



Export Bulletin

Report - November 2008 – Week 47



DENMARK

Market

In general the trade on the European market is sluggish and to some extent affected by the slowing down of the consumers' demand, which is characterizing the picture due to the financial crisis. Further, the prices brought home from East Europe are falling impacting bigger supplies in West Europe thus resulting in price decreases. So the trade with fresh legs is under pressure and is taking place at reduced prices.

The trade with shoulders and production meat is slow as well and prices are slightly falling. The level of sales to the British bacon market remains unchanged but the November contracts were entered at a slightly falling price level compared to the October contracts.

As to third countries the market situation remains unchanged.

(Source, Danish Crown, Tican, Danish Bacon and Meat Council)

General

Fewer Pigs in Denmark

The Danish Institute for Statistics published the figures from the latest pig counting on 1 October. The result from the pig counting confirms the trend with a continuing reduction of the total pig stock as well as of the breeding stock.

Compared to last year there is eight percent fewer pigs in Denmark. The remarkable decrease is due to a bad production economy in the pig production since the summer of 2007 due to a low settling price and very high prices of feed and energy.

The counting is based on a random test including 3,500 farms.

According to the Danish Institute for Statistics, there were 12.9 mill pigs in Denmark on 1 October. (Source, Danmarks Statistik)

Danish Crown closes down plant

High costs in the meat production in Denmark make Danish Crown move the boning of front parts from Skaerbak, primarily to other Danish Crown plants in Germany. The impact is that the boning division at Skaerbak will be closed. The closing down will affect 50 employees.

Danish Crown will keep the sow slaughterhouse and other functions at Skaerbak. The closing down is expected to take effect on 30 January 2009. (Source, Danish Crown)

Meat Control must be less expensive

The Danish Minister for Food, Eva Kjer Hansen wants to reduce the costs of food control at the slaughterhouses by more than € 15 mill before 2013. According to the minister money can be saved by introducing visual meat control, by a change among vets and control technicians and by a change in staffing. (Source, Ritzau Politiken)

Deficit in Swedish/Finnish slaughterhouse

Hk Scan was not able to rectify the result during the third quarter of 2008 reveals the report from the Swedish/Finnish slaughterhouse group. The result of the third quarter was no more than approximately € 6 mill – the result for the same period last year was approximately € 14 mill.

However, in its quarterly report HK Scan says that during the third quarter the meat market balanced and that the profitability surpassed the preceding two quarters. However, the profitability is yet not satisfying, in particular not in Finland informs the group of companies. HK Scan maintains its forecast that the annual result will be considerably lower than in 2007. (Source, Landbrugsavisen)

Danish Slaughterhouses - payments for Week 46

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (67.0 –81.9 kg Danish Crown and (67.0 - 80.9 kg Tican)	Euro 1.279* - 0.027	Euro 1.239 - 0.027
Difference to last week		
Sows (Above 129.9 kg)	Euro 0.999* - 0.107	Euro 0.932 - 0.107
Difference to last week		
Boars (Above 109.9 kg)	Euro 0.894* - 0.107	Euro 0.827 - 0.107
Difference to last week		

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

Italian Charcuterie products

French consumers love Italian charcuterie products. As compared with the same period last year, exports of pancetta jumped by 14.2% during the first half of 2008. Salami and "saucisson" sales to France increased by 14%. France remains the first importer of Italian "Charcuterie" ahead of Germany. Out of the 2.6 million San Daniele hams produced every year; 17% are exported and the Consortium of San Daniele ham is planning to strengthen its position on the French market.

Porc Armor

Porc Armor is the new joint venture set up by the addition of Armorique and Porc Ouest. Armorique represents the production of 1.6 million pigs processed in Loudéc and Porc Ouest 700 000 pigs processed in Vitré. A new company has been set up to gather all partners of both groups such as Sanders for feed and France Gènes for genetics.

