

The World is Your Market

Tom Hind, Chief Strategy Officer

‘Inspiring our farmers, growers and industry
to succeed in a rapidly changing world’



AHDB Strategy 2017 - 2020
Inspiring Success

A TASTE FOR BRITISH

FOOD & NON ALCOHOLIC DRINK EXPORTS



TOP TEN PRODUCT CATEGORIES 2015



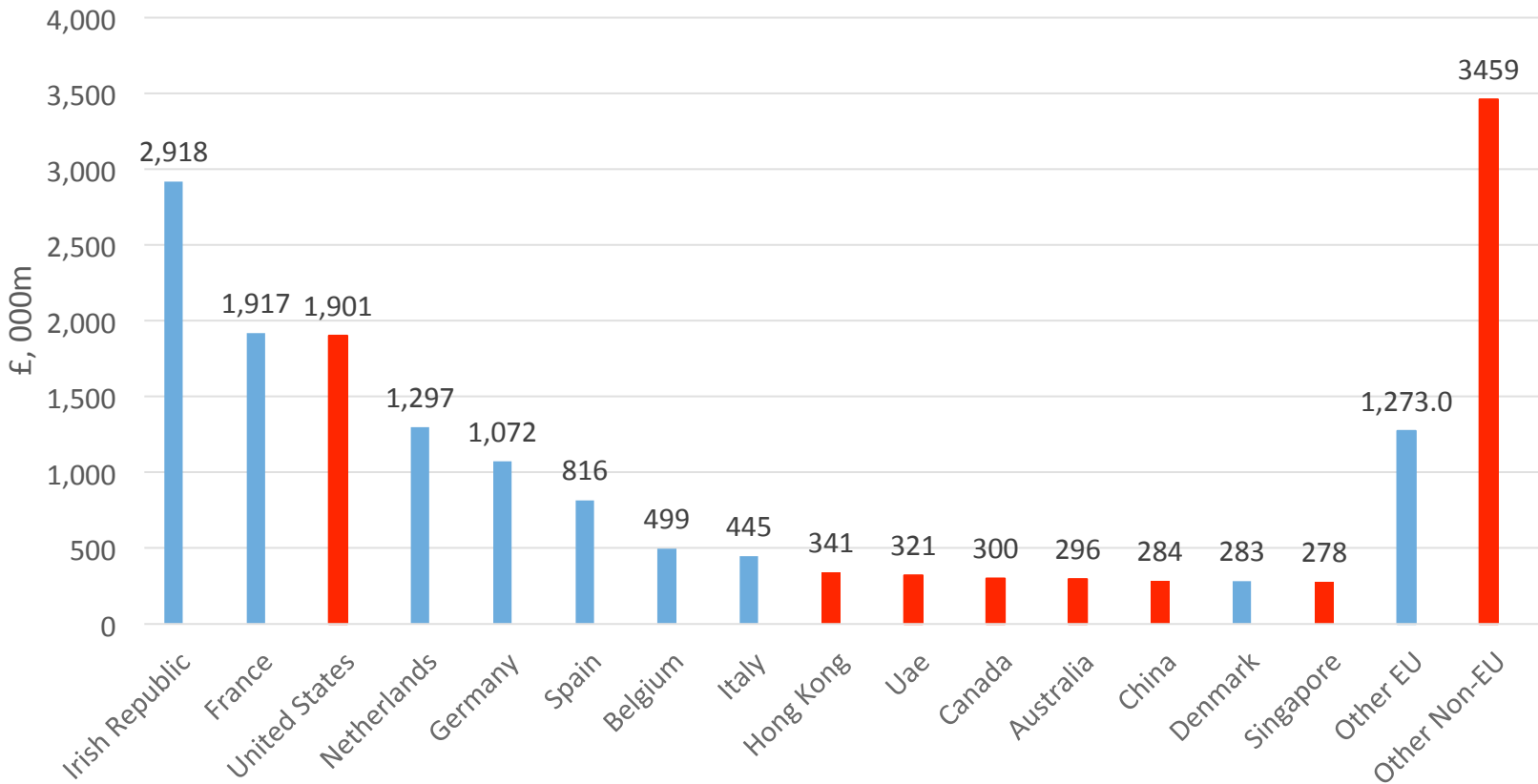
FDEA
Food & Drink
Exporters Association

Food and Drink
Federation **FD**
Delivering Sustainable Growth

UK 2015 food and drink export volumes by value

