

**Report - December 2008 – Week 50**

- *Ebola detected in Philippine pigs*
- *EFSA sees no concern for human health with regard to dioxins in Irish pork*



**DENMARK**

## **Market**

Over the last week the market for legs has been constantly decreasing and now the last industrial contracts are being concluded before Christmas.

Shoulders are sold at unchanged prices.

The bacon market remains unchanged as well.

Lard and trimmings for industrial purposes are losing a little value in the market and are sold at lower prices now.

At present the problem areas are the market for loins where prices have decreased considerably. It is quite unusual before Christmas and it is due to increased competition caused by larger European supplies of loins. Supplies are increasing partly because the Japanese market is in a situation of "wait and see".

Sales to Russia are troublesome too as there are no more licenses available and the financial climate is declining in general. The result is a stop in sales and a situation where the quantities must be redirected to new markets impacting a certain pressure on prices.

The Chinese market has got started again and now the market is just waiting for the stocks that have been built up to be sold, thus opening for an opportunity to get better market prices. Sales to Japan have slowed down during December due to the ongoing contract negotiations, but will contribute with higher prices during 2009.

Australia still has a reasonable price level and the quantities are expected to remain stable.

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

## **General**

### **Crisis will cost farmers billions**

The global food crisis makes consumers save and buy cheaper meat impacting a pressure on the slaughterhouses and the Danish pig producers that lost billions.

Ove Thejls, ceo of the slaughterhouse group Tican informs that it started in the UK where the price of legs fell during autumn, which is quite unusual. From the UK the decrease in prices spread to other Danish export markets. He also says that the serious price falls impact a reduction of the expected earnings in 2009. (Source, Tican)

### **Prospects of increased exports of live pigs**

It seems that exports of slaughter pigs will go on increasing during 2009. A group of farmers finding that the co-operatively owned Danish Crown offered a far too low settling price have joined forces to establish an export company with the objective of increasing exports of slaughter pigs to Germany. The company called Danpork already exported some pigs to Germany over the latest four months and now the company is inviting new shareholders.

General manager of Danpork, Steen Thaysen, informs that during spring 2009 the company will be able to handle 250,000 pigs annually. In one or two years the aim is to reach a level of 500,000 pigs. So far the experiences with exports to Germany were extremely positive. (Source, JyllandsPosten)

### **Pig production bound for disaster**

The chairman of the Farmers' Association Centrovic at Funen, Mr. Niels Rasmussen states that the economy in pig production is bound for disaster. He advises his members not to make any more investments in the pig sector. To the comment that the pig producers in 2008 must accept a settling price of DKK 9.0 he says that it is in every way a non-satisfactory result. Niels Rasmussen finds that farmers do not get any of the advantages in the pig sector among other things because the slaughterhouses are too inefficient. (Source, Fyns Stiftstidende)

### **Shoulder wound on every sixth pig**

A survey prepared by the Farming Scientific faculty at Aarhus University reveals that approximately 17 percent of the Danish sows have shoulder wounds. The survey includes approximately 4,000 nursing pigs in a little less than 100 stocks. (Source, Ritzau. Politiken)

### **Small slaughterhouses are having a hard time**

The private slaughterhouse Danish Meat Company in North Jutland will have to close after just two years of production. The closing down and the administration order is pointing to the fact that in Denmark it is difficult to get a profit in pig production without large scale production. The slaughterhouse and the 170 employees stopped slaughtering pigs from the 37 suppliers. General manager Carsten Sorensen informs that probably it will not be possible to get further capital to the slaughterhouse, which is owned by five pig producers in North Jutland. The slaughterhouse carried out approximately 7,000 pig slaughterings weekly but people in the sector find that the volume must be doubled in order to reach a profitable production at present. Danish Meat Company lost approximately € 7 mill this year and has a debt of more than € 14 mill. (Source, Ritzau, Berlingske Tidende)

### **Tican made a bad investment in Poland**

Tican is under hard pressure on the foreign markets. Further, at the annual meeting of the company ceo Ove Thejls acknowledged that the investment in Poland decidedly was a bad investment. The Tican department in Poland remains a problem. The company still budgets with a deficit. The management acknowledges that strategically it was a bad disposition to enter Poland five years ago. But now Tican is present there and must try to make the best out of it says Ove Thejls about the Polish subsidiary Nove. Right now Tican is re-evaluating the entire basis for the business in Poland. (Source, Landbrugsavisen)

### **Decline in the UK**

Also in the UK – one of Tican's most important markets – the situation is difficult;  
- The British market is very much affected by the financial crisis and it hits back on us. It is quite unusual that prices of legs go down before Christmas, and it directly affects our quote. It is due to the fact that the consumption in the UK moved to cheaper products where we cannot compete. It affects the price said Ove Thejls, Tican. Tican had heavy problems in Russia as well during the year that has passed after the introduction of import bans against several European slaughterhouses. (Source, Landbrugsavisen)

