



DENMARK

Market

On European markets prices for legs are falling. The financial crisis is leaving its mark. The consumers' demand is slowing down and supplies must be sold to fewer buyers who are able to pay. Large quantities are moved from East Europe to West Europe due to lack of credit and guarantee facilities and this is also adding to the picture.

Shoulders and collars as well as lard are following the same negative trend.

Processing meat is sold at slightly sagging or unchanged prices.

The situation on the British bacon market remains unchanged, whereas legs and backs to the British market are sold at a decreasing price level.

As to markets outside the EU, sales are stable to the market in Japan and sales of bone products are weak to the market in the US. (Sources, Danish Crown, Tican, Danish Bacon and Meat Council)

General

Danish Crown tempts farmers with a bonus

Danish Crown is tempting Danish farmers with a bonus to make them start production of slaughter pigs. The slaughterhouse giant is offering new producers of slaughter pigs a bonus of 1.3 Eurocent per kg meat during the first year. At the same time Danish Crown introduced a cash bonus, which is supposed to make more farmers switch over to slaughter pigs – with the aim of cushioning the effect of a decreasing raw material basis for the company, it is estimated. (Source, Borsen)

Danish Crown employees are afraid of the future

Although there have been serious cuts already the employees of Danish Crown fear dismissal rounds will continue. It is expected that decreasing supplies of pigs will impact and that more production plants will be closed down. According to union representative with Danish Crown, Hans Soegaard Hansen, it is due to conditions in the sector but equally to decisions of Danish Crown and with Danish farmers. (Source, JyllandsPosten)

Danish – Norwegian investment in Russia

Russia Baltic Pork Invest got established in the region of Kaliningrad in Russia. The company inaugurated the first phase of its large-scale Pravdinsk Pig Production.

The first phase is to reach a total of 2,400 sows with an annual production of 55,000 slaughter pigs of 115 kg, and the second is expected to see production double.

The aim is to become the leading pig producer – not just in Kaliningrad but in all Russia, and sales are right from the start aimed towards the large Russian market, primarily to Moscow.

The building activity is well advanced and the first breeding animals have arrived from Denmark already. However, the first slaughter pigs will not be ready for slaughtering until next summer.

Russia Baltic Pork Invest which owns Pravdinsk Pig Production started buying land at Kaliningrad several years ago.

Right from the start the intention was to control the supply chain from cultivating the grain, to the slaughtering and production of halves of pigs.

Russia Baltic Pork Invest that today owns more than 5,000 hectares together with a Russian company has 220 Danish and Norwegian shareholders who invested approximately €20m in the project.

This summer the large Finnish fund CapMan invested another € 10 mill in Russia Baltic Pork Invest.

Until today an aggregate €40m was invested in the project and by the finalising of the second phase of Pravdinsk Pig Production it is expected that the investment will total €47m. The president of Russia Baltic Pork Invest, Mr. Thomas Norregaard is seeing strong perspectives in the Russian market where the producers for the time being are getting €3.2 per kg pig meat. (Source, Landbrugsavisen)

New director of the Slaughterhouse Research Institute

41-year-old Lars Hinrichsen was appointed director of the Slaughterhouse Research Institute after Claus Fertin, who retired on 31 August. Lars Hinrichsen is qualified food scientist MSc in food technology from the Royal and Veterinary High School, PhD in meat technology and executive MBA in management technology from DTU, informs Danish Meat Association. Lars Hinrichsen takes up his post on 1 December. (Source, Landbrugsavisen)

Danish Slaughterhouses - payments for Week 45

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (67.0 –81.9 kg Danish Crown and (67.0 - 80.9 kg Tican)	Euro 1.306*	Euro 1.266
Difference to last week	- 0.040	- 0.040
Sows (Above 129.9 kg)	Euro 1.106*	Euro 1.039
Difference to last week	- 0.067	- 0.067
Boars (Above 109.9 kg)	Euro 1.001*	Euro 0.934
Difference to last week	- 0.067	- 0.067

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

Private storage?

With the end of the import quotas in Russia, and reduced exports due to the financial crisis and reduced consumption in France, French pig meat processors (SNCP) fear a surplus of production in France and in Europe which could potentially lead to a crisis:

- 1) Pig prices decreased by 13.1 cents within 3 weeks.
- 2) Household purchases of fresh pig meat decreased by 11% for the last period of the Secodip panel.

- 3) Pig meat production in the west of France increased by 2% in September and by 4% in October.

Today SNCP is asking the European Commission to open a private storage campaign as soon as possible and the French federation of pig producers (FNP) is asking for the return of restitutions. Also, the decrease in the price of vegetal raw material (cereals) has not been integrated in the feed costs yet.

