

- *Pig prices on the rise*
- *Russian pork consumption falling*
- *Major industry shake-up in the Ukraine*
- *Alliance Sadia – Perdigão?*



## DENMARK

### Market data:

In Europe fresh legs and loins are sold at slightly increasing prices. Shoulders and manufacturing meat are sold at unchanged prices. Bacon prices for April are rising. Eastern Europe shows increasing interest in purchasing but still is very affected by the strained financial situation. On third world markets the market situation remains the same as previous weeks. Japan is stable and it is expected to increase even further during April. China shows some progress and also here it is expected to continue during the next months. In the US, sales to restaurants has are declining and stocks are increasing. However, retail sales partly counteract this situation.

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

### General:

#### **Danish Crown dismisses white-collar employees**

Danish Crown takes the next step in its cost savings program DC Future. In total 50 administrative jobs are abolished in the pig meat division and group functions together with 180 jobs in the beef division. This happens after Tulip Food Company dismissed approximately 30 administrative employees during the previous months. Moreover the saving program includes establishing a common unit under Danish Crown Nordic and moving Friland's headquarter to Randers.

So, in 2008 Danish Crown reduced its costs by € 70 m. and last month decisions will make € 30 m. cost savings, The company has now closed 10 Danish departments and dismissed 2600 employees, CEO of Danish Crown, Kjeld Johannesen, informs.

### Reduced production fees

The pig duty fund decided to reduce the production fees for slaughter pigs. The duty will be reduced from € 0.78 to € 0.50 per pig.

(Source, Landbrugsavisen)

### Prospect to increasing quote in April

During April the Danish Crown quote will increase two or three times, the CEO Kjeld Johannesen of Danish Crown estimates, referring to the development on the futures-exchange in Hannover. In 2010, prices should be good because of reduced supplies.

In Europe, pig production will fall by 2.3 % this year and the demand will increase, but the uncertainty factor is the exchange rates and consumer demand.

(Source, Landbrugsavisen)

### Danish Slaughterhouses - payments for 2009 Week 14

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (67.0 –81.9 kg Danish Crown and (67.0 - 80.9 kg Tican) Difference to last week	Euro 1.147* + 0.027	Euro 1.107 + 0.027
Sows (Above 129.9 kg) Difference to last week	Euro 0.934* Unchanged	Euro 0.867 Unchanged
Boars (Above 109.9 kg) Difference to last week	Euro 0.801* Unchanged	Euro 0.734 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

### The future of Madrange with Jean Madrangeas

The return to business of the son of the founders Mr. René & Mrs. Andrée Madrangeas of the reputed ham manufacturer comes as a bit of a surprise after the retraction of Mrs Monique Piffault (see last week's report). After having been pushed out of the top management of the firm by his mother in April 2007, Jean Madrangeas is hoping to find an investor prepared to acquire the company. The task will not be easy, the company lost 18 million € last year.

### Rendering tax

The French interprofessional body Inaporc decided to create its own “rendering tax” designed to finance the collection of fallen stock on farms. This new CVO (Cotisation Volontaire Obligatoire) amounts to 22 € per ton, it will be collected by suppliers to retailers and restaurants. The participation of producers will remain unchanged (2.5 million €). Among the various professional groups included in Inaporc, only the butchers did not approve this new system, nevertheless Inaporc intend to notify the Commission and then to replace the present system (SPE) by the new one on July 17<sup>th</sup>.

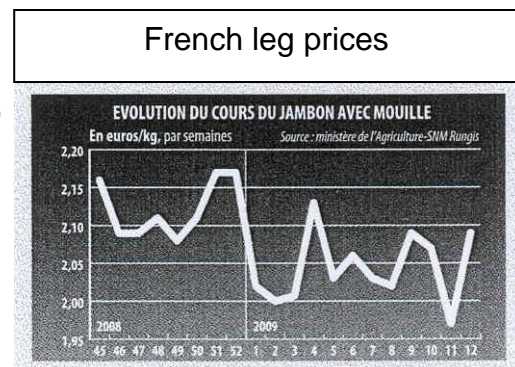
### Pork chops on the BBQ

Spring has arrived but the sun got stuck somewhere. The French pig meat industry is experiencing some difficulties to sell pork loins and a few sunny days would help. Presently some stores sell belly slices at a higher price than pork chops...

#### Market data:

Last week saw a slow meat market and household purchases also slowed due to the approach of the end of the month.