### **Tail experiments on pigs in for criticism**

The society for the prevention of cruelty to animals wants experiments with tail docking at Aarhus University to be stopped. It is "quite unreasonable and probably a violation of the rules" the society says as a reaction to the news that Aarhus University is going to

investigate how much it hurts the pigs. The society for the prevention of cruelty to animals will contact the board for experiments on animals and the justice department to have the experiment stopped. (Source, Politiken, Ritzau)

### Danish Slaughterhouses - payments for Week 50

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (67.0 –81.9 kg Danish Crown and (67.0 - 80.9 kg Tican)	Euro 1.226* -0.027	Euro 1.186 -0.027
Difference to last week		
Sows (Above 129.9 kg)	Euro 0.946* -0.027	Euro 0.879 -0.027
Difference to last week		
Boars (Above 109.9 kg)	Euro 0.813* -0.027	Euro 0.746 Unchanged
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

#### Charcuterie products

70% of the 34 Kg of pig meat consumed in France per capita is processed products or Charcuterie. There are about 400 different pig meat based processed products which could be classified in 12 major categories:

Cooked ham representing 18% of the total charcuterie market; Sausages 17%; Dried products except "saucissons" and hams 12%; pâtés 9%; mixed salads 9%; stuffed pastry 8%; dry "saucissons" 8%. Other charcuterie not mentioned in this list 6%, prepared meals 5%, dry ham, 4% cooked "saucissons" 3% and canned meat 1%.

#### Irish pork

It took 24 hours for the French food safety agency to react to the alarming news circulated all day as the headlines on the French media (mainly radio and TV) on Sunday 7<sup>th</sup> December. Consumers had to cope with information starting from a worrying message recommending that all consumers stop eating Irish pork (when one has no clue as to where one might find it as there is no mention of origin of pork contained in meat based products and preparations), to a more re-assuring message coming on Monday morning from French food safety authorities (AFSSA) stating that the dioxin content found in Irish pork is high but has no direct immediate effect on consumers.

#### How to control the rise of feed costs produced on farm

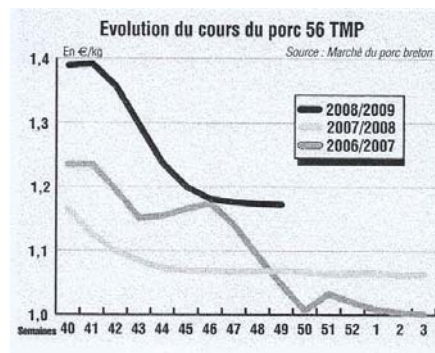
According to IFIP, there are two ways of limiting costs of feed produced on farm: optimise stocking after harvest or use by-products. In 1990 feed costs represented two thirds of total invoice, since 1992 this proportion decreased to 57% (in 2006) but increased in 2007 to reach 62% at the beginning of 2008. Stocking crops is good way of reducing costs and for 1 000 tonnes stocked, a farmer can save up to € 23 000 on humid cereals and € 16 000 on dry cereals.

The source of by-products needs to be local and access to lactoserum, yogurts, pasta, biscuits should be exploited if transport costs are not too high.

### Market data for week 50:

#### Pigs

Stability was the word for the beginning of December for 56 TMP quotation. Livestock offers were fine for a strong demand coming from abattoirs.. Retail sales were better. There was a respectable trade in slaughter cuts and stability for prices.



#### Perspectives

The sales for meat market will be regular this week. There is a status quo regarding offer demand and prices. The only way to have higher prices would be to have lower offers. Stability seems to be the orientation for our neighbour countries.

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



### GERMANY

#### Irish pork

2830 tons of Irish pork have been imported into Germany since 01 September and were distributed to 160 companies all over the country.

Since last Monday, all products containing Irish pig meat have to be removed from the shelves. The National Institute for Risk Assessment has declared that it does not see immediate health risk for the consumer.

The 1180 tons of Irish pork imported by Tönnies between September and December have been sold to 15 companies, and are most likely to be contaminated.

Tönnies's customers have been informed.

The German Bureau for Veterinarian Affairs and Food Control criticises the Irish authorities for not having made samples of the toxics available yet, which is complicating the process of inspections. (Source, fleischforum.de)

#### Increase in German exports of pig meat

The Germans export still more pig meat. The latest statement shows that the German exports increased by 20 percent over the latest year due to an increasing demand from Russia, Hong Kong and China.

And the prospects are fine, because in the very near future India is also expected to become a large importer of German pig meat.

