Export Bulletin

November 2009 – Week 48

- ***Record slaughter numbers in Europe***
- ***Green light for Nutreco to take over Cargill in Spain and Portugal***

EU

The prices for pigs for slaughter remained steady throughout Europe. Apart from just a few exceptions, the quotations remained unchanged. A course was set in a positive way by Spain and Denmark with their 3 cents' plus each, thus confirming the price level to stand on a solid basis. Record quantities of pigs are currently slaughtered all over Europe. However, with the prices keeping on a comparably low level, selling is done smoothly on the Single European Market and in third countries. Extensive quantities of pigs for slaughter are expected on the European markets over the coming days. In view of the slaughter companies' buying interest, demand and supply are expected to be balanced. So, the producer prices are anticipated to at least remain steady this week. (Source, schweine.net)

DENMARK

On the European market fresh legs are sold at slightly increasing prices and in large quantities. Shoulders and production meat is sold at unchanged prices. Backs and bellies are still under pressure and prices are sagging. Sales to the British bacon market are still under pressure. The market situation remains unchanged in countries outside the EU compared to the latest weeks with a fine activity to Japan, Russia and China. (Sources, Danish Crown, Tican, Danish Agriculture and Food Council)

Danish Crown increases its profit with lower turnover

This year the residual payment from Danish Crown is going to increase by 1.33 Eurocent to 9.33 Eurocent per kg slaughter pig. For sows 8.67 Eurocent will be paid which is the same as last year. President of Danish Pig Producers, Torben Poulsen, says that it is better than expected and feared. Danish Crown ends its financial year with an annual result of € 136 million compared to € 133 million last year. The background is a decrease in turnover from € 6.27 billion to € 5.95 billion. In particular, growth and increased profit in the processing businesses together with financial stability contributed to the reasonable result. Investments abroad are now bearing fruit for Danish Crown, and the experience gained from the investments is one of the reasons why Danish Crown aims at finding more slaughtering capacity in Germany. In a press release Danish Crown informs that the very positive results this year come from foreign productions and the processing division. The Danish Crown group pays almost all profits to the producers and keeps no more than € 5.3 million in the company. Last year Danish Crown kept € 7 million after residual payments to the producers. Further, during the latest year Danish Crown reduced its debts by € 175 million to € 1.6 billion. (Source, Borsen, Landbrugsavisen Danish Crown)

Tican has lower turnover and higher profits

Tican is prepared to pay to its co-operatively owners the same residual payment as Danish Crown, that is 9.33 Eurocent per kg. The farmers that deliver sows will get 8.67 Eurocent. The turnover of the group decreases. But the primary business result increased by 22 % and the annual result increased by 17 % to € 11.6 million. During the year Tican was affected by a decrease in supply of raw material and the lower GBP rate. The number of active co-operatively owners was reduced by more than 15 percent just within last year. At the same time supplies of slaughter pigs decreased by approximately eight percent. (Source, Tican)

Fine DAT-Schaub result

2008/2009 turned out to be a fine year for DAT-Schaub. The turnover of the group increased from € 293 million to € 334 million, and the business result increased by half a million Euro to € 4 million. However, according to CEO Jan Roelsgaard, DAT-Schaub was not able to maintain the record high world market price for pig intestines from 2008 throughout 2009 although the demand remains fine. The most important reason for the increased turnover is the fact that on 1 January 2009 the group acquired 50 % of the shares in its largest American customer, Casing Associates. DAT-Schaub, which is owned by Danish Crown and Tican, employs approximately

1,800 people apart from approximately 1,400 employees in a partly owned factory in China. (Source, Danish Crown)

Progress for Tulip

Tulip Food Company published an annual report showing that the company ended a turbulent year well. The primary business result (EBIT) is € 175 million, and it is better than the budget as well as the result last year. Further, Tulip's cash flow is positive with € 28.3 million used for reducing debts, a fact that also contributes to the picture of a fine year. However, the financial crisis affected the business in various ways. The lack of export credits and poor exchange rates had the impact that Tulip was very harassed on the important British market and on sales to markets overseas, informs ceo of Tulip, Flemming N. Enevoldsen. (Source, Danish Crown)

Resumes exports to Russia

The three Danish Crown slaughterhouses at Blans, Saby and Esberg can resume export of meat to Russia. According to the Danish Food Department, the Russian authorities have allowed exports to Russia from all Danish pig slaughterhouses. During 2008 the Danish slaughterhouses exported pig meat to Russia for approximately € 200 million. (Source, Landbrugsavisen)

Increased exports of organic pig meat

From 2008 to 2009 Danish exports of organic pig meat increased by 44 %. It means that the organic farms export 67 % of their pig production says CEO of Friland A/S, Karsten Dejbjerg Kristensen. The most important markets are Germany and France. The UK is an important market as well. (Source, Landbrugsavisen)