Legs and loins were difficult to sell, and particularly difficult to stabilize at a higher level. No net improvement is expected in the short term so the market should remain calm. The return of sunny weather should improve consumption together with barbecues, the beginning of the month and the week-end.



### GERMANY

#### Market data:

Although retailers are reporting a fall in food sales, this is not affecting pork demand, which so far remains fairly static (*stetige*). Unlike, what is reported in France, Belgium and Denmark, prices are unchanged.

### Tönnies, the leader

See below an update of pig slaughterers in 2008.

Rank	Company	Kill(2008, 000s)	Change / 2007	Market share
1	Tönnies	12,000	9.1 %	21.9%
2	Vion (NFZ, Möksel, Südf.)	11,000	2.0 %	18.2 %
3	Westfleisch – Barfuss	6,160	3.4 %	11.2 %

4	D&S (Essen – Oldenburg)	3,300	10.0 %	6.0 %
5	Vogler	1,470	2.7 %	16.7 %
6	Tummel	1,300	8.3 %	2.4 %
7	Böseler	1,260	14.5 %	2.3 %
8	Gausepohl	1,200	0.0 %	2.2 %
9	BMR	980	8.2 %	1.9 %
10	Müller	960	- 7.7 %	1.8 %



## IRELAND

### **New player on ham market**

Two existing cooked ham manufacturers, Leeway Foods of Ballincollig and Glen Aine Foods of Knocklong have merged to form Glen Aine Foods Ltd. with west Cork dairy co-operative Lisavaired as main shareholder. The new company will operate from Knocklong, Co Limerick, and has plans to expand.

(Source: Irish Farmers' Journal, 28 March)



## THE NETHERLANDS

### **Topigs gilts to Japan**

Topigs exported 355 gilts from the Netherlands to Japan in March, the first time that Topigs breeding material has been sent to Japan, according to a Topigs press release. The Topigs 20 gilts of various ages came from Van Beek SPF Varkens in Lelystad. After a state quarantine period the gilts will go to their final destination, a group of cooperating pig farmers. This group of independent pig farms reportedly produces about one-third of Japanese pigs. In June, a second consignment with purebred line animals and terminal boars will be sent from the SPF nucleus breeding farm of Topigs in Canada.

(Source: Agrarisch Dagblad)

### **New co-operative in Limburg**

Some 50 pig farmers have funded COMIVA (*Coöperatie Mineralen Valoratsie*). The main priority is the pooling of resources for the disposal of manure.

(Source: Agrarisch Dagblad)

### **Market data:**

Following a small rise last week, Dutch pork prices are expected to follow German lead and remain stable.



## **NORWAY**

### **Pork production rising**

Pork production has moved from a deficit to a surplus of 2,200 tonnes at the end of 2008 according to a forecast by Hans Thorn Wittussen from Nortura. The organisation is planning to boost sales to balance supply and demand and avert a crisis. The country is still not open to world trade and pork prices are some of the highest in the world.

(Source: Agra Europe)



## **FINLAND**

### **Salmonella crisis**

According to Finnish pig farmers, pork production may fall as the investigations concerning the spread of salmonella go on. Over five hundred pig farms have been closed in Finland for the time being while salmonella testing is being carried out. It is also possible that the salmonella epidemic will momentarily affect the image of domestic pork production. However, the situation is exceptional and temporary, as Finland has the strongest record on salmonella in the EU and probably in the world.



## **SPAIN**

### **Imports**

'Argal', the Spanish company producing pig by-products will import new cooked and cured pig products coming from Greece. This is part of the agreement developed by the Spanish Company and the Greek 'Creta Farm'. The new society 'Creta Farm Spain' (having a share of 50%) will take advantage of the World register of the Greek company to change animal fats by olive oil in the production system of pig by-products.

(Source: elgranjamon)

### **AI advance**

The Spanish company 'Magapor' has developed an innovative artificial insemination system, combining both post-cervix and deep intrauterine techniques. The catheter used is similar to classic one, but including three holes, so 80% of the semen is deposited post-cervix and the residual 20% in the uterus-tubular union (or inside one uterine horn). This new technique represents an extra 0.6 piglets every sow, every farrowing and every year, and saving an important number of spermatozoa per dosage.