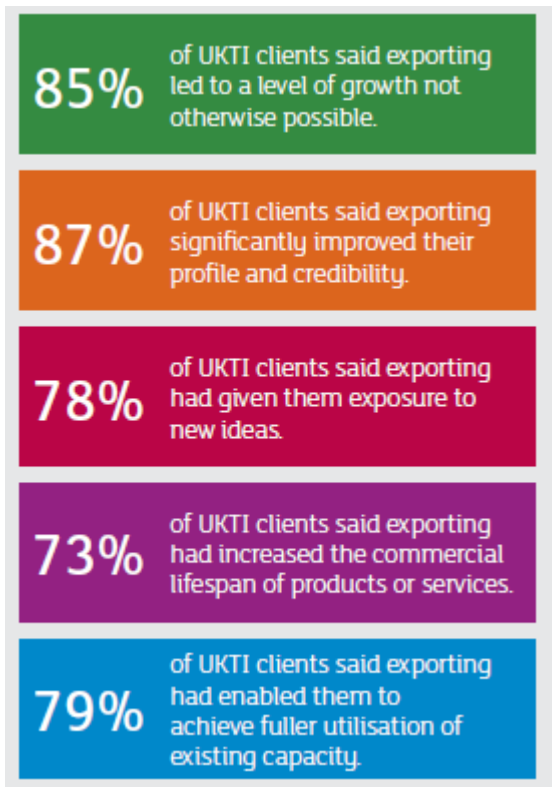
■ EU = £10.7bn

■ Non-EU = £7.0bn



Source: UK HMRC

Note: Includes alcohol and excludes non-edible products

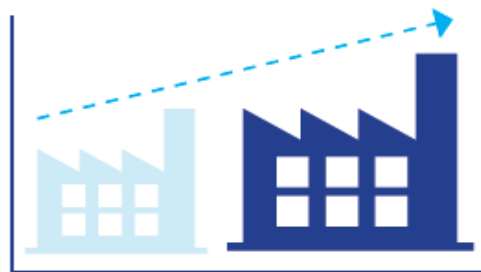


Source: UKTI 2016

“ It has been proven that a business which involves itself in overseas markets will achieve a higher growth rate in revenue and profit than those that are purely domestic.”

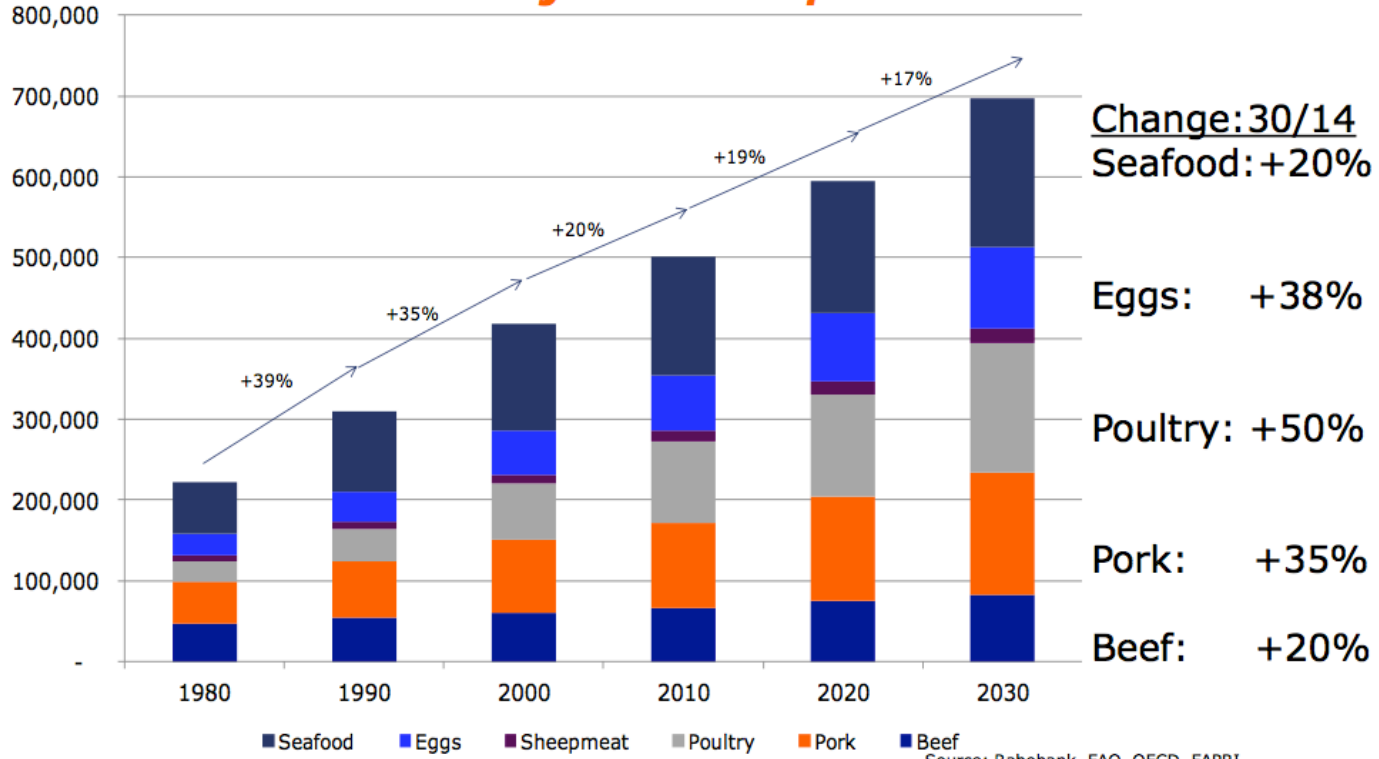
Noel Quinn,
HSBC Commercial Banking Commercial Banking