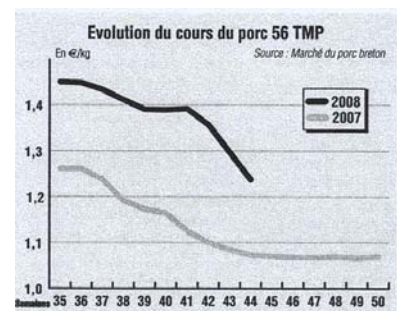
Joint venture

Mayenne Viande is a company specialising in the slaughtering of pigs, processing and marketing of quality pig meat in the west of France. Their procurement is secured through 120 producers and the production of 120,000 pigs per year is certified through several quality schemes: organic, label rouge and CCP (Product Certification). Mayenne Viande has recently agreed to join the Terrena group and develop the marketing of certified quality pig meat through a new company to be set up before the end of the year.

Market data for week 45:

Pigs

Last week 56 TMP quotation again lost 6.1 cents over two sessions. This was due to a fall in abattoirs' demand. Market for cuts was not very dynamic.



Perspectives

No renewal of activity is expected for this week. Slaughtering for cuts is waiting for better sales due at the beginning of the month, but we are still in the school holiday which is not good for consumption. To stop the decline in prices, the upper side of the production chain hopes supplies for live animals will adapt to the wholesalers' demand. Stabilisation is not going to become evident, due to the new fall in prices observed in other countries.

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



GERMANY

Growing demand for organic pork

ZMP has published data showing that organic production has grown in 2007. Producers have reacted to the growing demand. Organic pork accounts for 0.4 % of total organic food produced in Germany.

Organic production in 2007 in Germany

Produkt	Produktion in Tonnen	Öko-Anteil an der Gesamtproduktion in Prozent
Lamb/goat		
Beef	3.600	
Eggs	48.000	4,2
Dairy	390 Mio. Stück	3,1
Poultry	421.900	1,5
Pork		

(Source, ZMP)

Pigs

The 191 pig slaughtering enterprises obliged to report their prices to the regional authorities are accounting for 80% of all pigs being slaughtered in Germany.

The largest enterprises are based in the north- west regions.

(Source, allgemeine fleischerzeitung)



SPAIN

Exports

Esperanza Orellana, the first assistant director of Livestock Farming has pointed out the increasing importance of Iberian pig, having increased their exports of cured ham and shoulders by 70% in volume and by 120% in value in the last 6 years. (source, agrocope)

Government

The Ministry of Environment, Rural Development and Fisheries (MARM) is elaborating a Royal Decree in order to regulate the hygiene records in the farms. (source, agrodigital)

General

The Union of Small Agriculturists (UPA) has requested an investigation to the authorities as the feed mill sector has not decreased feed prices as a result of the reduction in the prices of raw materials occurred during the last 9-10 months. (source, eurocarne)

Prices

Slaughterhouse	Lleida 30.10.08	Zamora 04.11.08
Piglet 20 kg	17 €/Unit (-1.00)	21.0 €/Unit (-2.00)
Live fattened pig	1.000 €/kg (-0.045)	-



PORTUGAL

A farm of Bisaro pigs in Carrazeda de Ansiães is going to be highlighted in Galicia (Spain), in the Agricultural Fair of Silleda, held at the middle of the month. The 'transmontana' pig farm won the prize to the best farm, in competition with many others throughout the North of Portugal and Galicia. (source, suinicultura)

Prices

Slaughterhouse	Lisbon 27.10.08
Fattened pig – Carcass E 57%	1.370 €/kg (-0.030)



RUSSIA

Swine fever spread confirmed

Compared to a week ago when only one outbreak of African swine fever was confirmed in the Soviet district of Krasnodar Kray, now the case was confirmed in three neighboring districts namely Alexandrovskiy and Kirov district. According to Vasiliy Serdyukov, the chief vet of Stavropol Kray the deaths of pigs infected by African fever virus were registered in Gorkaya Balka village, Grushovskoye village and Staropavlovskaya village. Several pigs were registered dead in the private households where immediately measures were taken to stop the spread of the disease. The samples sent to the lab proved that this was African swine fever and isolation zone now expanded into the new areas where disease was registered. Even grain from these areas shall not be exported temporarily.

For reference: Some 10,000 pigs will be killed following the order of the local authorities and it may be that all 30,000 head will need to be killed which is the total population of pigs in Soviet district to stop the disease from spreading further. The status of the danger area is now 100 km radius. Russia's Chief Vet Mr. Nikolay Vlasov believes that swine fever came to Russia from Georgia where cases were registered two years ago. The infection could come from wildlife namely wild boars and mites. In 2007 during late migration of wild boars infection also came to Chechnya. During 2008 the disease was spread in North Osetia where a special regime was in place because of the fever. Later on the virus was found in Orenburg Oblast where thousands of animals died of the above virus within only a few days. It is feared that the virus might spread all across Russia.