(Source, Eurocarne)

## Prices

<b>Slaughterhouse</b>	<b>Lleida 26.03.09</b>	<b>Zamora 31.03.09</b>
Piglet 20 kg	40 €/Unit (-1.00)	44.0 €/Unit (-1.00)
Live fattened pig	1.127 €/kg (+0.000)	-



## PORTUGAL

### Market:

Portugal follows the tendency of all the EU countries. While the number of pigs for fattening fell by 1.5% (-4.7% in EU) in 2008, the number of sows fell to 303,000 heads (-1.6%) compared to 2007 (-6.1% in EU).

(Source: agrodigital)

## Prices

<b>Slaughterhouse</b>	<b>Lisbon 09.03.09</b>
Fattened pig – Carcass E 57%	1.500 €/kg (+0.000)



## RUSSIA

### Pork consumption to fall in 2009

Russia will consume 20 percent less pork and beef this year and cut imports substantially as the global economic crisis drives consumers to buy cheaper poultry meat, Sergei Yushin, head of the National Meat Association, said. Meat processors are also adding more offal to their sausages as consumers cut spending on food products to weather Russia's first recession in a decade. Pork imports fell by 31 percent to 53,000 tonnes but imports of beef offal rose by 20 percent and pig offal by 23 percent in January-February 2009. "This means that processors are adding more cheap offal to sausage, as nobody is going to buy expensive sausage," Yushin said. Last year, pork output was 2.0 m. tonnes and imports 770,000 tonnes. Despite falling pork consumption this year, Yushin said the pig-breeding sector in Russia had good prospects. Feed is cheap after a good grain crop, modern breeding complexes have been built and producers have become more market-oriented, he said. "The pig-breeding sector is becoming very profitable and people working in it want to increase output," he said. "Grain prices are not expected to rise, fuel is becoming cheaper and pork producers will have another good year." This year, pig breeders may provide an additional 100,000-200,000 tonnes of domestic pork - despite the financial crisis - as a

result of investments made in 2007-08, he said. But new investments would be difficult, he added, and the owners unfinished complexes might have problems with new loans.

### **Classical Swine Fever**

The Russian veterinary authorities have sent a report to the World Organisation for Animal Health (OIE) about three new cases of classical swine fever (CSF). It covers three new cases of classical swine fever. The first, which started on 1 March, involved two animals on a game farm in Urvansky in the republic of Kabardino-Balkarskaya. Both animals died. The second case, two days later, involved 16 animals in a backyard herd of 248 animals in Prigorodny in North Ossetia. The sixteen animals were destroyed and 154 other animals were slaughtered. The third case started on 15 March in Apanasenkovsky in Stavropol Krai. Forty-five pigs on a collective farm died and the rest were destroyed.

(Source: OIE)

### **Local outbreak of African swine fever eradicated in Stavropol**

ASF was reported on the Lenin farm in the village of Kievka in the Apanasenkovsky Rayon of the Stavropolsky Krai near Stavropol. Altogether there were 194 pigs on the farm, 72 died of the disease, and the rest was subject to bloodless destruction and incineration together with the dead. Quarantine was imposed in the affected area. Specialists of the Federal Centre for Animal Health (the FGI ARRIAH) subordinated to the Rosselkhoznadzor were sent to the Stavropolsky Krai.



### **UKRAINE**

#### **Favorit on spending spree**

Kiev-based investment fund Favorit Plus has obtained permission of the Antimonopoly Committee of Ukraine on acquisition of controlling shareholdings in ten meat processing complexes, namely Pustomyty Myaso (Lvov), Myasnoi Dvor Podolya (Khmelnitsky), the Lebedinsky meat processing complex (Sumy), YuROK Plus (Lvov), Aidar-An-Myaso (Lugansk), the Beregovsky meat processing complex (Trans-Carpathia), the Trostyanetsky meat processing complex (Vinnitsa), the Korostensky meat processing complex (Zhitomir), and the Nezhinsky meat processing complex (Chernigov). The company was also permitted to acquire the Dolinsky poultry complex in the Kirovograd region and the Lvov-based currying enterprise Rassvet.

(Source: Meat News)

## **Lida is investing**

On the back of strong sales, Lida is rebuilding its sausage plant with a R 4 bn. investment. Funding emanates from subsidies from the Grodno region and commercial banks.



