

- *Slow pace on European meat markets*
- *US pig meat exports keep increasing*



## DENMARK

### Market

Due to the financial crisis the trade in pig meat is somewhat sluggish right now. It is to some extent caused by lack of liquidity with the costumers impacting that at present they buy just the quantities they need for the short term consumption. Further, the fact that the consumers buy less is affecting the market negatively. So the price increases that the forecasts anticipated due to the falling supplies fail to appear.

Fresh legs are sold at unchanged prices in Europe.

Other types of cuts are sold at slightly falling prices.

Sales of bacon to the UK are stable, but the profits are lower due to the weak exchange rate of the GBP.

Sales to third countries remain unchanged. Shipments to Japan are according to plan and will affect sales positively in the near future.

After the holidays in January sales to Russia are beginning to get started.

(Sources, Danish Crown, Tican, Danish Bacon and Meat Council)

### General

#### **Pig production must be industrial production**

In Denmark production of pigs developed into an utterly industrial production of food. Accordingly, the future pig farms must be situated away from rural areas and instead placed in large agro-industrial areas along highways, at ports and at other transportation hubs, the Social Democrats suggest.

In this way the visual, transportation and environmental nuisances will be smallest possible, is the point of view. The idea is that in the future pig production will take place in closed circuits with no obnoxious smell and without emission of nutrients into the environment.

And at the same time it would be immaterial how many pigs the farmers produce.

The Danish Minister for the environment, Troels Lund Poulsen is in favour.

It is well in line with the Danish government's ideas. One must consider where it makes most sense to locate these huge pig farms. It may be close to biogas installations or close to major roads says the minister for the environment. However, he is not inclined to impose a direct ban on pig farms in the countryside. (Source, Danmarks radio)

### **Problems with legs**

Problems with shoulder wounds are well on their way out of Danish stables according to pig farms consultant Pernille Elkjaer of Syddansk Svineraadgivning at Vojens.

The problem has been reduced and there are just few sows left with shoulder wounds of first and second degree.

On the other hand, part of the sow stocks has problems with legs. In this connection it is important to clarify whether the problem is damage to the hooves or bi-hooves or abscesses on the hooves says Pernille Elkjaer.

In many stables trimming of hooves is needed and others must focus on the problem when ordering young sows and breeding animals. Other stocks must look at the mix of animals in connection with loose housing in order to solve the problems.

(Source Landbrugsavisen)

### **Research to prevent obnoxious smells from pig production**

Scientists of the Faculty of Agricultural Sciences together with several partners received funds from the Strategic Research Council in Denmark with a view to having a closer look at the obnoxious smells from pig stables.

Bio-filters have proven to be one of the few smell reducing technologies that are suitable for pig production. In bio-filters the air in the stable will be sent through a system with a moist bio-film and the smelling substances will be dissolved. Through the project the scientists want to develop new or improve the existing bio-filters.

The scientists are convinced that in four years when the project will be finished it will be easier to win the fight against obnoxious smells from pig stables.

The project received € 1.5 mill from the Strategic Research Council. The total budget for the project is € 2.5 mill. (Source, Landbrugsavisen)

## Danish Slaughterhouses - payments for 2009 Week 05

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (67.0 –81.9 kg Danish Crown and (67.0 - 80.9 kg Tican)	Euro 1.145*	Euro 1.106
Difference to last week	- 0.027	- 0.027
Sows (Above 129.9 kg)	Euro 0.906*	Euro 0.839
Difference to last week	Unchanged	Unchanged
Boars (Above 109.9 kg)	Euro 0.773*	Euro 0.706
Difference to last week	Unchanged	Unchanged

\*A change in payments according to meat percentage and payments for transport to the Danish Crown slaughterhouses have had the impact that the quotes increased by Euro 0.040 for slaughter pigs and by Euro 0.067 for sows and boars. Accordingly the Danish Crown quotes are higher than the ones from Tican.



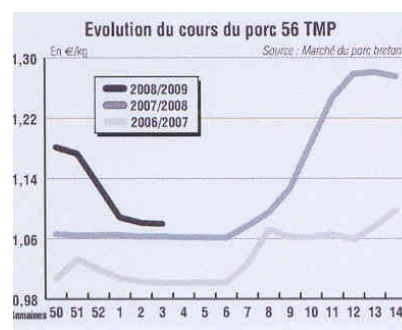
**FRANCE**

## Market data for week 4

### Pigs

During week 3, quotations remained stable for "Marché du porc breton".

Abattoir demands were good and offers remained quite abundant. For livestock, it was very calm as it is every year, at the end of January.



### Perspectives

Calm will be the word for meat market during next week. For livestock, no big evolution is awaited during next weeks. Abattoir demands will not move. Exchanges will keep moving, even a little bit more than regular.

This was the case before the week-end in the countries of our European neighbours.

