



## Export Bulletin

March 2010 – Week 10

- *Illegal price fixing in Germany suspected*
- *Caroli Foods Group and Campofrio Food Group to merge*



**DENMARK**

The European fresh meat markets are developing negatively after the reduction of the German quote. There is still a high supply of meat in Germany, which means that fresh legs and shoulders are under pressure and the impact is decreasing prices. The UK bacon market is also under pressure, and so is the market for loins. Sales to the Russian market are fine and prices remain unchanged. China is moving again after their New Year, and decent quantities are sold but here as well the prices are under pressure. Japan and the remaining part of Asia remain unchanged. (Sources, Danish Crown, Tican, Danish Agriculture and Food Council)

### **Tican considers flagging out**

It is not only Danish Crown – but also Tican that needs new collective agreements with lower wages. Denmark's second largest slaughterhouse with an annual turnover of 500 million Euro is considering the possibility of moving its production abroad should the costs get too high – and also in case the parties should enter a collective agreement for the slaughterhouse workers of the same contents as the agreements entered within the field of transport and other industry in Denmark. The agreements covering the industry and transport area resulted in historically low wage increases in line with the inflation, but it is far from enough for the slaughterhouses, according to the management of Tican. It is Danish Industry, which negotiates on behalf of Danish Crown and Tican, and the negotiations are entering a crucial phase. So far Danish Industry refused to make ultimate requirements as wage reductions in the negotiations. The slaughterhouse workers refuse to accept a reduction of wages. Today, a German slaughterhouse

worker will cost 16.6 Euro per hour for an employer, while a Danish slaughterhouse worker costs approximately 37.7 Euro. (Source, Berlingske Tidende)

**Danish Slaughterhouses - payments Week 10**

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (70.0 - 86.9 kg)	Euro 1.147*	Euro 1.107
Difference to last week	unchanged	unchanged
Sows (Above 129.9 kg)	Euro 0,868*	Euro 0.801
Difference to last week	unchanged	unchanged
Boars (Above 109.9 kg)	Euro 0.734*	Euro 0.671
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****COOPERL**

2 000 producers, 6 million pigs produced per year the N°1 of French pig meat production just took over the charcuterie specialist Brocéliandes to strengthen the weakest part of the group. Representing a quarter of the French pig meat production Cooperl is amongst the five European leaders. With 4 300 staff the group has a turnover of € 2 billion. The production is processed through 3 abattoirs, 2 in Brittany Lamballe (47 000 pigs per week) and Monfort sur Meu (40 000 pigs per week) and 1 in Deux Sèvres (Pays de Loire). The group covers the whole chain from feed manufacturing to charcuterie processing. Unlike its two cooperative major colleagues of the meat sector Socopa and Terrena, Cooperl does not wish to invest in a company brand such as respectively Valtero or Tendre Plus. Mr Emmanuel Commeault, Chief Executive of Cooperl chose to invest in the industrial tool rather than in marketing, most of their production is sold under retailers' own brands, nevertheless some products wear the Cooperl brand, these are grilling and roasting products as well as salted charcuterie. Unlike Socopa swallowed by Bigard will the cooperative resist the appetite of European leading private groups such as Vion or Danish Crown? Time will tell...

**Pigs**

The recent variation in prices of pigs seems, for many professionals, more bound to the European context than to the reality of offers and demands on the French market. It's difficult to predict the evolution of prices at Plérin. Stability would be good news for many operators.

**Piglets**

Week after week, stability remains the word.

**Cuts**

Consumption remains correct, but no more.