Businesses that export grow by almost a third (30 per cent) in just two years

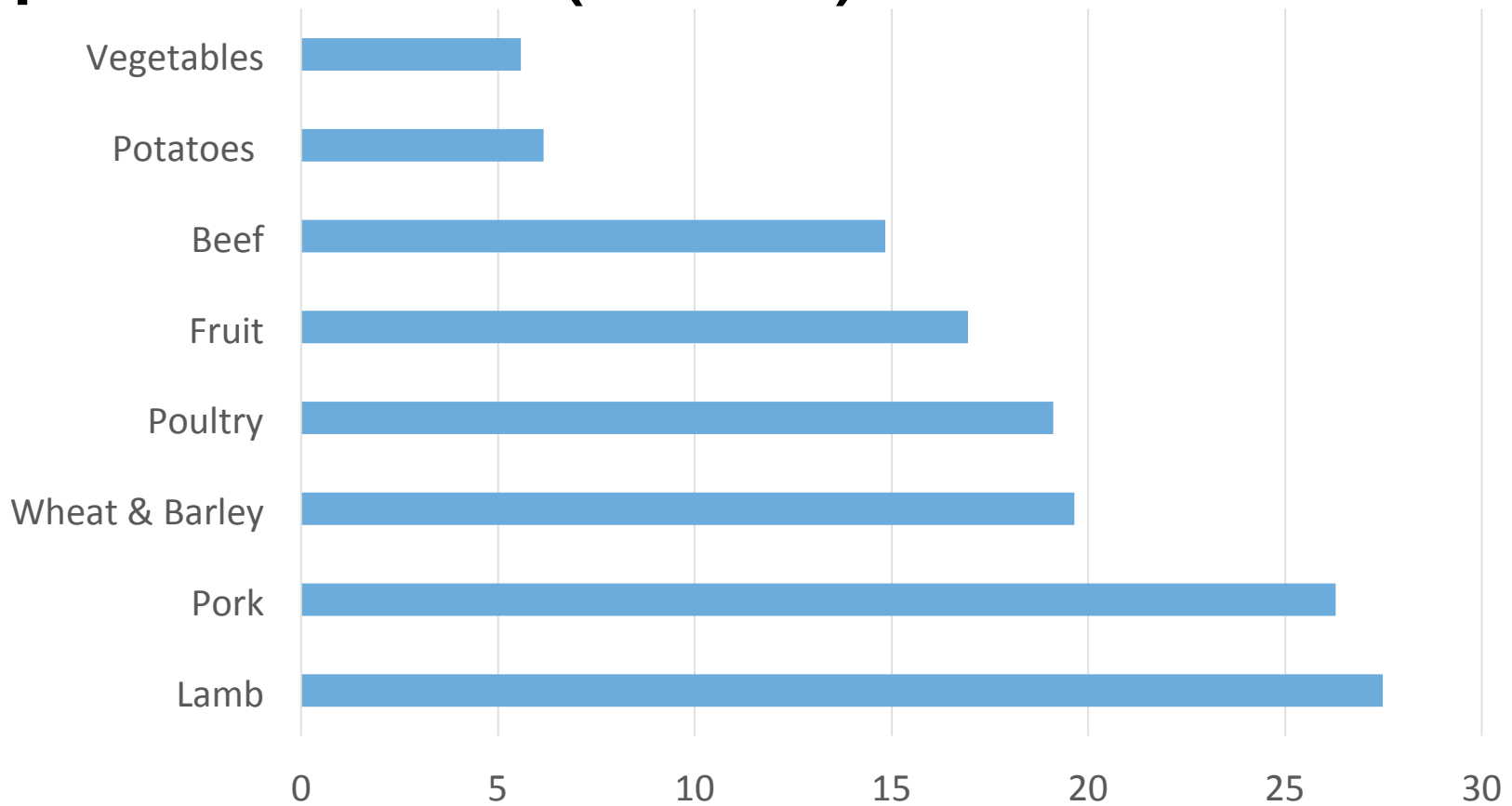


Global demand for animal protein

X 1,000 tonnes



Exports as % of domestic production (2015)



Source: Defra/HMRC

Surge in global middle class

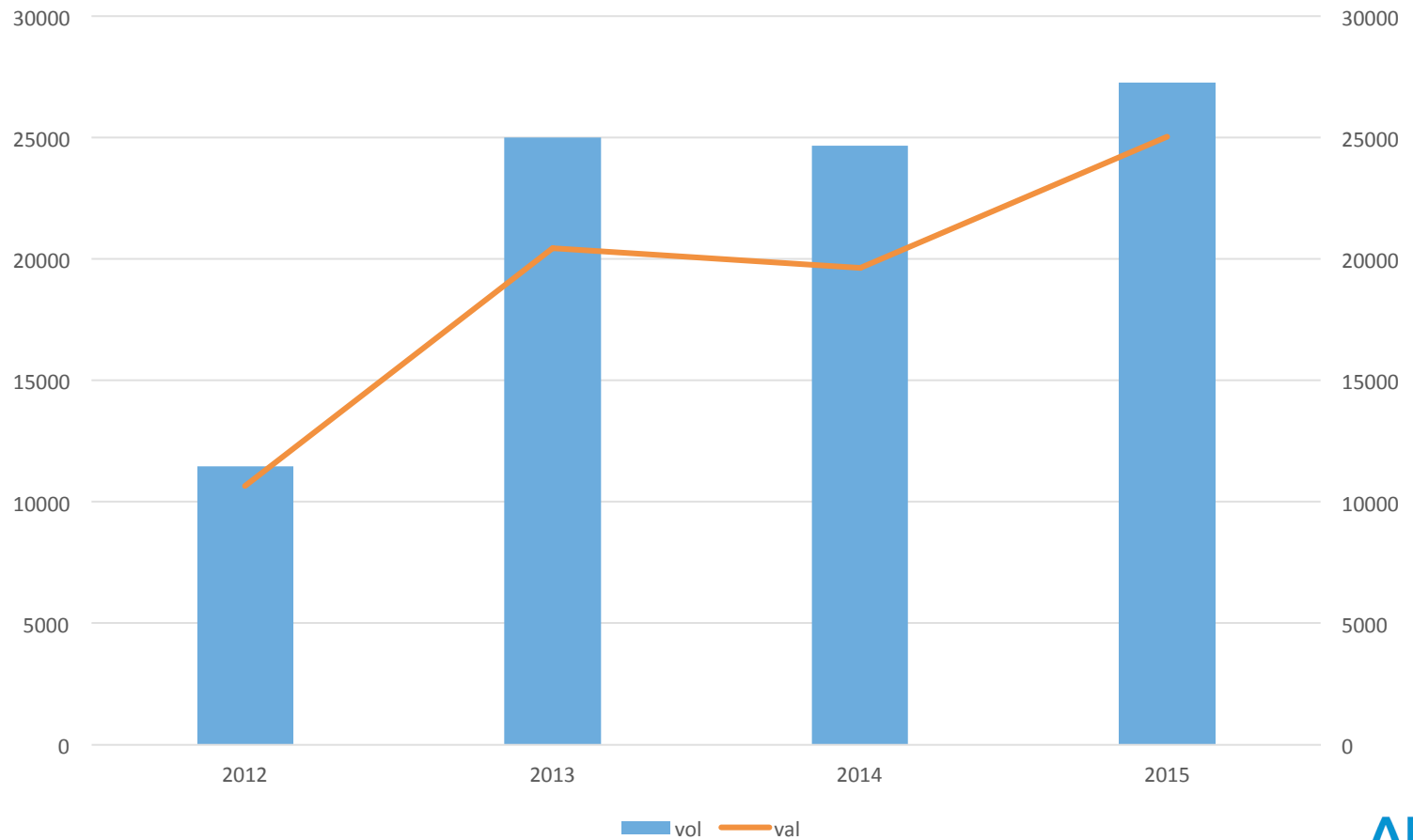
| Millions | 2009 | | 2020 | | 2030 | |
|------------------------------|------------|------|------|------|-------------|------|
| North America | 338 | 18% | 333 | 10% | 322 | 7% |
| Europe | 664 | 36% | 703 | 22% | 680 | 14% |
| Central and South America | 181 | 10% | 251 | 8% | 313 | 6% |
| Asia-Pacific | 525 | 28% | 1740 | 54% | 3228 | 66% |
| Sub-Saharan Africa | 32 | 2% | 57 | 2% | 107 | 2% |
| Middle East and North Africa | 105 | 6% | 165 | 5% | 234 | 5% |
| World | 1845 | 100% | 3249 | 100% | 4884 | 100% |