### **CHINA**

#### **New food safety scandal**

Some 9 people were arrested in Guangzhou, the largest town in Southern China. They were accused of administering pigs with banned beta-antagonists clenbuterol and ractopamine. It caused some 70 cases of food poisoning with offal. Many were hospitalised. Another 6 people are sought by the police. The business license of Quanfa Foods, the market that sold the pork has been revoked.



### **KOREA**

#### **Pig farmers unhappy**

Pig farmers demonstrated in Seoul against the forthcoming free trade agreement between the EU and Korea. Talks resumed last week.

(Agrarisch Dagblad, 24 March)



### **BRAZIL**

#### **Perdigão is doing well...**

Despite a loss in the fourth quarter, gross profits for 2008 rose to US\$ 1.2 bn. Exports were up 56% and home sales were sharply up too.

### **...but competitor Sadia is loosing money**

Derivatives contracts tied to the exchange rate have imposed Sadia the first loss over 64 years of operations, posting net R\$ 2.5 bn. losses. The company is solvent but must sell some assets. President Manager Gilberto Tomazoni mentions a poultry plant in Russia and a cattle unit at Varzea Grande (Mato Grosso) for disinvestment. An alliance with Perdigão is now mooted.

### **Aurora in trouble**

The president of Coopercentral Aurora, Mario Lanznáter, has warned that the lack of credit and falling sales are hurting. The company lost R\$ 117.8 m. in 2008 and has suffered heavy losses in the first two months of the year with export demand down 70%. The company is also rumoured to be exposed to derivatives losses.



### **AUSTRALIA**

#### **Producers are back in profit**

After an *annus horribilis* 2008, when pig producers lost vast amount of money and national production shrank, the current situation is rosier, due to a fall of grain prices and a rise of farm gate prices. Due to the lower A\$, exports to Singapore have resumed. Finally, productivity is markedly up. For example, in Western Australia, despite a fall of 24% of sow numbers, pork production has only fallen by 9%.

#### **Danish imports increasing**


In 2008, some 44,000 tonnes of Danish pork worth € 121 m. was imported. Centre cut bacon is the main commodity.


#### **New labeling initiative**

A new marketing promotion across Australia aims to clearly identify homegrown, fresh Australian pork. By law, fresh pork cannot be imported into Australia, even though research suggests that 33% of the population believe this to be the case. As a consequence APL has produced distinctive pink "Australian Pork" meat tickets for butchers to display, helping customers easily identify fresh pork as having been bred and grown in Australia. Recent consumer research conducted by APL indicated that 87% of Australians prefer to buy Australian products. "The current labeling system is very confusing and not informative from a consumer perspective," Spencer said. "There are currently three label claims used to

describe the origin of pork products. These are: Product of Australia, which is Australian grown; Made in Australia, which can be grown and processed in Australia but potentially contains imported meat; and Made from Imported and Local Ingredients, which is in all likelihood predominately imported pork." Spencer said the next step is to license the Australian Pork logo to businesses manufacturing small goods containing 100% Australian pork.

## PRICES

 <b>Pork Prices ex-Hamburg Fleischgroßmarkt (Cuts from 75–85 kg pigs)</b> <b>Week commencing 02 March 2009</b> *Unchanged from previous week			
	Cut Name	ClosestExport Manual Code No.	Price Range (Euro / kg)
1.	Round cut leg	51121	2.05/2.25
2.	Leg (boneless, rindless max fat level 3mm)	51121	2.95/3.20
3.	Boneless Shoulder	56200	2.15/2.25
4.	Picnic Shoulder	56120	1.65/1.85*
5.	Collar	56130	2.20/2.30
6.	Belly (bone in, ex-breast)	55100	1.85/2.10*
7.	Sheet Boned Belly (rindless)	55210	1.45/1.70*
8.	Jowl	50230	1.30/1.50*
9.	Sow Carcasses	60100	Ø 1.69
10.	Half Pig Carcasses	U Classification	Ø 1.88

 <b>Barcelona Market Information - Week commencing 02 March 2009</b>		
Carcasses (secondary grade)	Euros / kg	1.483/1.489*
Gerona Loin Chops	Euros / kg	2.25/2.28*
Loin Eye Muscle	Euros / kg	3.23/3.26*

Spare Ribs	Euros / kg	1.98/2.01*
Fillets	Euros / kg	5.33/5.36*
Collar	Euros / kg	2.43/2.46*
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	1.28/1.31*
Back Fat, Rindless	Euros / kg	0.83/0.86*