

*Upward trend for German pig prices*



DENMARK

## Market

On the European market fresh legs are sold at slightly increasing prices. All other types of cuts are sold at by and large unchanged prices.

In the very near future the focus is on the market in Germany due to a low number of slaughtering giving hope of price increases. Sales to the British bacon market remains stable and prices remain unchanged. As to countries outside the EU, an improvement can be noted in trade with Russia, whereas sales to other markets – including to Japan – remains unchanged. (Sources, Danish Crown, Tican, Danish Bacon and Meat Council)

### **Danish Crown plans to move more production out of Denmark**

Danish Crown is going to move more of its production abroad – probably to Germany. How much will depend on a research that presently is being carried out. Accordingly it is not possible to set a date for the closing down of the slaughterhouse plant at Rodding, and it is not yet decided how many tasks will be moved to the slaughterhouse at Esbjerg. Another one or two Danish slaughterhouse plants are going to be closed down. It will take between 6 and 18 months to clarify. Among other things the time will be used to achieve sufficient slaughtering capacity in Germany, informs communication manager of Danish Crown, Anne Villemoes. She adds that the upcoming closing down of the slaughterhouse at Rodding is part of the flagging out. She explains that the reason for it is a continuing decrease in supplies of slaughter pigs and the fact that exports of piglets are still increasing. She will not accuse the farmers of letting down Danish Crown. She fully understands that they want to secure their own economy. (Source, DR)

## No more slaughterhouses in Denmark?

According to a food economic council, the Danish slaughterhouses are in a bad financial situation which may have the impact that in the future there will be no slaughterhouse sector in Denmark. New statements from organizations of the sector reveal that since October 2007 the crisis cost the producers one billion euro. The crisis is so massive for the pig meat sector that there is an imminent need of becoming independent from the high Danish slaughterhouse labor costs, evaluates Henning Otte Hansen, senior advisor at Food Economic Institute of the University of Copenhagen. He refers to the flagging out of jobs to Germany, East Europe and China and he does not believe that the labor intensive functions in the slaughterhouse business will ever return to Denmark. Manager of Danish Pig Production, Nikolaj Norgaard, calls the next 6 to 18 months a time of unrest and upheaval and says that we must be prepared for a huge challenge in order to safeguard the present pig production in Denmark. CEO of Danish Bacon and Meat Council, Christina Hvid, is aware of the bad situation but stresses that in Denmark the slaughterhouses are good at producing pig meat and she finds that still there is sufficient space for Danish slaughterhouses. Henning Otte Hansen partly agrees to this attitude. He stresses that the present situation ought to make the sector focus on high technology.

One might say that in case the slaughterhouses want to survive in the future they ought to start up employing additional engineers and technicians. (Source, Berlingske Tidende)

## Danish Slaughterhouses - payments for 2009 Week 22

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (67.0 –81.9 kg Danish Crown and (67.0 - 80.9 kg Tican) Difference to last week	Euro 1.255* + 0.027	Euro 1.215 + 0.027
Sows (Above 129.9 kg) Difference to last week	Euro 0,961* Unchanged	Euro 0.894 Unchanged
Boars (Above 109.9 kg) Difference to last week	Euro 0.828* Unchanged	Euro 0.761 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**

### **The future of organic pig meat in France?**

In comparison to eggs or fruit and vegetable, organic pig meat production in France is still very small and only represented 0.1% of total production in 2008. 85% of organic pigs are processed in organised supply chains and the remaining 15% come from small herds (below 10 sows) and are marketed through direct sales from the farm. The efficiency of organic pig production depends on two structurally unfavourable factors:

- Numeric productivity of sows: 14 pigs produced per sow per year with a high rate of mortality between weaning and sale:12%
- High feed costs: up to 80% of total cost. Organic feed is twice as expensive as conventional feed

The new European specifications to be drawn in 2009 could mark the consolidation of the French organic pig production but before that, a detailed analysis of the economical structure of producers will be necessary.