Source: The World Bank, Kharas and Gertz 2010

Pigmeat exports

Tonnes

£'000







Why China?

CHINA

1.4 billion consumers

Largest pork export market



Long-term commitment

History - Respect - Trust

Quality - Food safety
Brand - Reputation

China – Sharing Pan Sector Expertise

- Pork partnership working leading the way
- New focus for dairy market development
- Barley market access
- Exploring seed potatoes e.g. recent announcement of potatoes as staple in diet doubling production



Inward missions

2017 two visits agreed as we work to gain beef access





A new story for Kenya



£50 million market opportunity with 100k seed potato requirement and only 2% produced in Kenya



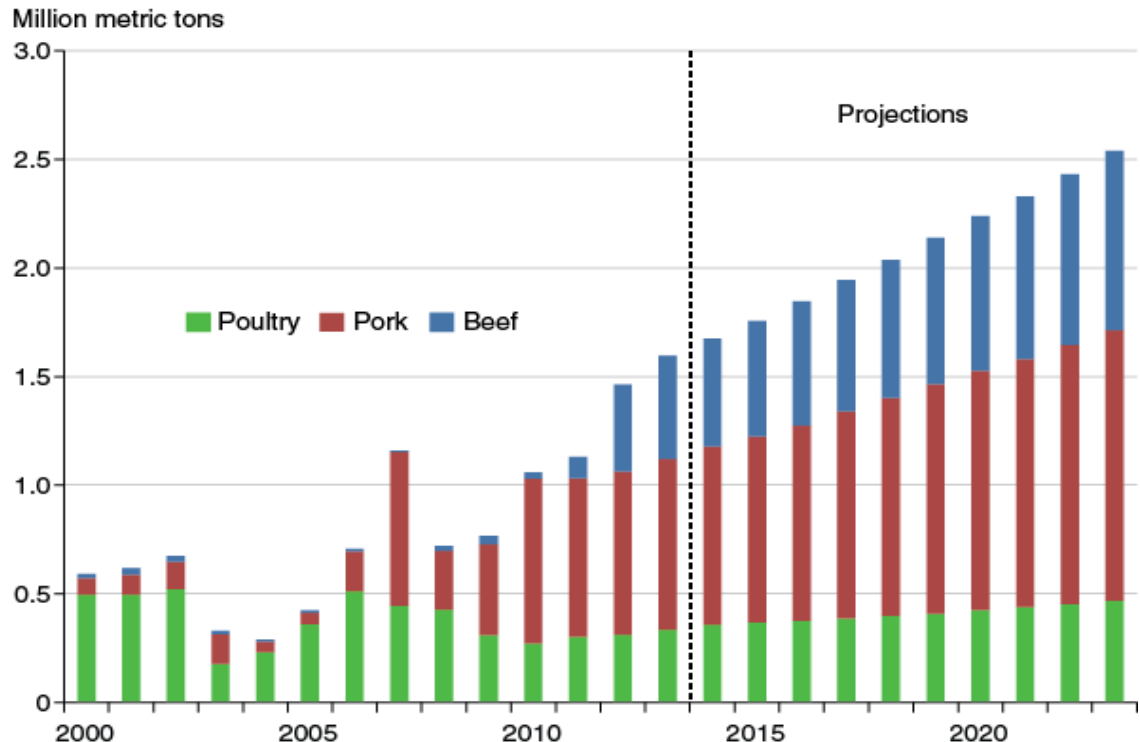
Inspection visit to UK 2017



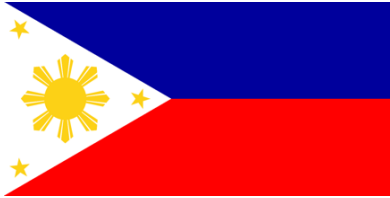
Macro Developments in China (K. Morgan)

- **'Cooling' economy still at 6.9%**
- **Consumption growing** 19% annual growth in cheese by value
- **Industry restructuring** 200m agricultural population expected to move
- **Price rises** April 2016 pork price up 33% against previous year