**For more information, please contact AHDB France on 00 33 1 60 71 04 49**



## GERMANY

### **Market**

The end of January showed a split situation on the German market.

Marketing of pigs for slaughter was uncomplicated. Meat sales however were disappointing.

Throughout Germany, a slight decrease in supply of pigs was noted.

The slack demand as well as slowed down exports are causing the quotations to remain unchanged. (Source, afz)

### **Meat companies expected to merge**

Experts are expecting mergers amongst the 50 most important sausage producers in Germany as even well established companies are threatened by the difficult financial situation. Following the successful take over of Abraham and Zimbo, the Swiss Bell AG has been offered further business co-operations. According to Bell, the company did not intend to initiate discussions about a consolidation of the German meat market. (Source, LZ)

### **More negative press for Tönnies-Group**

A former manager of one of Tönnies' subsidiaries is accused of tax fraud and has previously been charged with corruption. Apparently, the ex-manager has received considerable amounts of money for favouring certain contractors. Following the man's interrogation, a public prosecution is now being undertaken against 50 suspected persons with regards to tax fraud and corruption. (Source, ddp)

### **Castration only with painkillers**

The use of painkillers around male piglet castration will be compulsory in Germany as from April 1, 2009. That was decided on 28 January in Berlin by the advisory committee on quality and security. (Source, pigprogress)



## SPAIN

### **Exports**

The list of Spanish establishments authorized to export pig meat and meat products to Japan has been revised and extended recently. This new list, number LI, is available in the CEXGAN Web page of the Ministry. (Source, Eurocarne)

The list of Spanish establishments authorized to export pig meat to Russia has been revised and updated recently. This new list, valid from 1<sup>st</sup> of February, is available in the CEXGAN Web page of the Ministry. (Source, Agrodigital)

## General

'Cárnicas Vilaró' formalizes the purchase of Primayor in Mollerusa and it is already investing in the slaughterhouse. (Source, Eurocarne)

The new facilities of the Spanish company 'Embutidos del Centro S.A.' (Emcesa) were inaugurated last 23<sup>rd</sup> of January. They are located in Casarrubios del Monte (Toledo) in a surface of 20,000 m<sup>2</sup> and employ 35 new people. (Source, Eurocarne)

The meat processing Group 'Argal' has appointed a new General Manager, Enric Floresta, working until now as the first executive in Spain of the French Multinational Groupe SEB, owner of Tefal, Moulinex, Krups and Rowenta. (Source, Expansion)

## Prices

<b>Slaughterhouse</b>	<b>Lleida 22.01.09</b>	<b>Zamora 27.01.09</b>
Piglet 20 kg	33 €/Unit (+1.00)	36.0 €/Unit (+0.00)
Live fattened pig	0.955 €/kg (-0.000)	-



## PORTUGAL

António Mendonça Tavares returns to be the Portuguese swine representative in Brussels after several days of temporary suspension. Previously, he occupied the position of President of the Pork Working Group of COPA-COGECA, being now swine representative of CONFAGRI. (Source, Suinicultura)

## Prices

Slaughterhouse	Lisbon 19.01.09
Fattened pig – Carcass E 57%	1.320 €/kg (-0.020)



**RUSSIA**

### **Russian meat consumption expected to decrease as prices are up**

Russian meat producers and retailers report that the crisis really hit them. The National Meat Association (NMA) head Mr. Sergey Yushin said that many thriving companies refused to hear about upcoming crisis back in 2007 when NMA was warning about possible difficulties. Thus, the crisis came to Russian meat industry unexpectedly. Mr. Yushin also criticized the gigantomania as in his view Russia is not prepared logistically, financially and physically to digest increased meat production. Also veterinary problems are obvious and recent problems with African swine fever in the south is a vivid example of it. Furthermore, consumer's market shows the signs of crisis and people start choosing less meat in their diet. He warns that investors in meat production in Russia should cut their clothes according to the cloth. Pork producers should have a clear idea where they should be in 6 or 12 months time, which markets will they supply to. Even the devalued RUR does not help Russian meat producers as imported meat is not likely to drop in price immediately as exporting countries have very competitive prices. Moreover, Russia is not self-sufficient with good quality meat. Russian importers show less appetite for foreign meat. Sometimes they order only half of what they ordered a year ago and Russia accounts for some 10-14% of the world meat imports for all kinds of meat. Interestingly, feed grains went down all across the world but they are still high in Russia because of the intervention trading and support of the government offered to crop producers.

**For reference:** Only 20% of all consumers' food basket in Russia accounts for meat and products. Some high priced sausages may lose their attractiveness and processors may need to start producing less expensive types of sausages. Also, processors may start looking for replacing meat in sausages with other food ingredients. The government believes that pork prices are not going to jump dramatically because of RUR devaluation. Russian Pig Union reported that domestic industry can replace decreased extra quota pork supplies with domestic pork totaling 200,000 t during 2009.