Germany also finds opportunities in Europe because Holland and Denmark that so far were the two largest exporters of pig meat to Europe are experiencing crisis in the pig production and the number of pigs in the two countries is decreasing. So according the news site Agra Europe Germany is expecting to become an even more important exporter of pig meat.

(Source, Landbrugsavisen)

### **'It is hard work'**

In 2009, Westfleisch will be significantly expanding its business in the Baltic States as well as in China, Dr. Helfried Giesen, Managing Director of Westfleisch e.G., announced. According to Giesen 'Meat export is a rising business' that will only be marginally and in short term affected by the financial crisis.

However, Westfleisch's long lasting success story is no coincidence but 'hard work'.

Over the last 15 years, the company has increased its export quota from 10 % to currently 40%.

In the first three quarters of 2008, the co-operative was able to increase its exports profits by 42% to 400 Mio Euro, and its sales by 38% to 240.000 t.

Business with third countries was even increased by 300 % in the first half of the year.

(Source, afz)



### **SPAIN**

The Ministry of Environment, Rural Development and Fisheries (MARM) has published the book 'Technical Management of Pig Farms in Spain', a publication that relates the evolution of the sector during the last 30 years, passing from a familiar to an industrial production. (Source, agrodigital)

Once again, some producers in Catalonia sold 1,000 kg of pork loin at cost prices in Barcelona as a protest due to the difficult situation of the sector. They denounced that the prices paid in the market (1.032 Eur/kg this week) are well below production costs and far away from what consumers are paying, 7.49 Eur/kg. (Source, agrocope)

Sales of Iberian products have decreased by 20% since September. This industry obtains the 60% of its annual income between September and December. (Source, infocarne)

### **Prices**

<b>Slaughterhouse</b>	<b>Lleida 04.12.08</b>	<b>Zamora 09.12.08</b>
Piglet 20 kg	32 €/Unit (+3.00)	33.0 €/Unit (+0.00)
Live fattened pig	1.032 €/kg (+0.000)	-



### **PORTUGAL**

The Ministry of Environment, Rural Development and Fisheries received last 8<sup>th</sup> of December a notification of the RASF (Rapid Alert System for Food and Feed of the EU) indicating that Portugal was one of the 12 European countries which had received Pork from Ireland, 30 tons imported in two different batches on the 20<sup>th</sup> of October and the 17<sup>th</sup> of November. The Portuguese authorities have proceeded to trace and identify the mentioned batches. (Source, MADRP)

The Portuguese Federation of Swine Producers Associations (FPAS) has organized Iberporc08, the First Iberian Meeting of Professional Organizations of Swine Producers, that will be held next 12<sup>th</sup> of December in Arronches (Portalegre). The most representative associations of Spain and Portugal will assist to the meeting, with the objective of creating a

final document synthesizing a detailed reflexion on their common problems and possible ways of political solutions. (Source, suinicultura)

## Prices

Slaughterhouse	Lisbon 02.12.08
Fattened pig – Carcass E 57%	1.370 €/kg (+0.000)



## THE NETHERLANDS

### Fifteen supermarkets now support the animal welfare fund

Funding by retailers to compensate farmers for the anaesthesia of piglets prior to castration has now been subscribed by 15 Dutch supermarket chains. The only missing are Aldi and Lidl who buy their pork from Germany.

### Dutch productivity is higher than Danish

Although the Danes are claiming the top spot for sow productivity, net production by sow remains higher in the Netherlands at 24.7 against 24.5 in Denmark. Although more piglets are born on Danish farms, losses are higher.



## EU

### EFSA: No concern for this single event

The European Food Safety Authority (EFSA) sees no concern for human health with regard to dioxins in Irish pork.

During routine monitoring of Irish pork, elevated levels of polychlorinated biphenyls (PCBs) were found in pork. Further investigations revealed the presence of dioxins and dioxin-like PCBs at levels up to 200 pg WHO-TEQ/g fat.

The toxicity of dioxins is related to the amount accumulated in the body during a lifetime, the so-called body burden. A tolerable weekly intake (TWI) of 14 pg WHO-TEQ/kg body weight (b.w.) has been established by the Scientific Committee on Food (SCF) in 2001.

EFSA has based this statement on a limited data set, assuming that the average person has an exposure at the TWI corresponding to a body burden of 4000 pg/kg body weight. EFSA also assumed that exposure at these high levels only began in September 2008.

EFSA calculated several exposure scenarios for both average and high consumers assuming three different dioxin concentrations in the pork (50, 100, 200 pg WHO-TEQ/g fat), and three different proportions of contaminated meat (100, 10 and 1%).

Assuming a daily consumption of 100% contaminated Irish pork, for a high consumption of pork fat during the respective period of the incidence (90 days), at the highest recorded concentration of dioxins (200 pg WHO-TEQ/g fat), EFSA concludes that the uncertainty factor embedded in the TWI is considerably eroded. Given that the TWI has a 10-fold built-in uncertainty factor, EFSA considers that this unlikely scenario would reduce protection, but not necessarily lead to adverse health effects.