- **Import growth** 2015 beef imports 473k tonnes, up 50% from previous year

China's global meat imports projected to continue upward trend

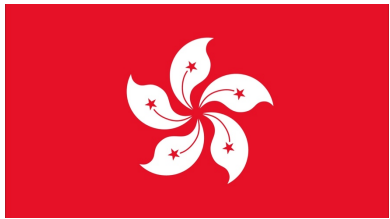


Source: USDA Production, Supply and Distribution database and projections.



Philippines

Visit seeking beef, lamb and pork approvals



Hong Kong

Expansion of beef certificate



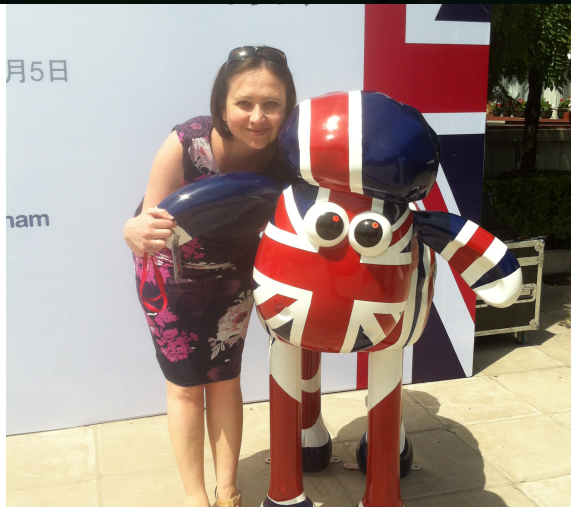
Canada

Beef approved



Egypt

Technical requirements for wheat



Food is GREAT Partnership Proposal
British Food & Drink Campaign
 A unique opportunity to showcase the best of culinary Britain, with... **BRITISH AIRWAYS**

Strength of the British brand



| Anholt-GfK Nation Brand Index: Overall Brand Ranking (top 10 of 50 nations) | | |
|---|----------------|---------------|
| 2013 NBI rank | Nation | 2012 NBI rank |
| 1 | United States | 1 |
| 2 | Germany | 2 |
| 3 | United Kingdom | 3 |
| 4 | France | 4 |
| 5 | Canada | 5 |
| 6 | Japan | 6 |
| 7 | Italy | 7 |
| 8 | Switzerland | 8 |
| 9 | Australia | 9 |
| 10 | Sweden | 10 |
| --- | --- | --- |
| 20 | Brazil | 20 |
| 22 | Russia | 22 |
| 23 | China | 23 |
| 31 | India | 27 |

