



Export Bulletin

October 2009 – Week 43

- *Russia imposes temporary import restrictions on German pork*
- *USA and Norway report first cases of H1N1 in pigs*
- *Hypor ships breeding pigs to Vietnam*



EU

The European market is characterized by large supplies of meat, which also impacted strong decreases in the quotes on all European markets. Fresh legs are under pressure and are sold at slightly decreasing prices. The trade with shoulders and production meat is also under pressure. Collars are sold at stable prices. (Sources, Danish Crown, Tican, Danish Agriculture and Food Council)



DENMARK

Market

The development of the exchange rate of the GBP and US dollars is the most important factor influencing the pig meat market for the Danish slaughterhouses and the Danish quotes. The dramatic decreases affect the prices brought home. To the British bacon market the Danish exporters' prices remain under pressure due to the decreasing exchange rate of the GBP. The market situation outside the EU remains unchanged compared to the past weeks, which means

that there is a fine activity to Russia while sales to far Eastern countries to some extent suffer from the pressure of cheap American pig meat.

Free trade agreement opens up for export of pig meat to South Korea

EU's trade minister just signed a free trade agreement with South Korea. It offers many important opportunities for agricultural exports. The new agreement abolishes all trade obstacles between the EU and South Korea, and it is expected that the trade between the two areas will increase by 20 billion Euro annually. South Korea is a large importer of pig meat and so far the country mainly imported from the US. However, when the toll barriers will be removed it offers a great opportunity for Denmark to enter this lucrative market. The agreements implies that the EU will compete on equal terms with the US, which entered a similar free trade agreement, and the US are selling pig meat to South Korea too, informs Joakim Larsen consultant of Danish Industry. The agreement is expected to enter into force during the second half of 2010, and it is the first free trade agreement that EU has entered in the 21st century. (Source, Jyllands-Posten)

New crossings shall increase profits

Danish pigs crossed with mangalitza-pigs from Hungary and Spanish pig breeds will create new interesting meat types. It is the intention with a new project, in which Danish Agriculture & Food Council together with Danish Meat Research Institute and Danish Pig Production will mix Danish pig breeds with imported breeds from Southern Europe. The goal with mixing different breeds is to create new tasty meat types, which should create new sales possibilities for Danish farmers who are pressed by decreasing prices. One of the breeds that will be imported is the Hungarian curly-haired Mangalitza-pig. Ingela Velandar of Danish Pig Production hopes that the small pigs can become delicious luxury products despite the longer production period. The Mangalitza pig is an old breed with very tender and dark meat. But, since the pig is ready for slaughtering at a much later time than Danish pigs, it is more expensive to produce it, Ingela Velandar informs. The breeding project is established in co-operation with the slaughterhouses Tican and Danish Crown. (Source, Politiken)

Buying pigs on the open market is an advantage for Tican

Tican now for a few months bought pigs on the open market in order to complement the pigs delivered from the cooperative farmers to the production in periods with large fluctuations in

supplies. The extreme numbers have been 25,000 and 34,000 pigs weekly over the past nine months. The large fluctuations are due to high prices of feed and to deliveries to Germany, and it is difficult to run a business without stable production conditions. This is why the purchase of pigs on the open market is an advantage to the cooperatively members, the management of Tican informs. Another advantage to Tican is that it gives rise to find out how the market works, and whether you are competitive or not. Tican is very vigilant not to pay more for the pigs than the market can bear. Thus, the purchases of open market pigs should not be an incentive for the farmers to leave from the cooperative slaughterhouses and deliver in another way, the slaughterhouse informs. (Source, Landbrugsavisen)

Danish Slaughterhouses - payments for 2009 Week 43

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (70.0 - 86.9 kg) Difference to last week	Euro 1.144* - 0.027	Euro 1.106 - 0.027
Sows (Above 129.9 kg) Difference to last week	Euro 0,919* -0.054	Euro 0.852 -0.054
Boars (Above 109.9 kg) Difference to last week	Euro 0.732* -0.054	Euro 0.665 -0.054

*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 French charcuterie self service market is not suffering

In spite of the crisis, the charcuterie market (self service) remains very dynamic with an additional turnover (rolling year) up to September of € 122.9 million. Most of these extra sales come from retailers own brands (+ € 90.4 million) and first price own label (+ € 8 million) but national brands are still benefiting with € 23 million, even € 45 million if the € 22 million loss by Madrange are included. The new leader (in value) Fleury Michon is the winner with an increased turnover of

€ 33.1 million. For the first time Fleury Michon is N°1 in front of Herta but in volumes Herta remains the leader by far. Interestingly Fleury Michon is moving towards Herta with new ham products and Herta is moving towards Fleury Michon with the development of superior quality products.