### **Herta: increasing volumes**

Up to the first two periods of the year, year on year, the sales at Herta increased in volume by 6.7% to 68 000 tonnes. During that same period, the market share of sausages increased by 0.1% to 36.8% of the market, snacks by 0.6% to 20.3% of the market, cooked ham by 0.4% to 10.2% of the market. The "lardons" market share decreased by 0.2% down to 16% of the market.

### **Pigs**

Although close to the balance, the market for pork butchers remained stable or decreased slightly these last weeks. The prospects were nevertheless in the hardening of the basic price at the end of the first half of the year, which would have allowed an improvement in the economic health of the breeding farms. Sales are slowing because consumers aren't buying enough and exports are difficult. Apart from that, the decline in the European production seems less significant than planned. According to the 'Institut du porc', the forecasts of production fall back are not more than about 1 % in the Union of 15 countries.

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



## GERMANY

### **High demand**

There are indications of increasing pig prices in Germany.

Supplies in Germany are far from meeting demand and several slaughterhouse companies express that prices will pass € 1.50 per kg. An internet auction, which is taken as guidance, shows that pigs are sold at € 1.56/kg, which is 7 cent more than last week.

According to the north German trade organization, Schlachtschweine Erzeugergemeinschaft Segeberg – Schleswig w.V., the price in Germany this week was € 1.47 and € 1.37 in Denmark. The prices in Spain, Holland, France and Belgium were € 1.50, 1.44, 1.33, and 1.38/kg respectively. (Source, Landbrugsavisen)

### **Moksel increases activities**

The German meat group A. Moksel AG is satisfied with the first four months of the year in spite of financial crisis and latest the swine flu, which not until late got another name, informs the company in a financial report. The number of pig slaughterings increased by 7.2 %. In Germany the total pig slaughterings increased by 300,000 to approximately 18 mill during the period. In spite of the increased activity the turnover of A. Moksel AG decreased to € 552 mill and the company says that the result of the four months will be a little above expected. On an annual basis the company expects a turnover of approximately € 2.1 bill and a positive result. Moksel employs 2,500 people in Germany and elsewhere.

(Source, Landbrugsavisen)

### **REWE successful on Russian market**

Despite the difficult financial situation on the markets, REWE is reporting an increase in profits by 30 - 40% per year since the opening of the first store in Russia in 2004. REWE is concentrating of the Moscow area where currently 49 stores are run. However, expansion is planned. 20 new stores will be opened in areas outside of Moscow. (Source, afz)



## SPAIN

### Exports

The company 'Monte Nevado' is the second Spanish company selling Iberian cured hams in USA. This company started sending cured hams (from white pigs) to the USA in 2008. (Source, Elgranjamon)

The Japanese Food Safety Authorities has recently updated (07<sup>th</sup> May) the list of Spanish establishments authorised to export pig products to Japan, and it is available in the CEXGAN webpage. (Source, Agrodigital)

The Spanish pig sector exported by 14% more products in the first three months of 2009 compared with 2008. The total turnover raised 4,800 million of euros. These results reveal the positive tendency in the Spanish pig sector last months. (Source, Infocarne)

### General

One year later, the new slaughterhouse of Villacastín, belonging to the company 'Centro Cárnico Integral' will go into a 'test phase' in order to check the right operation of all the facilities, including slaughter line for pigs and lambs, quartering rooms and cold stores. (Source, Nortedecastilla)

A committee (30 technicians) of thirteen Italian Chambers of Commerce (from South Italy) has visited the facilities of the Spanish company 'Cárnicas Serrano'. This company produces cured hams and it is the owner of one of the newest and most advanced ripening stores in Spain. This trip is involved in a particular European project (Foster) trying to develop the Chambers of Commerce coming from the South of Italy. (Source, Eurocarne)

### Prices

Slaughterhouse	Lleida 21.05.09	Zamora 26.05.09
Piglet 20 kg	30.0 €/Unit (+0.00)	38.0 €/Unit (+0.00)
Live fattened pig	1.120 €/kg (+0.023)	-



## PORTUGAL

### Prices

Slaughterhouse	Lisbon 18.05.09
Fattened pig – Carcass E 57%	1.470 €/kg (+0.000)



## THE NETHERLANDS

### Live exports: the implications of the growing trend

The annual report from the *Marché du Porc Breton* shows once again the growing importance of live exports and German pork exports in Europe. In 2008, Dutch live exports reached a record 8.7 m. heads (5.0 m. weaners and 3.7 m. slaughter pigs). Unsurprisingly for the first three months of the year, pig slaughter Holland fell by 7.43% (even 11.49% in Denmark), whilst slaughter in German abattoirs rose by another 5.3% to a whopping 970,000 pigs per week.