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

**GERMANY****Price fixing**

According to Lebensmittel Zeitung, the German cartel office achieved a breakthrough in their investigations within the German meat processing industry. 19 companies had been searched about 6 months ago being suspected of illegal price fixing. Investigators had searched the offices of 'important market players' such as Herta, Stockmeyer, Rügenwalder Mühle, Nölke, Metten and Wiltmann, comprehensive data material was confiscated. Apparently there are now detailed references supporting the suspicion of the companies having agreed on mark-ups between 2003 and 2008. (Source, topagrar)

**Westfleisch subsidiary Gustoland keeps investing**

Since the complete take over of the Barfuss site in Oer-Erkenschwick in September 2004 Westfleisch has undertaken significant changes to the site – between 6 and 8 mio Euros have been invested every year to increase production and productivity. According to Lebensmittel Zeitung the enterprise is in the black since 2005 and the number of pig slaughterings has been continuously increased to currently 1.4 mio. A further increase by 5% is expected. 57.000 tones of meat products and cooked sausages have been produced. Revenue in 2009 was regressive; in

2008 revenue totaled 327 mio Euro. 25 % of all pigs slaughtered in Oer-Erkenschwick are used for the own sausage and meat product production –200.000 pigs from the specific Animal Welfare Scheme are supplied to Tesco. Exports account for some important 35% of sales shares and thanks to the expansion of the German discount supermarkets Gustoland gains new markets such as the Scandinavia countries. (Source, topagrar)

### **German exports**

Totaling 47.3 bn Euro German exports of agricultural products have proofed stable resistant to any economic crisis in 2009. While the overall exports decreased by 18.8 %, the agricultural sector only recorded a decrease by 4.8%, which is the second best result after the record height in 2008. Most relevant export goods were meat, meat products, milk and dairy products. Exports of meat and meat products rose by 1.3 % compared to 2009 summing up to 7.3 bn Euro.



**NETHERLANDS**

### **Vion loses market shares**

Domestically the Dutch slaughterhouse group Vion Food Group is losing market shares. Last year the company slaughtered 54 % of the pigs in Holland compared to 60 % the year before. According to the organization PVV, the company Van Rooi Fleisch in Helmond on the other hand increased its market share by 10 %, while Compaxo and Hilckmann progressed as well. Last year Vion slaughtered 7.6 million pigs. The number was 8.2 million pigs the year before. (Source, Landbrugsavisen)

### **Exports still a drag on prices but more optimism in the air**

Dutch EU and third countries exports are still recovering and export credit for importers from Eastern European countries is improving slowly. Thus, there is more optimism for a lifting of pricing during March.

**Vion in Druten for Albert Heijn**

Vion's Druten abattoir will produce the new "middle segment" pork quality for Albert Heijn supermarkets. Companies are still in talks to iron out the arrangements (Source, Vleesmagazine).

**Emulating the UK**

British discussions regarding cameras in abattoirs to monitor animal welfare has started a hot debate in the Netherlands on this very subject (Source, Agrarisch Dagblad).

**BELGIUM****Flanders' Prime Minister gets involved**

Flanders' Prime Minister Kris Peteers is getting involved in the dispute between producers and abattoirs with regards to the low pig prices. He is organising a round table for all involved in the pork chain. This follows the well-publicised blockage of the Westvlees plant, the largest pig abattoir in Belgium (Source, Agrarisch Dagblad).

**SPAIN****Exports**

The company 'Jamones de Serón' is now one of the 20 privileged Spanish companies authorised to export pig products to the Federation of Russia. This company has recently obtained the British Retail Consortium (BRC) and the International Food Standard (IFS) certifications, both essentials for working with the European Supermarkets. The internationalization campaign of this company continues and they will attend to the World Food fair in Moscow next fall. (Source, Elgranjamon)

The Agro-livestock Cooperative 'COVAP' continues to extend their products all around the world, and nowadays has become the first Spanish company selling their cured hams and stuffed pig products in India. The first batch of Iberian pig products was sent at the end of 2009, through a

French importer company placed in New Delhi. COVAP is developing an Asiatic promotional campaign, and their products are now available in Philippines, South Korea and Singapore. (Source, Elgranjamon)

