

Report –August 2008 – Week 32

■ *China lifts FMD related import restrictions on UK products*



DENMARK

Market

In spite of the starting industrial holidays in South Europe leg products are sold at by and large unchanged prices. It is estimated that it is an indication of a strong market for legs in mid August after the end of the industrial holidays.

The market for shoulders and other types of production meat including lard products remains strong and there are fine increases in prices.

Collars are sold nicely in Central Europe and in Japan. It is expected that in August Germany will buy large quantities as well.

The weak point is the British market where, according to the evaluation from Danish Bacon and Meat Council, it is difficult to get higher prices for legs, bacon and backs. However, it is also expected that the market will improve as of mid August.

Sales to third countries remain unchanged.

As to sows the strong market in Germany and in Central Europe for production meat and bi-products has full effect on the market for sow meat. (Sources, Danish Crown, Tican, Danske Slagterier)

General

Fewer Pigs in Denmark

The Danish Institute for Statistics just published the result of the pig counting carried out on 1 July 2008.

The result of the pig counting confirms the trend from the April counting. The counting as of 1st July reveals a remarkable decrease (7 to 8 percent) in both the total pig stock and in the breeding stock.

Compared to the same counting one year ago the total stock as of 1st July was reduced by 9.5 percent, and when excluding the group "slaughter pigs >50 kg" the decrease in the total stock is 8 percent. In the breeding stock the number of pregnant sows was reduced by 7.4 percent and of young sows by 7.0 percent whereas the reduction in the number of first time pregnant sows is just 0.9 percent.

The explanation is the disastrous bad production economy in pig production since last summer. Besides the strong structural development where many pig producers decided to leave the sector there are probably also many stocks that are being replaced by stocks with higher productivity so that it is merely a temporary reduction. The ongoing stable development for first time pregnant sows indicates that a fairly strong change in the sow stock is taking place.

Based on the result of the counting a new forecast for the slaughterings and the production of pigs in Denmark for the present and the next six months will be prepared next week. (Source, Danske Slagterier)

Quarrel with Russia results in Loss of € 1.2 per Pig

On 1st May Russia introduced an import ban against pig meat from e.g. Tican. According to the Russian food authorities the ban was due to traces of the antibiotic remedy tetracycline being found in the meat. While the ban is in force Tican's losses are high. For Tican the total impact of the conflict is that the company loses approximately € 1.2 per pig so that the weekly loss is between € 40,000 and 60,000, says general manager of Tican Ove Thejls. (Source, Nordjydske Stiftstidende)

Money for Animal Welfare

Before the summer holidays the Danish Minister for Food presented a plan for improving animal welfare. A key issue is to strengthen the control of the farmers that previously had problems with mistreatment of animals. On the other hand the control will be reduced at the stocks where everything previously was found in order. The consequence will be a considerable increase in welfare for animals in stocks and during transports, according to the Minister for Food.

Further according to the plan it will be mandatory for owners of large pig and cattle stocks to have a vet visiting the stock once a month, giving the farmer advice on diseases with household animals, animal welfare and the use of medicine. (Source, Politikken)

Danish Slaughterhouses - payments for Week 32

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (67.0 –81.9 kg Danish Crown and (67.0 - 80.9 kg Tican)	Euro 1.402*	Euro 1.362
Difference to last week	+0.027	+0.027
Sows (Above 129.9 kg)	Euro 1.375*	Euro 1.308
Difference to last week	+0.093	+0.093
Boars (Above 109.9 kg)	Euro 1.241*	Euro 1.174
Difference to last week	+0.093	+0.093

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

Subsidies

In order to help producers to adhere to the new welfare standards relating to the housing of pregnant sows, subsidies will be available up to 20% of total eligible investment. This support is increased by 10% for producers located in less favoured areas (mountains) and for young farmers. The ceiling is 15 000 € per farm, with an extra 1 500 € for LFA and YF. Also a ceiling of 100 € per sow is applied.

Fleury Michon

The difficult start of their prepared meals factory in Canada plus recent investments in Europe added to slow consumption are the main reasons for a significant decrease of company turnover in 2008. Over the first six months of the year, FM saw their catering sales decrease by 7.2%.

Market data for week 32:

Pigs

Although available farm stocks were considered to be limited, abattoir demand also continued to be cautious.

Slaughtering activity was 390 563 pigs, 4 245 less than in week 30 nevertheless the start of the month and the summer weather will, hopefully, be able to increase consumption in touristic areas.

Cuts

The quietest period of the year is "de rigueur" in cities. Consequently, only consumers in the holiday areas will be buying but wholesalers are still confident.