Danish Slaughterhouses - payments for 2009 Week 48

Slaughterhouse	Danish Crown		Tican
Slaughter pigs (70.0 - 86.9 kg) Difference to last week	Euro 1.171* +0.027		Euro 1.133 +0.027
Sows (Above 129.9 kg) Difference to last week	Euro 0,892* Unchanged		Euro 0.825 Unchanged
Boars (Above 109.9 kg) Difference to last week	Euro 0.705* Unchanged		Euro 0.638 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

Trends

In a depressed meat market, in 2009, sales of basic charcuterie products increased, reflecting the trend for shoppers to go for the cheap and simple meal solution. From January to August 2009, sales of pork joints increased by 17.3% compared with same period in 2008 and sales of fresh sausages increased by 10.2%. Not only cheap and simple products saw their sales increasing but added value products such as snacks and healthy ranges also progressed. The reduction of salt content of cooked ham and the launch of organic ranges were the main innovations in the sector and their future looks promising. With people eating out less this year, sales of snacks or mini versions of sausages also improved. These innovations allowed private brands (Herta, Fleury Michon) to be differentiated from retailers' own brands and new discount ranges. Charcuterie manufacturers have also tackled the halal market with the launch of several turkey and chicken based products.

Pigs

If on the livestock side a rise of prices was awaited, the hesitation in all of Europe between stability and firmness finally played only in favour of a slight hardening of our national prices. Our basic 56 TMP price gained only half a centime last week in Plérin, in spite of measured availabilities in livestock and demand from abattoirs considered satisfactory for the period, according to the "Marché du porc breton". Fluidity should remain for the next few days, and that more especially as the beginning of December approaches and our export sales are a little more regular. In the next few weeks, "calm" would be the word because Christmas and New Year are coming.

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GERMANY

Increasing competition for German meat business

In 2012 Germany is going to import approximately 12 million pigs from Denmark. This is the forecast that was recently presented at a conference arranged by the German Raiffeisen bank. According to Agra Europe the German meat business did well so far in spite of the financial crisis, but according to Raiffeisen the business in the future will need to strengthen its position on export markets. Germany increased its exports of meat and meat products by almost 9 % during the first six months of the year but the sector faces many challenges – particularly the strong competition from the Netherlands and Denmark that have larger pig farms and higher breeding efficiency. The small stocks are a structural problem for the German piglet producers. Another problem is the high degree of self sufficiency with pig meat, which is expected to increase to 110 % this year. The fact that the Germans eat less meat than before aggravates the problem and put a further pressure on exports. The only bright spot for exports is the market in Poland where the self-sufficiency is as low as 89 % now. (Source, Landbrugsavisen)

Results of the Internet Schweinebörse / pig auction on November 25, 2009

On Wednesday, 25 November 2009, 690 pigs were offered during the Internet Schweinebörse pig auction. As much as 690 of them were auctioned off. So 690 pigs from Germany were sold at an average price of 1, 40 Euros per kg carcass weight with a price margin from 1,40 to 1,40 Euro. (Source, schweine.net)

Rewe opens first organic supermarket

Rewe has opened its first organic supermarket in Cologne last week. The new concept called 'Temma' (based on the name for little corner shop markets "Tante Emma" – Auntie Emma) will combine retail and gastronomy and targets the neighborhood daily retail customer. It will not only offer organic food but organic cosmetic products as well. Test period will be one year. (Source, Lebensmittel Praxis)

NETHERLANDS

Vion environment concerns

Vion wants more collaboration on environmental matters between the primary sector and agribusinesses on matters such as mineral content of feed and CO2 emissions says Paul Janssen Director of Public Affairs.

SPAIN

Major crisis for the Iberian pig sector

This sector that provides some 100,000 direct and indirect jobs in some of the most impoverished parts of Spain is facing its worst crisis since the porcine pest epidemics of the 1980s. Some 300 processing companies are also under threat. The national herd peaked in 2007 with 2.964 m. heads and fell sharply to 2.362 m with a kill of 4.17 m in 2008. Leg prices are down 20% as production must be cut. At the heart of the crisis, the lack of consumer demand for expensive products in Spain, a country facing a harsh recession. The worst aspect is for the large number of processors who bought expensive legs one or two years ago and who must sell at a loss on an oversupplied market. Some promotions in Spanish supermarkets are at half the price they were eighteen months ago. The Christmas period, crucial for the sector as 45% of the products are sold in the fourth quarter of the year, is awaited with anxiety. The *Interprofession* is investing € 360,000 in a new marketing campaign.

More light on the Iberian pork sector

The new norms of quality have been blamed for some of the woes of the sector but are shedding new light on the sector. Firstly, pure Iberian pigs only represent 12.3% of slaughter pigs, 87.7% are three-quarter Iberian and a quarter Duroc crosses. PGI and PDO schemes only represent 7% of slaughter pigs. The other 93% still include Trevelez and Jabugo. Consumption is obviously very high in producing areas such as Extremadura (2.0 kg/year) and wealthy urban areas of Spain. It is very low in the Baleares, Murcia and Navarra. The overall market is worth € 722 m.