Brexit



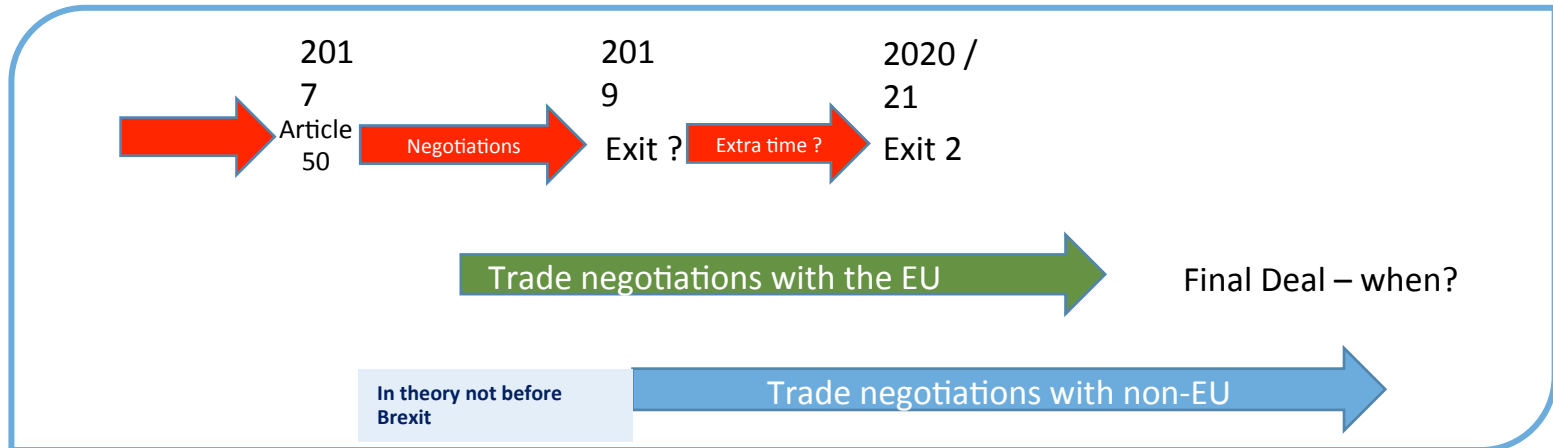
Making sense of the issues
Helping the industry navigate the best path through Brexit

<http://www.ahdb.org.uk/news/EUReferendum>

*“Prediction is very difficult,
especially about the future”*

Niels Bohr

Timeline and options



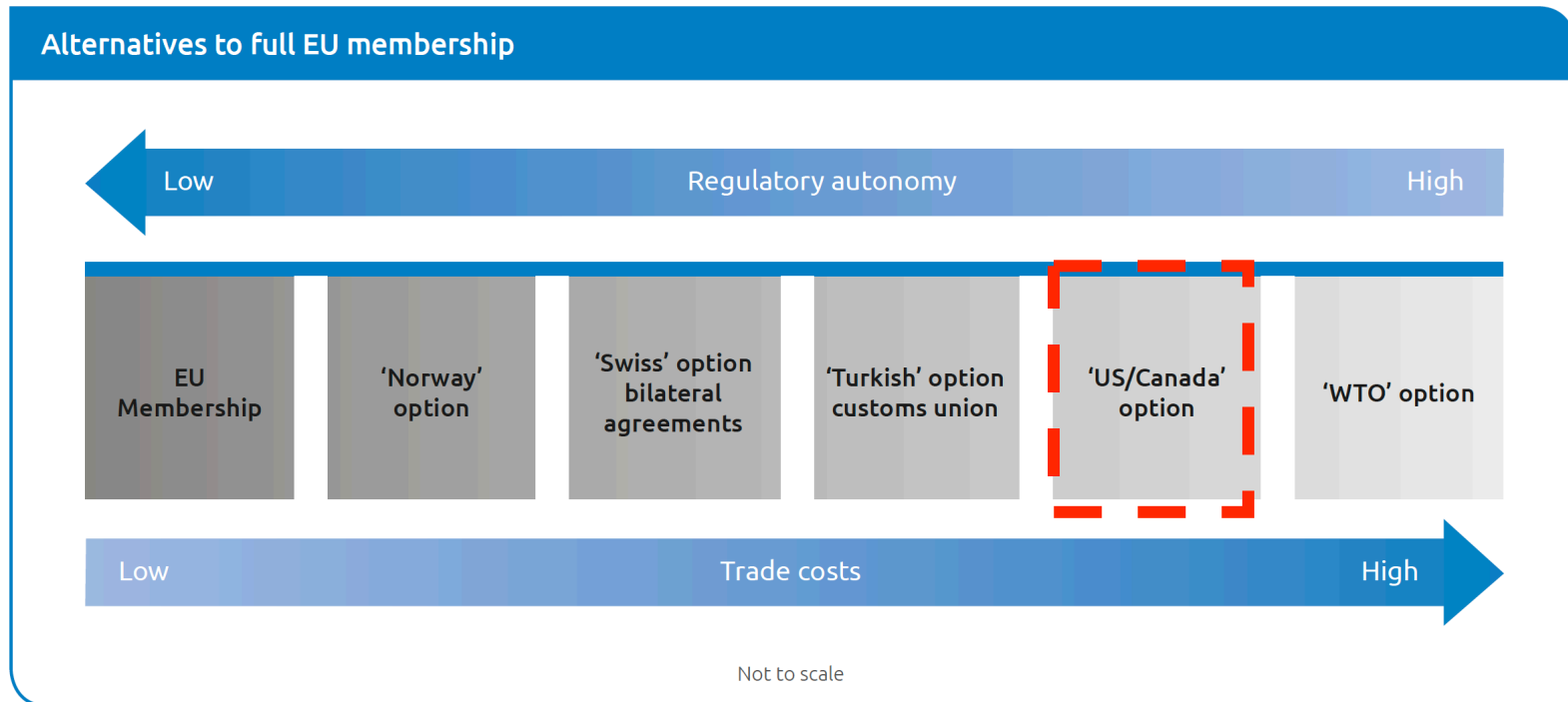
Trade talks are separate from exit talks – could take place in parallel.