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

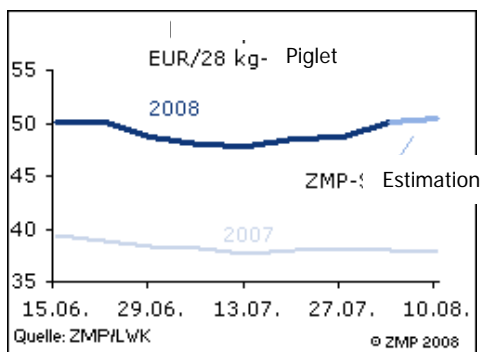


GERMANY

Huge losses for pig farmers

According to German pig producers' group ISN, German pig farmers have lost over € 3 bn. due to high feed and fuel prices. They need piglet prices of € 70 against € 50 paid now and slaughter prices of € 2 /kg. They want the reintroduction of animal fat into pig feed, no restriction on GM feed and the abandonment of new costly environmental legislation.

Piglet prices:



USA

US pigmeat "a bargain"

Prices in shops are as low as US\$ 2.85 /lb against 2.87 the same time last year despite high production costs. Producers have lost US\$ 1.4 bn. in the first half alone. US producers say they are subsidising low priced exports. Still, production is up 11%, 6% of which is consumed on the home market and 5% of which is exported. For the first four months of

2008, exports were up 52% and imports down 12%. Exports have now reached 22% of US production, a record with all destinations showing sharp rises. Despite this success the lack of profitability means that production should fall by 5% in the first half of 2009. On the other hand, prices are expected to increase.

Where US pork is exported

In 2007, Japan represented 35% of exports, ahead of Mexico 15%, Canada 13%, China 10%, Korea 8%, Russia 8%, Australia 3%. Exports were worth 1.051 m. tonnes and have risen continuously for 16 years.

Pork consumption buoyant

Pork consumption is up sharply as consumers turn to pork as the most competitive meat against beef and poultry. Consumers hit by higher prices are eating more at home.

Interesting forecasts

Whilst production is expected to increase by only 10%, according to USDA and FAPRI forecasts, exports will rise to 1.8 m. tonnes by 2016, representing 30-35% of US pork production. Imports may rise slightly to around 500,000 tonnes.



SPAIN

Exports

A new model of veterinary certificate has been established for exports of pork (including offal) and cured products to China. This certificate is available in the CEXGAN Web page. The exported products should come from establishments specifically authorised by Chinese Authorities (list published in the future) and being deboned and cured a minimum of 313 days for hams. (source, agrocope)

General

The 5th World Congress of Dry-Cured Ham will take place in Huelva (Spain) on May 6-8, 2009. The Scientific Programme will be structured in five blocks: environment, facilities and industrial processes, commercialization and nutrition. This is the first year the Scientific Committee includes foreign delegations from Italy (Quality Brand of "Prosciutto di San Danielle" and Quality Parma Institute), Portugal (Quality Brand of "Presunto de Barrancos" and Porco Alentejano Association) and Norway (Meat Research Centre). (source, infocarne)

The Spanish slaughterhouses that were authorised by the Veterinary Authorities of the Russian Federation to export pig meat to Russia, will now have to update their Veterinary Drug Residue Auto-control Programmes if they want to keep the authorisation. (source, 3tres3)

The Agricultural Cooperative of Artesa de Segre in Lérida (Catalonia) has sold their stockholdings of the slaughterhouse of l'Agudana to another Catalonian company called Indelebre. (source, 3tres3)

Prices

Slaughterhouse	Lleida 31.07.08	Zamora 06.08.08
Piglet 20 kg	20 €/Unit (+0.00)	24.0 €/Unit (+0.00)

Live fattened pig	1.310 €/kg (+0.000)	-
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PORTUGAL

Prices

Slaughterhouse	Lisbon 28.07.08
Fattened pig – Carcass E 57%	1.74 €/kg (+0.00)



ITALY

The Italian pig industry is going through a deep crisis as feed prices cause higher production costs, which hits the traditional Parma ham industry extra hard, a Dutch agricultural newspaper reports.

Pigs reared for Parma ham production are being slaughtered at a minimum of nine months and weigh about 160 kg - hence cost prices of this industry are about 20% higher than conventional pig production. Italian consumers, known for their preference for high-quality foods, are now being said to shift to different, cheaper varieties of 'prosciutto'. Parma hams are being sold in Rome for about € 24/kg, but prices can raise up to € 50. Exports are about 20% and rising only slowly.



RUSSIA

Russian pork is banned in CIS countries

Sale of pork meat imported from Russia as well as the import of pork or pigs from Russia is under a 30-day-ban in western Kazakhstan. The reason is African swine fever in Orenburg oblast. Reported measures have been implied since 25.07.2008.



BELARUS

Belarusian government is ready to pay more for animal products

As per Byelorussia Cabinet council decree purchase prices for animal products, milk, cattle and swine particularly, are increased 10% starting with 22.07.2008.



