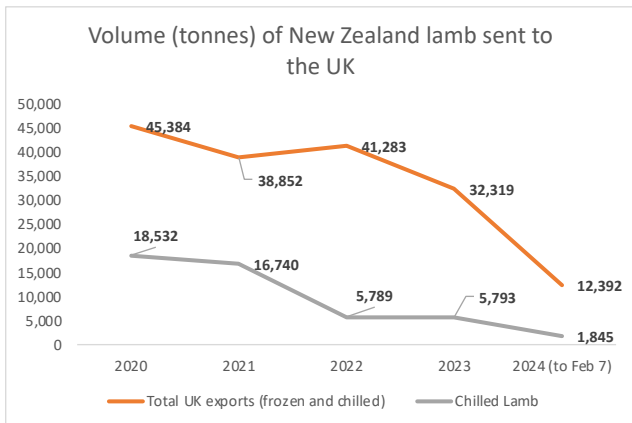
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CHILLED LAMB EXPORTS TO THE UK HAVE NOT RECOVERED TO PRE-PANDEMIC LEVELS

Chilled lamb exports to the UK are yet to recover to pre-pandemic levels. COVID supply chain disruption meant that chilled product was significantly riskier to ship than frozen.

While COVID supply issues have declined, ongoing shipping disruption in routes like the Gulf of Aden will again reinforce risks

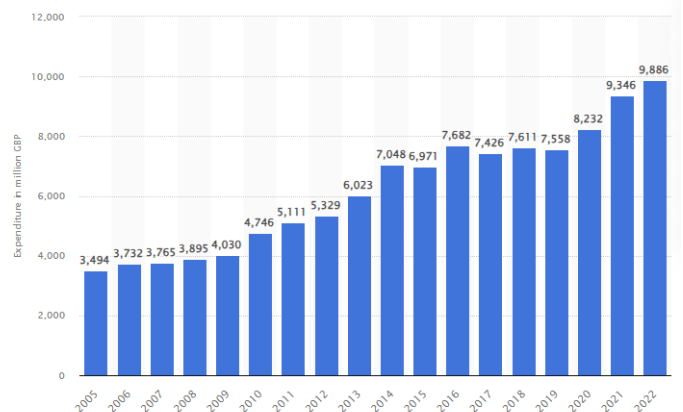
associated with chilled product. The cost of insurance for shipping through the Red Sea has increased 20-fold, similarly low reservoir levels at the Panama Canal mean some perishable cargo is being moved via rail across Panama. With no end in sight for conflicts in sensitive areas (e.g. Israel-Gaza War) a shift back to chilled lamb exports may be a long time coming.



GROWING DEMAND FOR PETFOOD WITH UNIQUE ATTRIBUTES

The UK is a large value market for petfood (only second to the US) with nearly 57% of UK households owning a pet. In 2022, the UK spent nearly £10 billion pounds on petfood and pet-related products.

Research by the ingredients company BENO identified that pet owners are increasingly looking for 'natural' petfood with added health benefits, mirroring human nutrition trends. There is increasing demand for clean label products such as no or low-allergenic, 'natural' petfood ingredients, and there is rising interest in attributes like prebiotics.



The research also underscored the rising interest in sustainable petfood. Research by Mars petfood found that 57% of pet owners were willing to switch their petfood to a product that was seen as more sustainable.

Given the high sustainability attributes of New Zealand sheep and beef products, New Zealand is well placed to take advantage of a global shift to better quality, more sustainably produced pet food ingredients.

CARBON EMISSIONS INCREASINGLY COMMUNICATED BY FOOD AND RESTAURANT BRANDS

One of the largest online food delivery services in the UK, [Just Eat](#) is [trialing labelling the emission profile](#) of food supplied to customers. This is alongside restaurants like [Wahaca](#) who adopted labelling in 2022, and subsequently dropped steak from its menus due to concerns over its environmental impact.

The analysis and labelling are delivered by the food emissions labelling startup [My Emissions](#). They measure emissions from farm to store, including all emissions from farming, processing, packaging and transport, although retail, storage and transport, cooking, and end-of-life emissions are not currently included.