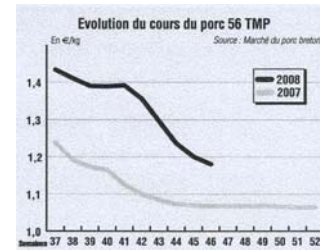
Piglets in supermarkets

An active promotion of pig meat and charcuterie products has been organised in one of the largest Carrefour hypermarkets in Brittany. The project was run jointly by the local producers' union (FDSEA of Ile et Vilaine), students of Agriculture college of la Lande du Breil and the Carrefour store of Alma Rennes. Information and samples have been distributed to shoppers but the main attraction was definitely the group of piglets nicely presented in the commercial hall of the Carrefour store.

Market data for week 47:

Pigs

After last week's decrease of live prices, 56TMP quotation was stable at the end of the week 46. After the bank holiday on Tuesday, sales were regular and the prices adapted to them



Perspectives

According to the professionals of "Marché du porc breton", lowest prices should have been reached. Now, they are waiting for better activity. 56TMP quotation should remain stable in the next few days. Some of the operators are waiting for firmness in prices due to the fact that prices are hardening in neighbouring european countries. There is no renewal of activity expected in the consumption of meat.

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



GERMANY

Trichina worms make a comeback

Animal health officials today reported that trichina worms, known to infect pigs and cause illnesses in humans, have made a comeback in Germany.

The worms were found at a slaughterhouse in a pig from a private home, veterinarian Holger Vogel said in Anklam. Many area householders still keep pig-sties and raise pigs at home. He said the worms appeared to have been spread by rodents from nearby western Poland, where the nematodes are rife. It has spread to wild animals in the Western Pomerania area. Decades ago, Germany wiped out the disease in domestic animals, but it is still common in developing nations. (Source, thepigsite, 21.Nov 08)

No decrease in pig slaughtering

The national statistics agency reports that between July and September 2008, 13.7 Mio pigs were slaughtered commercially.

Compared to the same period in 2007, this is an increase by 3.7 % or 490.300 pigs. Therefore, the expected decrease in pig slaughtering has not occurred. (Source, allgemeine fleischerzeitung)

General

Despite the protest by both district council and the public, a pig fattening enterprise in Gladau/Magdeburg (Eastern Germany) will increase its capacity from 11.000 pigs to 50.000 pigs. Formally, a rejection of the company's application would be illicit. However, the opponents are now considering a lawsuit. (Source, proplanta.de)



SPAIN

Exports

The list of Spanish establishments authorised to export pig meat and meat products to South Korea has been extended after including a new establishment. Information is available in the CEXGAN Web page. (Source, agrodigital)

General

Grupo Campofrío has registered 668 million euros in its sales account in the first nine months of 2008, which represents a growth of 5,4% with respect to the same period of 2007. (Source, eurocarne)

The price of the Iberian pig goes down again, until a 30% below costs. The slight increase of the prices of the Iberian pig at the end of the summer has been a mirage and the tendency during the last two months has been going down again. Right now, to raise a pig costs 30% more than what it is obtained in the market. (Source, hoyagro)

About 500 experts have met in Córdoba before the inauguration of XXIX Annual Symposium of the Association of Scientific Pig Producers (ANAPORC) in order to talk about the technical situation of the pig sector and its evolution during the present year. Among them, they have studied the possibility of producing less intensive Iberian pig before in order to regulate the sector. (Source, infocarne)

Last Saturday, some pig producers in Catalonia sold 300 kilos of pork loin at 3 euros/kg as a protest due to the difficult situation of the sector and to demand a price that, at least, allows them to cover the production costs. They denounced that the low prices paid to them by their products does not reflect the amount paid by the consumer, who pays pork loin at 7.42 euros/kg. (Source, agrocope)

Prices

Slaughterhouse	Lleida 13.11.08	Zamora 18.11.08
Piglet 20 kg	17 €/Unit (-0.00)	28.0 €/Unit (+4.00)
Live fattened pig	0.995 €/kg (-0.000)	-



PORTUGAL

Prices

Slaughterhouse	Lisbon 10.11.08
Fattened pig – Carcass E 57%	1.320 €/kg (-0.000)