### **Industry**

Caroli Foods Group and Campofrio Food Group announced today the signing of agreements to merge their operations in the form of a joint venture between the two processed meat businesses in Romania and neighboring territories including Bulgaria, Republic of Moldova, Serbia, Ukraine and Turkey. This joint venture will create the leading company in the Romanian processed meat market with a combined market share over 16% and turnover exceeding Euro 120 Million. While Romania will continue to be the primary focus, the JV will seek to develop its presence in the SEE region. The JV will operate under Caroli Foods Group name. The stake holding of the parties will be 51% for Caroli Foods and 49% for Campofrio Food Group, who will acquire in cash consideration additional shares to bring its stakeholding to 49%. The new group will have a 5-member Board that will be chaired by Talal El-Solh. Haluk Akdemir, the current CEO of Caroli Foods, will become the Chief Executive Officer of the JV. The transaction is subject to the approval by the Competition Council and other customary procedures that constitute normal practice for this type of transactions. (Source, Eurocarne)

Grases Natura will be the Spanish firm to take care of Van Hees business in Spain. The German Company is producing innovative additives for years and they have mills in France and South-Africa, apart from Germany. The founder of the company, Kurt Van Hees, was the first in using phosphates in the production of meat products. They have implemented the IFS certification in all their high quality products system. (Source, Eurocarne)

The Spanish company 'Cárnicas Serrano' has opened a new head office in Düsseldorf, Germany in order to consolidate their internationalisation process. Exports account for some 20% of turnover, and from now on they want to target the Belgian, Dutch and British markets. They have been certified by the IFS and BRC to allow them to sell in the EU markets. (Source, Eurocarne)

Despite the 2009 crisis explosion, the Spanish meat industry had a turnover of € 19,000 millions, falling beef and lamb production figures, and pork to a less extend. Consumption fell by 5%, especially in the foreign markets. Despite this data, there was positive evolution in exports, 1.3

million of tonnes (850,000 tonnes coming from pigs) worth € 2,500 millions (decrease by 1.5% compared to 2008). (Source, Agrocope)

The Spanish Ministry of Environment, Rural Development and Fisheries and several Agricultural Organizations has signed an agreement for financing agricultural and livestock companies. It will arise € 2,400 millions from 2008 to 2015. (Source, Marm)

### Prices

On average, the prices of pigs in the Euro Zone are keeping constant for this week, except for Spain and France with losses of 1 cent/kg. In Spain, slaughterhouses have agreed only to work 4 days every week, because of the lack of fattened animals to slaughter. They expect to maintain this measure, at least, until Easter Time. (Source, Agrodigital)

<b>Slaughterhouse</b>	<b>Lleida 04.03.10</b>	<b>Zamora 09.03.10</b>
Piglet 20 kg	44.0 €/Unit (+0.00)	52.0 €/Unit (+0.00)
Live fattened pig	1.137 €/kg (-0.008)	-



### PORTUGAL

### Promotion

BPEX, EBLEX and UKTI held an exhibition, hosted by HM Ambassador Alexander Ellis at the Residence in Lisbon to promote beef, lamb and pork products in Portugal. Five exporters showed a wide range of chilled foods to some 80 Portuguese buyers. Guests were able to sample all products expertly prepared by Portuguese chefs. According to Jean-Pierre Garnier , BPEX and EBLEX Export Manager there was interest in high quality bacon and sausages from top end retailers.

### Price war still raging

The price war between major retailers (Sonae, Jerónimo Martins, Intermarché and Auchan) does not slacken. Pork remains very central supermarket promotions. Eight out of twelve fresh meat items in Modelo-Continente (Sonae) on offer are pork based. These include the front cover of the

latest magazine and most of the second page. Prices are terribly low: pork leg escalopes € 2.49 /kg, pork chops € 2.49 /700g and sliced belly € 1.99 /700g. As usual, retailers make much more money on processed pork but prepacked own-label sliced chorizo is well priced at € 1.49 /200g.