Emissions information is communicated to customers using a traffic-light colour system and a grade. An 'A' grade indicates a dish with a very low carbon impact while an 'E' grade indicates a very high carbon impact.

Food carbon labelling with My Emissions



In a recent review of the UK's ambition to be net-zero for carbon by 2050, there was a recommendation to [standardise food and drink eco-labelling by 2025](#), so food producers and brands alike expect further focus here, in the future.

CONTROVERSIES WITH THE RED TRACTOR ASSURANCE SCHEME

The Red Tractor scheme is a UK-based food assurance programme that certifies food products produced in the UK meet certain quality and safety standards - from farm to pack - including animal welfare, food safety, traceability, and environmental protection.

[The scheme has faced significant backlash from the farming community](#), particularly UK sheep farmers, over its new Greener Farms Commitment (GFC), criticised for potentially imposing undue costs on farmers without clear benefits. This is alongside previous scandals related to animal welfare and [pollution](#).

The National Sheep Association (NSA) has expressed deep concerns, calling for a comprehensive review of the scheme's governance and relevance to farmers, emphasising the need for greater consultation and relevance to the sector's unique challenges.

By contrast, support is strong amongst New Zealand farmers and the wider industry for farm assurance programmes like [NZFAP and NZFAP plus](#), as they have been developed by the sector and government to deliver consistent traceability, food safety and animal welfare across the farming sector, backed up by independent third party auditors.



BREXIT CHECKS MAY LEAD TO INCREASED PRICES IN SUPERMARKETS

[New Brexit customs controls](#) which came into force on the 31st of January 2024 on food and fresh flower imports from the European Union (EU) are predicted to add over £300m annually to trade costs and potentially increasing food prices for British consumers.

These measures, requiring export health certificates and border inspections aim to protect UK biosecurity, but have raised concerns over supply chain disruptions and food inflation.

Business groups and industry representatives have voiced worries about the practicality of these rules and their impact on costs and Northern Ireland trade, urging negotiations for a more streamlined approach.

It's also claimed these measures may cut food shelf life in the UK [by a fifth](#) and leave some deliveries from the EU unable to be sold.

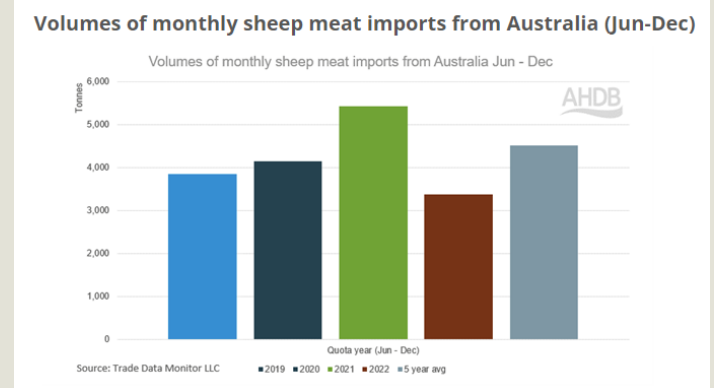


COMPETITOR SPOTLIGHT: AUSTRALIAN LAMB EXPORTS

Australia's recent Free Trade Agreement with the UK came into force last year, which [removes tariffs \(over time\) on sheepmeat](#), along with a range of other export products.

The Australian sheep herd is [at a record size](#), with processed numbers up 9% year on year to November.

Imports of Australian lamb product, as measured by the UK Agriculture and Horticulture Development Board (AHDB) show a steady increase, although volumes are in line with long term trends.



While still a valuable market, the UK makes up only [2% of Australia's sheepmeat exports](#). However, as geopolitical disruption continues, the relative stability of the UK market may become increasingly attractive to large lamb exporters like Australia, increasing competition for New Zealand producers.



If you have any feedback or suggestions for areas you would like us to explore in future pieces, please email Hugh.Good@beeflambnz.com

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