UKRAINE

Plan to stabilise the meat sector

The Ukrmiasoprodukt (Ukrainian Meat Association) submitted proposals on stabilizing the meat sector to the formal leadership of the country:

To allocate UAH 5 billion (nearly \$1 billion.) in the State Budget for a target shoring up the meat producers and processors;

- Increase the amounts of donations for cattle raising up to UAH 4 / kg (nearly 0.4 / lb. – translator’s note), versus currently effective UAH 2.9 / kg (approx. \$0.3 / lb. – translator’s note), of live weight and allocate to this end UAH 3 billion (nearly \$580 million. – translator’s note) in the State Budget-2009.
- Introduce a zero VAT rate on the meat cattle import, as well as maintain the zero VAT rate on the sales of milk and meat in live weight and on the import of farm machinery and assembling parts;
- Limit the import of meat and meat sub-products via increase in the import duties;
- Elaborate a single comprehensive program on cattle head number increase and development of domestic breeding base.

For reference: UkrMiasoProdukt Association brings together 44 meat plants. In January-September 2008, the cattle head number decreased by 8.7%, pigs by 14.4%. The purchase prices for pork lost 20%. In January-October 2008, there were imported 500,000 t of meat, of which pork amounted to 85%, fowl meat 10%, beef 5%. In 2007, there were imported 207,900 t of meat and meat sub-products worth \$163,900 million.



RUSSIA

Problems in the Russian slaughterhouse sector

The Russian slaughterhouse sector is increasingly worried in line with the consequences of the international financial crisis affecting the Russian purses.

In several media the manager of the Agro Marketing Institute, Yelena Tyurina, is quoted for saying that the financial crisis will lead to a reduction in the consumption of meat in Russia. A reduction that will reach 10 percent of the turnover. In particular the demand for high quality products will be affected, and the demand for the cheapest meat products will increase, estimates Yelena Tyurina, according to the Danish Embassy in Moscow.

The president of Russian Meat Union, Nusheg Mamaikonian, expressed in local media that the crisis also might affect the trading pattern for meat. He expects that an increasing number of consumers are going make their purchases in shops and markets where the meat comes directly from the producers and therefore can be sold at a cheaper price due to fewer intermediaries. Further, Musheg Mamikonian says that at present expansions in Russian meat production are under a strong pressure from the financial crisis. (Source, Landbrugsavisen)

RF Government approved meat quotas for 2009

The Government of Russian Federation approved a new procedure of meat import quotas allocation for 2009.

Russian Ministry of Economic Development was assigned to allocate import quotas for beef, pork, and poultry meat among the foreign economic activity participants proportionately to volumes imported in 2005-2007, except for the products imported from CIS countries.

By December 12, 2008 there are to be allocated 25% of beef, pork, and poultry meat, for which the quotas is increased for 2009 compared to 2008. This portion shall be allocated among the companies that did not import meat in 2005-2007, but did it in 2008. Their portions in the quota shall be determined in proportion to the volumes imported from January 1 to September 30, 2008.

The total 100% of difference in the quotas of 2008 and 2009 between these companies shall have to be allocated by April 10, 2009 in proportion to the volumes they imported from January 1 to December 31, 2008, except for the products imported from CIS countries.

Pursuant to the Resolution of RF Government of December 5, 2005, the quota on the chilled beef is established in the amount of 28,300 t, frozen beef 445,000 t.

The pork import quota amounts to 493,500 t, poultry meat 1,211,600 t. At the present time, the Government is discussing an option of the poultry meat import reduction for 2009 by 300,000 t and raising the import duty for supra-quota pork.

African swine fever keeps spreading

Despite the strict measures taken by Russian Veterinarian Service after the outbreak of swine fever in the Stavropol Region, the disease was registered now in Novokubansk district of Krasnodar Kray, one of the promising areas for pig production in the country. Now at a "Kuban" farm fattening unit this disease was confirmed as of November 11, 2008.