Exports

The Japanese sanitary authorities have recently accepted the extension of the list of Spanish establishments authorized (04th November) to export pig products to Japan. These new list, number LXII, is available in the CEXGAN web page of the Ministry of Environment, Rural Development and Fisheries. (Source, Agrodigital)

European Staphylococcus aureus report

The European Food and Safety Authority EFSA) has alerted to the appearance of a harmful bacterium to human health in pig batches coming from the EU. This bacterium is the *Staphylococcus aureus* with methicillin-resistance, and it has been detected mainly in pigs for reproduction purposes. European Scientists have reported that the countries where prevalence is highest are Spain (46% of reproduction farms) and Germany (43%), while the average for the EU is 14%. This bacterium apparently represents a public health danger because it spreads being in contact with the infected animals and it could be passed between hospital patients. (Source, ABC)

These days, different European Scientific Organisms have recommended not to use so many veterinary treatments in animal production because a lot of resistances has been recently detected, making it difficult to eradicate some kind of diseases, such as Salmonella. Solutions highlighted could be those in relationship with prevention and stockholder training in vaccination programmes. (Source, Eurocarne)

Green light for Nutreco

Defence-competence European Commission has given the green-light to the purchase of animal nutrition business of Cargill in Spain and Portugal by Nutreco Group. This agreement announced on 28th July includes 12 feed mills in the Iberian Peninsula, producing around 700.000 tonnes annually, worth 240 million euros. (Source, Eurocarne)

Prices

Slaughterhouse	Lleida 19.11.09	Zamora 24.11.09
Piglet 20 kg	34.5 €/Unit (+0.50)	41.0 €/Unit (+0.00)
Live fattened pig	1.010 €/kg (+0.025)	-

PORTUGAL

Prices

Slaughterhouse	Lisbon 16.11.09
Fattened pig – Carcass E 57%	1.290 €/kg (+0.000)

RUSSIA

Russia protects its market from foreign pigs

The Russian government is planning to introduce duty of 40% per 1 kg of pig live weight. According to the market players, that won't be less than EUR 0.5/kg, anyway. In such a way officials try to close the gap in the legislation that led to significant increase of import of live pigs into Russia. Import of live pigs was imposed with import duty of 5% only in 2009. For comparison, the import duty even for pork within quota has been 15% this year. By 2012 Russia plans to increase domestic pork production by 700,000 tonnes or by 35%, comparing to indications of 2008. Totally pork production is expected at the level of 2.7 million tonnes.

Animal population November 1, 2009

Animals	All farms		Of which in households of the population	
	as of 1.11. 2009, million	vs. 1.11.2008 +, -, %	as of 1.11. 2009, %	vs. 1.11.2008, %
Cattle	21.5	-2	49.4	48.9
Of which cows	9.1	-2.3	--	--
Pigs	18.7	+7	37.6	41.8
Sheep and goats	23.7	+4.7	50.7	51.4

Source, Federal State Statistics Service

UKRAINE

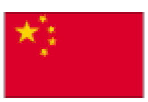
Ukraine bans pork import from Norway

The Ukrainian CVO prohibited the import of pigs, products and raw materials from Norway into Ukraine because a case of A H1N1 was registered on the administrative territory Nord-Trondelag in Norway.

CANADA

Big Sky Farm in receivership

The news about the large Saskatchewan pork producer that employs 400 people are not surprising given the parlous state of the Canadian pork sector and other casualties. What is really interesting is that two-thirds of the company are owned by the provincial government who may have to reimburse creditors.



CHINA

Investment in Guandong

The provincial government has announced a RMB 30.2 m. (£ 2.7 m.) investment in pig genetics.

Pork Prices Hamburg Market Week commencing 23 November 2009		
Cut Name	**Closest Export Manual Code No.**	**Price Range (Euros / kg)**
Round cut leg	51121	2.08/2.20
Leg (boneless, rindless max fat level 3mm)	51121	2.95/3.15
Boneless Shoulder	56200	2.25/2.45
Picnic Shoulder	56120	1.65/1.80
Collar	56130	1.85/2.10
Belly (bone in, ex-breast)	55100	1.90/2.10
Sheet Boned Belly (rindless)	55210	1.75/2.05
Jowl	50230	1.10/1.30
Half Pig Carcases	U Classification	1.75/1.95

Pork prices Barcelona Market Week commencing 23 November 2009	
Cut Name	**Price Range (Euros/kg)**
Carcases (secondary grade)	1.329/ 1.325
Gerona Loin Chops	2.05/2.08
Loin Eye Muscle	2.98/3.01
Spare Ribs	2.13/2.16
Fillets	5.53/5.56
Round Cut Legs	
Cooked Ham	1.90/1.93
Rindless Picnic Shoulder	1.47/1.50
Belly	1.83/1.86
Smoked Belly with Spare Rib Section Cut Off	2.26/2.29
Shoulder Chap or Head Jowls	1.28/1.31
Back Fat, Rindless	0.83/0.86