In a more likely scenario with a daily consumption of 10% contaminated Irish pork for a mean consumption of pork fat for the respective period of the incidence (90 days), at the highest recorded concentration of dioxins (200 pg WHO-TEQ/g fat), the body burden would

increase by approximately 10% EFSA considers this increase in body burden of no concern for this single event. (Source, fleischwirtschaft, European Food Safety Authority (EFSA))



## **BRAZIL**

### **Exports nosedive**

Pork exports fell by 43.9% in November a larger fall than for Brazilian beef or poultry. Trade disruptions particularly to the all-important Russian market are blamed. Prices also fell by 8%.



## **NORWAY**

### **Piglet castration ban delayed**

Castration was due totally banned from 1 January in Norway but due to practicalities, a delay of two years has been decided by the authorities.



## **USA**

### **Pig fattening difficult for Smithfield**

Despite the sale of its beef division, US concern Smithfield did not leave much profit. For the second quarter of 2008, Smithfield reported profits of 3.3 Mio Euro in comparison to 13.8 Mio Euro in 2007. While the company is recording a significant decline in profits in pig fattening due to record high feed costs, margin for marketing of fresh pork reached record heights. Since February 2008, Smithfield subsidiary Murphy Brown has reduced their sow stock by 7%. Until the end of 2009 the stock will be reduced by 100.000 sows (Source, fleischwirtschaft.de)

### **US and Mexican facilities approved for export**

The United States and Mexico have reached an agreement on approving a significant number of meat processing and storage facilities for export. The U.S. Food Safety Inspection Service (FSIS) and Mexico's food safety agency, SAGARPA, have been involved in ongoing discussions over the past 18 months to resolve this issue. In the U.S., discussions have involved 109 U.S. meat industry facilities, of which 52 have now been approved for export and another 57 facilities that are expected to be approved in the coming week. This action comes on the heels of approval by SAGARPA of administrative changes at 32 U.S. facilities. These administrative changes, which might involve plant name changes or other paperwork issues, had the potential to create export delays at the border. In Mexico, 13 facilities have been approved, although four of those approvals are pending corrective action. This will bring the total of Mexican meat facilities approved for exporting to the United States to more than 30. (Source, fleischwirtschaft.de)



## PHILIPPINES

### **Ebola detected in Philippine pigs**

The Ebola-Reston strain has surfaced in Philippine swine samples proving that the disease is capable of infecting livestock.

Ebola, one of the most feared infectious diseases, was discovered during tests at a USDA laboratory. The World Health Organization said it is looking into whether the infection in pigs poses any threat to humans.

"While it's believed that Ebola-Reston is primarily a disease of animals, we are working with the Philippines government to see if there are any potential risks to humans," said Gregory Hartl, a spokesman for the WHO in Geneva. "At the moment, we believe the risks are quite low."

Planned shipments to Singapore have now been suspended. "We are suspending pork exports until we're sure there's no risk to humans", Agriculture Secretary Arthur Yap told reporters in Manila.

It is the first time Ebola has been reported in pigs. A Philippine report however said the pig outbreak was "considered of negligible public health importance." All animals in the affected areas have been quarantined while officials conduct an epidemiological investigation into the outbreak.

The pigs, which came from four farms north of Manila (Santo Nino in Bulacan province, Pinagpanaan in Nueva Ecija province and Manaoag in Pangasinan province), were also infected with porcine circovirus type 2 and a type of porcine reproductive and respiratory syndrome similar to that which killed pigs in China and Vietnam during the past two years. (Source,pigprogress, 11.12.08)

## PRICES



## GERMANY

<b>Pork Prices ex-Hamburg Fleischgroßmarkt (Cuts from 75–85 kg pigs) Week commencing 08 December 2008</b>			
	Cut Name	Closest Export Manual Code No.	Price Range (Euro / kg)
1.	Round cut leg	51121	2.15/2.35*
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	1.90/2.05*
5.	Collar	56130	2.05/2.30*
6.	Belly (bone in, ex-breast)	55100	2.30/2.50*
7.	Sheet Boned Belly (rindless)	55210	1.65/1.85*
8.	Jowl	50230	1.70/1.75*
9.	Sow Carcasses	60100	Ø 1.77*
10.	Half Pig Carcasses	U Classification	Ø 2.01*

\*Unchanged from previous week



**SPAIN**

<b>Barcelona Market Information</b>		
<b>Prices for week commencing 08 December 2008</b>		
Carcases (secondary grade)	Euros / kg	1.358/ 1.364*
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	5.97/6.00
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	1.23/1.26

\*Unchanged from previous week