For reference: this farm is located within the town limits of Novokubansk. Earlier swine fever cases were registered in Stavropol namely Gorkaya Balka, Sovietsk district, Grushovskoye, Alexandrovsk district, Staropavlovsk village of Kirov district and village of Yutsa in Predgornyi district. In late October a quarantine policy was put in place in the country. It is believed that wild boars could have been the source of the disease from the neighboring mountain areas of Caucasus.



THE NETHERLANDS

Piglet prices on the rise, pork prices stabilise

The price of piglets has risen by € 2.00 to 2.50 to € 32.50 after some decrease but are still well ahead of last year prices, whilst pork prices seem to stabilise after the recent fall. This gives a bit of ground for optimism.

Vion changes structure of its Executive Board

Dr. Uwe Tillmann will be appointed Chairman of the board of Vion N.V. as of 31 December 2009. Background is, that a number of board members are going to cease their board activities because they have reached the age that entitles them to do so.

According to a press release of the company this necessitates a number of adaptations to the composition and responsibilities. Member of the Executive Board, Geert Janssen will be ending his almost 50-year career in the international meat sector as of 31 December 2008. Janssen will continue to work for VION as an advisor on a project basis.

As of 31 December 2009, Daan van Doorn and Ton Lammers will be concluding their employment as CEO and Chairman, and CFO and Vice-Chairman respectively of the Executive Board because they have reached the age that entitles them to do so.

As of 21 November 2008, Dr. Uwe Tillmann, COO Vion Fresh Meat and Convenience will be appointed Vice-Chairman of Vion's Executive Board. He will fulfil this position temporarily alongside Ton Lammers. This pertains to the decision of the Supervisory Board to appoint Uwe Tillmann Chairman of the board of Vion N.V. as of 31 December 2009.

The position of CFO at Vion N.V. will become vacant as of Ton Lammers' departure on 31 December 2009. The succession procedure for the new CFO has started and will be completed in the first half of 2009.

Dirk Kloosterboer, COO Vion Ingredients, will be appointed Vice-Chairman of the Executive Board as of 31 December 2009.

The responsibilities of the remaining members of the Executive Board, Ton Christiaanse, Vion UK and Peter Beckers, Strategy and M&A, will remain unchanged.



USA

Smithfield exit beef

Smithfield Foods has sold its loss-making feedlot operations to JBS. Five Rivers Ranch Cattle Feeding had once a capacity of 811,000 cattle with operation in Colorado, Idaho, Kansas, Oklahoma and Texas. This follows the sales of Smithfield's beef operations to JBS, which was completed last week. Smithfield has now fully exited the beef market to focus again on its more successful segment, pork.

PRICES



GERMANY

Pork Prices ex-Hamburg Fleischgroßmarkt (Cuts from 75–85 kg pigs) Week commencing 17 November 2008			
	Cut Name	Closest Export Manual Code No.	Price Range (Euro / kg)
1.	Round cut leg	51121	2.10/2.30*
2.	Leg (boneless, rindless max fat level 3mm)	51121	2.85/3.15*
3.	Boneless Shoulder	56200	2.30/2.50*
4.	Picnic Shoulder	56120	1.90/2.05*
5.	Collar	56130	2.00/2.25
6.	Belly (bone in, ex-breast)	55100	2.30/2.50
7.	Sheet Boned Belly (rindless)	55210	1.65/1.85
8.	Jowl	50230	1.60/1.75
9.	Sow Carcasses	60100	Ø 1.78
10.	Half Pig Carcasses	U Classification	Ø 2.01

*Unchanged from previous week



SPAIN

Barcelona Market Information Prices for week commencing 10 November 2008		
Carcasses (secondary grade)	Euros / kg	1.309 / 1.315*
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	2.29/2.32*
Cooked Ham	Euros / kg	1.95/1.98*
Rindless Picnic Shoulder	Euros / kg	1.51/1.54*

Belly	Euros / kg	1.89/1.92*
Smoked Belly with Spare Rib Section Cut Off	Euros / kg	2.32/2.35*
Shoulder Chap or Head Jowls	Euros / kg	1.48/1.51*
Back Fat, Rindless	Euros / kg	1.33/1.36

*Unchanged from previous week