**Prices**

Slaughterhouse	Lisbon 01.03.10
Fattened pig – Carcass E 57%	1.510 €/kg (+0.000)



**RUSSIA**

**Return of American pork**

US agriculture secretary Tom Vilsack announced that the US and Russia agreed to reopen Russian market for the American pork and pork products under the term of its meeting the Russian standards. In December of 2009 Russia had imposed the ban on pork supplies from 15 US enterprises due to high antibiotic content in meat.

**Another huge pig breeding unit**

A huge pig breeding complex for 54,000 pigs is expected to be built in Jewish Autonomous Region in the Russian Federation. Governor of the region Aleksandr Vinnikov and general director of the company Amurskaya Niva Gennadiy Fridman have recently discussed the project of the future farm. Pork production is planned to be based on modern German technology.

**African swine fever continues to conquer the territory**

In the beginning of March in village Novopokrovskaya of Krasnodar Krai another case of African swine fever was reported. Two pigs on private farm were infected and had to be culled.



UKRAINE

**Decreasing import figures**

Experts from the Association Ukrainian Agribusiness Club report a decrease in meat imports in the first months of this year. The key reason for lower imports are a higher offer of pork and poultry meat from domestic producers. The volume of pork imports into Ukraine decreased by 21% in 2009. Experts predict that this year import volume should decrease by further 18% at least.



POLAND

**Sokolow shows healthy returns**

The pork processor jointly owned by HKScan and Danish Crown recorded profits of € 18.6 m. for 2009. Polish internal demand for pork has been very resilient (Agrarisch Dagblad).

**New major pork plant**

Italian company Braesole Pini is investing € 30 m. in a new abattoir and processing plant in Kutno. The plant will employ 600 staff and process 6,000 pigs per day.



KOREA

**Price war for pork festival**

Korean retailers competed to cut the prices of pork belly on 3 March, the day when the country's farmers promote consumption of the Korean favourite pork dish, *samgyeopsal* (three-layered pork). The nation's major retail chains E-Mart, Lotte Mart, Samsung and Hyundai and Shingsegae Department stores which have been involved in keen competition in cutting down prices, are leading the marketing blitz. The meat is widely consumed both in homes and restaurants here. It


is also used as an ingredient for other Korean dishes. It is not seasoned or marinated and is generally cooked on a grill (Source, Korean Times).




**BRAZIL**

**Exports to China?**

The President of Brazilian Pork Exports Association (Abipecs), Camargo Neto is in China preparing the visit of President Hu Jintao in April when authorisation to export may be granted. Some 25 abattoirs have applied for licence (Source, Brazilian Meat Monitor, 1 March).

 <b>Pork Prices Hamburg Market Week commencing 09 March 2010</b>		
<b>Cut Name</b>	<b>Closest Export Manual Code No.</b>	<b>Price Range (Euros / kg)</b>
Round cut leg	51121	2.10/2.30
Leg (boneless, rindless max fat level 3mm)	51121	2.95/3.25
Boneless Shoulder	56200	2.25/2.35
Picnic Shoulder	56120	1.60/1.80
Collar	56130	2.10/2.25
Belly (bone in, ex-breast)	55100	1.50/1.70
Sheet Boned Belly (rindless)	55210	1.40/1.70
Jowl	50230	0.75/1.00
Half Pig Carcasses	U Classification	1.72/1.92

 <b>Pork prices Barcelona Market Week commencing 09 March 2010</b>	
<b>Cut Name</b>	<b>Price Range ( Euros/kg)</b>
Carcases (secondary grade)	1.469/ 1.502
Gerona Loin Chops	2.15/2.18
Loin Eye Muscle	3.18/3.21
Spare Ribs	2.43/2.46
Fillets	5.33/5.36
Round Cut Legs	
Cooked Ham	2.01/2.04
Rindless Picnic Shoulder	1.49/1.52
Belly	1.86/1.89
Smoked Belly with Spare Rib Section Cut Off	2.29/2.32
Shoulder Chap or Head Jowls	0.98/1.01
Back Fat, Rindless	0.63/0.66