Market and market shares in value

	<i>Market share</i>	<i>Value</i>	<i>Volume</i>	<i>Additional turnover</i>
1 Fleury Michon	11.6%	+9.2%	+8.4%	+33.1M€
2 Herta	11.3%	+1.3%	+6.5%	+4.8 M€
3 Aoste	2.8%	+9.8%	+13.4%	+8.4 M€
4 Bordeaux Chesnel	1.8%	-3.0%	-1.6%	-1.9 M€
5 Madrange	1.6%	-28.4%	-22.8%	-22.0 M€
6 Labeyrie	1.5%	-2.4%	-2.3%	-1.3 M€
7 Petitgas	0.7%	+1.6%	+3.2%	+0.3 M€
8 Isla Délice	0.6%	+12.6%	+7.7%	+2.2 M€
9 Other brands	15.3%	+0.2%	-2.4%	+0.8 M€
Standard Own brands	41.5%	+6.8%	+6.6%	+90.4 M€
First price own brands	11.4%	+2.1%	-0.7%	+8.0 M€
Total charcuterie	100%	+3.7%	+3.4%	+122.9 M€

The total market value of the charcuterie market (self service) is € 3.4 billions for a total volume of 224 207 tonnes

Pigs

No improvement.

The European pork market does not seem to confirm his return to balance. The prevailing tone is still not evolutive. In France, thanks to the supplies of the beginning of the month, consumption is a little better but still remains below expectations. The loin is still very difficult to sale, due mainly to a chronic lack of export activity. In this context, each trader tries to limit his offers to fit their

orders and like that, they try to maintain its prices, with different degrees of success depending of the cuts.

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GERMANY

While the German quotations remained stable, some of the biggest abattoirs reported prices at - 3 Eurocent below the quotation. The development of prices for pigs for slaughter depends on how the market reacts to the large supply and the next days will tell if prices will be able to keep up the current level. (Source, afz)

Expansion

The Metro Group continues its expansion in Japan. Recently, the sixth hypermarket has been opened. Metro chairman Frans Muller announced the opening of two further Cash & Carry sites in 2010. For the first time, a market will open in the Tokyo city centre. According to Muller, the Japanese market is a very demanding but promising one and Metro has adapted very well to the customer's demand. Food acclaims for 97 % of the profit. (Source, Lebensmittel Praxis)

Westfleisch reports positive development

Westfleisch was able to increase its number of pigs slaughtered by 4.1 % to 3.97 m heads in the first half of 2009. Meat sales however could not keep up to last year's level.

Export volume increased slightly by 0.8%. The consolidated revenue decreased – 0.6 % to 929 Mio. €. (Source, schweine.net)

**SPAIN****General**

According to the data of the 'Survey on Swine' published by the Spanish Ministry of Environment, Rural Development and Fisheries, Spain has 25.8 million of pig heads, 0.8% less animals than in December 2008. From the total, 10.6 millions, i.e. 41.1%, belong to pigs for fattening. (Source, Agrocope)

The sector of the Iberian ham in the province of Huelva has been forced to lower the prices of the hams up to 20% in order to maintain the sales and some benefits in its production. (Source, Eurocarne)

'Albarragena' Iberian ham will be first ham of the world that will go accompanied by its corresponding DNA certificate to credit its Iberian purity. The company Maldonado, located Alburquerque (Extremadura, Spain) presented this 'gastronomical jewel' last Tuesday in Madrid in the course of fair 'Millesime'. The price that will accompany to this product will be 1,500 Euro. (Source, Elgranjamon)

Prices

Slaughterhouse	Lleida 15.10.09	Zamora 20.10.09
Piglet 20 kg	27.0 €/Unit (+0.50)	30.0 €/Unit (-0.00)
Live fattened pig	0.970 €/kg (-0.025)	-

**PORTUGAL****Prices**

Slaughterhouse	Lisbon 12.10.09
Fattened pig – Carcass E 57%	1.320 €/kg (-0.060)

**NETHERLANDS****Vion grading to change**

From 2010, Vion will move from a meat percentage payment for carcasses to a payment based on muscle content and backfat thickness to “reflect more market demands”. Vion calls the new system *spier-speck* (muscle – backfat).

Hypor to Vietnam

The first breeding sows for Vietnam were shipped this month to Japfa-Comfeed.

Soya from the US

The absence of soya imports from the US is reckoned to cost Dutch livestock farmers between € 12 and 19 million according to research institute LEI.

**BELGIUM****New payment system sought**

VEVA the organisation of Flemish pig producers has called for a new payment system to be introduced “to replace a broken system and reflect more demand”.