### **Russia to import 30,000 heads of pedigree animals**

Russian open JSC RosAgroLeasing is authorized to import 30,000 heads of animals and modernize 65,000 holdings where animals are reared.

### **Russia bans US pork imports**

Russia imposed bans on imports of pork and other meat products from several US companies reasoning such a measure with severe violations of Russian Veterinary Law.

**For reference:** Products which were produced before January 10, 2009 will be handled as usual. Russian Agricultural Monitoring and Surveillance Agency (RosSelkhozNadzor) reports that US exporters often violate the Russian requirements and recently in the Far East of Russia US containers with meat on the way to China. The US vet service could not have missed that in the papers and thus it was negligence.

Just recently, Russia increased its pork import quota for US.



**UKRAINE**

### **Animal program is lagging behind**

Ukrainian Minister of Agriculture Mr. Yuriy Melnyk reported that several Ukrainian regions are lagging behind in livestock indicators and he believes that governors care less about how they are going to feed the local people. The most successful in animal program fulfillment are Vinnytsia, Chernihiv, Kyiv, and Luhansk Oblasts where new livestock complexes are being built and established and local government is helping financially.

**For reference:** During 2008, the population of pigs and cattle dropped in 23 Regions. In Crimea, Zaporizhzhia, Kherson and Mykolayiv only one cow is registered per 100 ha of arable land. In Minister's view crop production is doing better in the regions where livestock production is in good shape and this coming spring planting campaign is going to show more acres planted where livestock numbers are higher.



**THE NETHERLANDS**

### **Prices down again**

Vion quote\* fell again to € 1.26 /kg. The difficult situation with demand across Europe is blamed for the continuing weakness of pork prices that have fallen from 1.40 in December.

\*Deadweight prices for carcasses 75-95 kg, 56% lean meat.

### **Schuitema and Super de Boer in talks**

The two supermarket chains with respective market share of 12 and 7% are thinking of merging their buying teams to increase their buying power.



**EU**

### **No export refunds**

The European Commission has decided against the payment of export refunds for pork.

Also, the request to implement private storage for pork was rejected.

The Commission states that the current price developments for slaughter pigs in the EU together with the decrease in feed costs and the expected reduce in supply of pigs do not require measures for supporting the market.

Furthermore, the coming months are expected to bring a seasonal stabilisation of prices.

(Source, afz)



**USA**

### **Increasing US pig meat exports**

Red meat exports continued their strong pace through November, with pork up 20% and beef up 9% (including variety meat) compared to November 2007.

For the first 11 months of 2008, pork and pork variety meat exports were 61% larger than 2007, nearing the 2 million metric ton mark (1,898,698 metric tons). 2008 pork exports through 11 months were valued at \$4.5 billion, an increase of 59%. (Source, afz)

**GERMANY**

<b>Pork Prices ex-Hamburg Fleischgroßmarkt (Cuts from 75–85 kg pigs)</b>			
<b>Week commencing 26 January 2009</b>			
	Cut Name	Closest Export Manual Code No.	Price Range (Euro / kg)
1.	Round cut leg	51121	2.00/2.20*
2.	Leg (boneless, rindless max fat level 3mm)	51121	2.80/3.10*
3.	Boneless Shoulder	56200	2.00/2.20*
4.	Picnic Shoulder	56120	1.65/1.85*
5.	Collar	56130	2.05/2.25*
6.	Belly (bone in, ex-breast)	55100	1.70/2.05
7.	Sheet Boned Belly (rindless)	55210	1.50/1.70*
8.	Jowl	50230	1.30/1.50
9.	Sow Carcasses	60100	Ø 1.62*
10.	Half Pig Carcasses	U Classification	Ø 1.84*

\*Unchanged from previous week

**SPAIN**

<b>Barcelona Market Information - Week commencing 26 January 2009</b>		
Carcasses (secondary grade)	Euros / kg	1.257/ 1.263*
Gerona Loin Chops	Euros / kg	2.20/2.23*
Loin Eye Muscle	Euros / kg	3.13/3.16*
Spare Ribs	Euros / kg	1.83/1.86*
Fillets	Euros / kg	5.33/5.36*
Collar	Euros / kg	2.33/2.36*
Round Cut Legs	Euros / kg	2.21/2.24*
Cooked Ham	Euros / kg	1.83/1.86*

Rindless Picnic Shoulder	Euros / kg	1.39/1.42
Belly	Euros / kg	1.89/1.92*
Smoked Belly with Spare Rib Section Cut Off	Euros / kg	2.32/2.35*
Shoulder Chap or Head Jowls	Euros / kg	1.33/1.36
Back Fat, Rindless	Euros / kg	1.03/1.06

\*Unchanged from previous week