UKRAINE

Meat interventions under way

The State Reserve Committee signed contracts for purchase of 158 K tons of meat for its further marketing by meat processing companies as well as retailers. About 40% of product being purchased is poultry meat, some modest part – beef, and pork covers the rest. 335 companies were contracted. 50 K tons are sold., Pork is sold at £ 1.66 - £ 2.11/ Kg (half carcass).

Standards for meat products postponed

State Standard Committee vacated an order on compulsory compliance to sausage goods production standards commencing 1.08.2008. Newly agreed term will become effective in April 2009.

For reference: Today both new and old standards are in force. It was planned to apply solely new standards of sausage goods production on 1.08.2008. Standards are regulating content of pure meat and limiting various food supplements and flavoring agents, as well as other by-products. In particular, new rules state that top grade sausage must be produced of 100% meat only.

Pork prices up but still below production cost

During the past month prices for pork in Ukraine went up. However, they are still below the production costs.

Particularly prices for pork during the month in review grew from US \$ 1.25 per kg up to US \$ 1.7 per kg in live weight.

The industry experts believe that this is due to increased demand for the product. In their opinion the production cost of one kg of pig meat is around US \$ 1.8 per kg. And the adequate price for pork on the Ukrainian market in their opinion should be around US \$ 2 per kilogram.

For reference: Pig producers complain about smuggled meat imports, which is a severe blow to the domestic industry. Slobozhanskyi farm used to sell to slaughterhouses up to 1,000 t of live weight pork daily and today only around 400 tons. A year ago the farm sold 13,000 tons of pigs in live weight to slaughterhouses. The pig population is around 100,000 heads plus their own crop production totaling 12,000 ha.



CHINA

FMD - Import ban lifted

BE Beijing have received yesterday (7 August) confirmation that FMD related restrictions on the import into China of UK livestock and livestock products have been lifted.

Defra will make export health certificates for breeding pigs, skins, hides, greasy wool and dairy products available as soon as possible

Pork imports are growing fast

Recent trade data from China shows the growth of pork imports, particularly from the USA but also from France and Denmark. Irish pork processors also compete on the market (See below import figures for May and June).

Unit: MT, US\$/MT

	May	CIF	June	CIF	Total	% In Total
Total	48,621.59	1,412.49	60,394.85	1,577.70	222,450.04	100.00
United States	26,830.91	1,753.02	34,017.51	1,915.05	115,239.56	51.80
France	7,494.22	881.70	9,518.78	969.41	44,064.79	19.81

Denmark	8,507.44	840.77	8,026.89	930.75	35,699.38	16.05
Canada	5,518.58	1,371.90	8,537.84	1,548.74	26,026.85	11.70
Ireland	245.82	803.74	293.83	742.54	951.59	0.43
Taiwan prov	24.62	4,613.84			444.78	0.20
Germany,FR					23.10	0.01

Prices

Germany

Pork Prices ex-Hamburg Fleischgrossmarkt (Cuts from 75–85 kg pigs) Week commencing 4th August 2008			
	Cut Name	Closest Export Manual Code No.	Price Range (Euro / kg)
1.	Round cut leg	51121	2.55/2.75*
2.	Leg (boneless, rindless max fat level 3mm)	51121	3.60/3.80*
3.	Boneless Shoulder	56200	2.75/2.95*
4.	Picnic Shoulder	56120	2.28/2.38*
5.	Collar	56130	2.60/2.80*
6.	Belly (bone in, ex-breast)	55100	2.50/2.70*
7.	Sheet Boned Belly (rindless)	55210	1.90/2.20*
8.	Jowl	50230	1.65/1.80*
9.	Sow Carcasses	60100	-
10.	Half Pig Carcasses	R Classification	-

*Unchanged from previous week

Spain

Barcelona Market Information Prices for week commencing 4th July 2008		
Carcasses (secondary grade)	Euros / kg	1.724/1.730*
Gerona Loin Chops	Euros / kg	2.84/2.87*
Loin Eye Muscle	Euros / kg	4.32/4.35*
Spare Ribs	Euros / kg	2.39/2.42*
Fillets	Euros / kg	5.53/5.56*
Collar	Euros / kg	3.23/3.26*
Round Cut Legs	Euros / kg	2.55/2.58*
Cooked Ham	Euros / kg	2.32/2.35*
Rindless Picnic Shoulder	Euros / kg	1.71/1.74*
Belly	Euros / kg	1.81/1.84*
Smoked Belly with Spare Rib Section Cut Off	Euros / kg	2.24/2.27*
Shoulder Chap or Head Jowls	Euros / kg	1.28/1.31*
Back Fat, Rindless	Euros / kg	1.63/1.66*

*Unchanged from previous week