Exit first then conclude. The next day or later.

Competing interests – unanimous agreement by Member States and EU Parliament

Fear of UK success?

Trade: How will relationships with EU change?



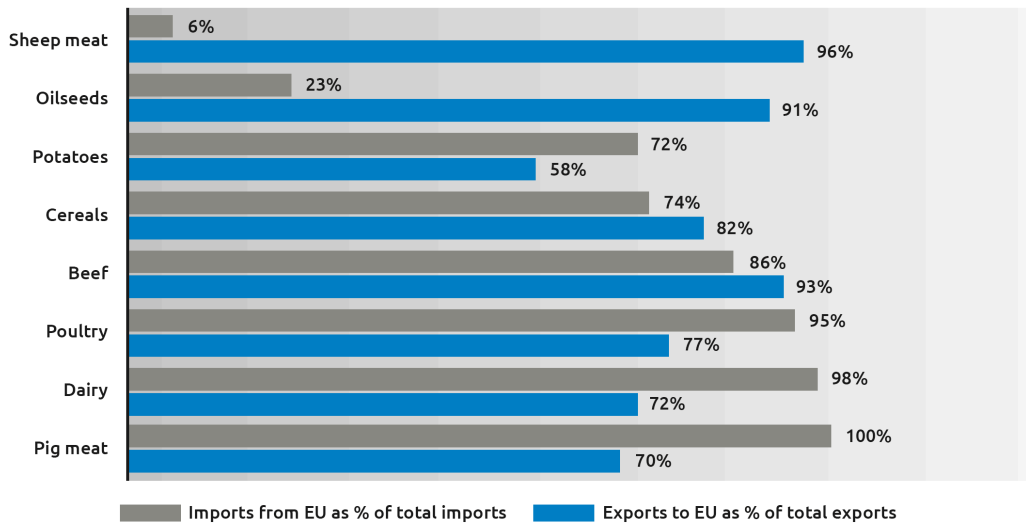
Free Trade Agreements – are often limited to certain products and have quotas and tariffs for others.

Tariff free access will be key

| CodeA | Product | Effective rate (2015 prices) |
|----------|--|------------------------------|
| 0201300 | Fresh/chilled beef , boneless | 65% |
| 02031955 | Fresh/chilled pork , boneless | 43% |
| 02042290 | Fresh/chilled sheep meat , bone in excluding short forequarters... | 51% |
| 04051019 | Natural butter , fat content <=85% in packs >1kg | 63% |
| 04069021 | Cheddar cheese (not grated or for processing) | 42% |
| 07019090 | Fresh/chilled potatoes , excluding new, seed and potatoes for manufacture of starch | 11.5% |
| 07061000 | Fresh/chilled carrots and turnips | 13.6% |
| 10019900 | Wheat (excluding seed and durum wheat) | 53% |

Because EU trade is important

UK agricultural trade with the EU¹



Source: HMRC

And resources.....

- The UK has not undertaken international trade negotiations since 1973, when it handed over responsibility for trade deal negotiations to the EU
- The EU has a team of around 600 trade negotiators
- Some 32 Britons work within its Directorate General for Trade
- The Department for Business, Innovation and Skills recently advertised for 300 negotiators and trade specialists.
- CETA required a team of 300 negotiators in Canada