UKRAINE

Government drafts program on husbandry development

The Ukrainian ministry of agriculture and the Ukrainian academy of agricultural sciences announced a draft government program on husbandry development for the period till 2015.

It was proposed to identify the following guidelines of husbandry development: break-even production of the livestock produce, development of large-scale specialized dairy and meat farms, conducting of pilot projects to support peasant farms via the provision of young livestock and fowls, feed and credit resources; development of the organic agro-production; establishing a network of accredited feed and produce quality control laboratories.

Concerning the financial and economic incentives programs, it is envisaged to carry out the government interventions using minimum (maximum) purchasing prices as a price indicator on the base of husbandry products, regulation of prices on the imported produce via compensatory and anti-dumping duties, permanent monitoring of the perspective external markets for husbandry produce; improvement of the credit cheapening mechanism; making surcharges to the purchasing prices for the produce sold to processing plants and for livestock numbers; reimbursement of organic fertilizers application; creation of pastures; arrangement of purchasing breeding livestock and fowls on the conditions of financial leasing.

The main target indicators of the draft programs are: to bring milk output up to 20 million t in 2015, meat in carcass weight up to 4 million t, eggs up to 1.4 billion doz, wool up to 9,600 t; increase, compared to 2008, the number of livestock heads 1.8 times, incl. Cows 1.1 times, pigs 1.9 times, sheep 2.7 times, fowls 1.7 times.

For reference: Ukrainian Statistics Committee reported that the number of cattle as of October 1, 2008 amounted to 5.798 million t (8.7% short of October 1, 2007); including cows 3.049 million t (6.4% down), pigs 6.942 (14.4% down), fowl 206.9 million (5.2% up), sheep and goats 1.926 million head (1.4% up).

Balance of demand and supply of meat and meat products for 2008-2009, K of t (Per estimates of Ukrainian Agricultural Ministry)

	2007/08 M.Y. (estimate)	2008/09 M.Y. (forecast)
Demand, total	2240	2410
Of internal demand, total	2160	2360
Consumption fund	2150	2354
Non-food usage	10	6
External market (export)	80	50
Supply, total	2240	2410
Of internal demand, total	2040	2200
Own production	2030	2200
Change in stocks	10	0
External market (import)	200	210



CHINA

Yorun is growing fast

Yorun, the major pork processor is planning to triple slaughter capacity to 50m. head by 2012, as the firm intends to benefit from rising demand. Current capacity is 18m. head and growth will take place through investment and acquisitions. Chairman Zhu Yicai said "smaller players with low hygiene standards will be phased out". The company posted profits up 71%.

PRICES



GERMANY

Pork Prices ex-Hamburg Fleischgroßmarkt (Cuts from 75–85 kg pigs) Week commencing 03 November 2008			
	Cut Name	Closest Export Manual Code No.	Price Range (Euro / kg)
1.	Round cut leg	51121	2.10/2.35
2.	Leg (boneless, rindless max fat level 3mm)	51121	2.90/3.20
3.	Boneless Shoulder	56200	2.30/2.50
4.	Picnic Shoulder	56120	1.95/2.05
5.	Collar	56130	1.95/2.20
6.	Belly (bone in, ex-breast)	55100	2.30/2.45
7.	Sheet Boned Belly (rindless)	55210	1.60/1.80
8.	Jowl	50230	1.55/1.70
9.	Sow Carcasses	60100	Ø 1.74
10.	Half Pig Carcasses	U Classification	Ø 1.97

*Unchanged from previous week



SPAIN

Barcelona Market Information Prices for week commencing 03 November 2008		
Carcasses (secondary grade)	Euros / kg	1.316 / 1.322
Gerona Loin Chops	Euros / kg	2.36/2.39
Loin Eye Muscle	Euros / kg	3.38/3.41
Spare Ribs	Euros / kg	1.88/1.91
Fillets	Euros / kg	5.33/5.36*
Collar	Euros / kg	2.53/2.56
Round Cut Legs	Euros / kg	2.34/2.37
Cooked Ham	Euros / kg	2.05/2.08
Rindless Picnic Shoulder	Euros / kg	1.61/1.64
Belly	Euros / kg	1.92/1.95
Smoked Belly with Spare Rib Section Cut Off	Euros / kg	2.35/2.38
Shoulder Chap or Head Jowls	Euros / kg	1.48/1.51
Back Fat, Rindless	Euros / kg	1.48/1.51*

*Unchanged from previous week