**RUSSIA****New bans for import of animal products**

Since October 20 Rosselkhoz nadzor (the Federal Service for Veterinary and Phytosanitary Surveillance) imposed temporary restriction for import animal products from Argentina, Brazil, Lithuania and Germany. This decision was caused with detection of forbidden and harmful

substances in animal products, imported from these countries. Rosselkhoznadzor banned to import beef from Argentina and Lithuania, products from Brazilian beef and German pork.

**UKRAINE****Ukraine will inspect all importers of animal products**

Ukrainian CVO Mr. Petro Verbytskyi reported that Ukrainian inspectors will check all enterprises that import products of animal origin to Ukraine, without any exceptions. This innovation will come into force from January 14 of 2010. Current Ukrainian legislation affords the enterprises with European numbers to import their production to Ukraine without being inspected. Mr. Verbytskyi explained the necessity of alterations with a need to control the quantity and quality of imported animal products. According to his words, the analysis of import of the first half of 2009 showed that 50% of imported meat was inferior. The EU is not satisfied with such a decision of the Ukrainian side and predicts restriction of trade with Ukraine.

For reference: Earlier, in July this year, the Ukrainian government was planning to impose restrictions on import procedures for products of animal origin. The deadline mentioned for new changes to take effect was July 23rd but the private sectors showed strong opposition and negative reaction to such changes as well as both EU and non-EU embassies and trade economic missions clearly demonstrated their negative opinion. On July 22nd the State Veterinary Service of Ukraine published the official decision to postpone the implementation of the restriction on Import of Food products of Animal Origin.

Ukraine strengthens protection of its borders against African swine fever

Ukrainian frontier guards are taking measures to avoid appearing and spreading of the African swine fever virus in Ukraine. Strengthening of border control is connected with outbreak of this disease in the Russian Federation, particularly in neighbouring with Ukraine regions. Since October 16 the part of the state border between Ukraine and Russia has been provided with stricter patrol. Since October 18 vehicles admission through local check points has been limited.



IRELAND

Productivity but costs up

Productivity is rising again in Ireland and sow output is now up to 23.4 pigs per year. This means 1,792 kg produced per sow per year in 2008 against 1,496 kg in 2007. There was little change in feed efficiency at 2.47. However, production costs are up to € 1.53 /kg meaning that farms in the PigSys sample do not break-even.



NORWAY

First case of H1N1 on pig farm

A pig herd in the Norwegian county of Nord-Troendelag has been found infected with H1N1 and has now been quarantined.



ROMANIA

The 'black market' highlighted again

The sausage sector in Romania is currently in a difficult position, the German website of Top Agrar reports. Sorin Minea, president of the enterprise Angst Romania SR, even speaks of a 'general chaos'. He The reason behind his fear is related to the black market, taking up revenue shares of more than 50%, supported by small neighbourhood shops who simply get their goods from employees and tradesmen.



CANADA

More government support

The Canadian Government is providing an extra £ 320,000 to promote Canadian pork abroad. The country is already supporting exports of food and agriculture produce to the tune of £ 53 m.



USA

H1N1 in pigs

The first case in the US was registered in a Minnesota farm.

Exports are recovering

Pork exports are recovering despite lower shipments to China and Russia. For the period January to August, they are up 38% to Mexico to 328,000 tonnes with a clear indication that the H1N1 crisis is past. Exports to Australia, Taiwan, the Caribbean and the Philippines are also up. Exports to Japan are stable.



RP CHINA

Pork prices rebound is fizzling

In early 2008, pork prices had reached Yuan 17.50 /kg and bottomed at Yuan 9.00 /kg in July 2009. They are now hovering in the region of Yuan 11.00 to 12.00 /kg and seem to have stabilised at this level.

France Hybrides sows to China


A shipment of 315 sows and boars was sent to the Shandong Husbandry Bureau. The company is now owned by Hypor.



THAILAND

CPF booming

Charoen Pokhand Foods Plc. (CPF) expects profits in the order of £ 146 million in 2009. The company plans to expand its integrated pig business in the Philippines that includes GGP and GP farms. It is also expanding in Russia and Vietnam. The number of breeding sows in Vietnam should rise from 140,000 this year to 200,000 in 2010. The company recently opened an impressive training centre in Dong Nai.

 Pork Prices Hamburg Market Week commencing 19 October 2009		
Cut Name	Closest Export Manual Code No.	Price Range (Euros / kg)
Round cut leg	51121	1.95/2.10
Leg (boneless, rindless max fat level 3mm)	51121	2.80/3.00
Boneless Shoulder	56200	2.40/2.55
Picnic Shoulder	56120	1.70/1.90
Collar	56130	2.00/2.20
Belly (bone in, ex-breast)	55100	2.00/2.15
Sheet Boned Belly (rindless)	55210	1.80/2.10
Jowl	50230	1.20/1.30
Half Pig Carcasses	U Classification	1.75/1.95