### Exports to China

Some 40 plants have applied for an export license to export to China and are awaiting the visit from Chinese veterinarians (Source, Meat & Meal).

### Jos Ramekers and PVV

Since the 4 March 2008, Jos Ramekers has been the Chief Executive of the product boards PVV (meat), PPE (poultry) and PVE. An article in Meat & Meal traces back the difficult last twelve months of the organisation on the political front with controversies against his appointments, his orientations and his salary package. This has involved many internal and external dissensions and tussles involving most of the Dutch industry: LTO (research), Vion, NVV (pig producers), COV (meat processors), FNV, KNS (Butchers), NBH (livestock traders), the authorities and even Parliament (Source, Agrarisch Dagblad).

### **Kruidenier takes over van der Zwaard**

The catering butcher from Rotterdam has taken over Horeca van der Zwaard another catering butchers and Horeca supplier from Waddinxveen.

### **Melderslo abattoir reopens**

The ex-Porkland abattoir has reopened. A. Roelen is the new Director.  
(Source, Agrarisch Dagblad).

### **Duroc pigs in fashion**

In 2008, Danebred exported 86 Duroc boars to the Netherlands, from none in 2007. Meanwhile, Hypor is purchasing the Duroc breeder Shade Oak in Canada.



**RUSSIA**

### **Zubkov calls on Russia to stop importing pork by 2012**

Russian First Deputy Prime Minister Viktor Zubkov called on Russia to stop importing pork by 2012, ITAR-TASS reported. In order to meet that goal, Russia should increase its pork production by at least 200,000 tonnes per year until 2012, he said. Zubkov also said that it was necessary to create a network of large-scale pig breeding centers in Russia's regions. It is also necessary to build modernized slaughterhouses to ensure that domestic pork accounts for at least 60% of supplies to Russia's pork processing facilities, he said. At present, imported pork accounts for 95% of supplies to Russia's pork processors.

In 2008 pork production in Russia amounted to about 2 million tons.

### **African swine fever**

Recently in the village of Nadezhda, Shpakovsky district in Stavropol one of the small private farms turned out to be African swine fever positive. Moreover, the investigation showed that this private farm by the end of 2008 had 650 pigs. At the moment when the farm became fever positive it still had 176 live and 116 dead animals, 8 pig carcasses and 400 kg of pork. Another 130 dead animals were found at a neighbouring area where dead animals are destroyed. As a result all pigs were culled and incinerated.

### **Ban on US imports**

"More than a dozen countries imposed trade restrictions on U.S. agricultural products without scientific justification as a result of the outbreak of the H1N1 virus," U.S. Trade Representative Ron said. "For us, this is a big deal. As much as \$900 million in annual U.S. exports could potentially be in jeopardy." The most problematic markets in this regard are China and Russia, Kirk said. He also noted that Russia had already been systematically limiting market access for U.S. pork through what he termed "arbitrary delisting" of U.S. processing plants. "We have raised these concerns with our Russian counterparts and will continue to press for resolution of these issues," Kirk said. He added that it would be a profound mistake to simply assume these interruptions in trade will only be temporary – a lesson livestock producers have learned all too well in recent years.

### **Imports from Japan banned**

The Federal Office of Veterinary and Phytosanitarian Surveillance reported that because of confirmed cases of human contracting H1N1 disease in Japan any imports of live pigs, pork and products which were not thermally treated (80 degrees Celcius during at least 30 minutes) from Osaka, Siga, Hego which are now considered a second rate risk are banned. The ban applies to all products produced and packaged after May 20, 2009.


### **Miratorg to receive loans from international financial institutions**

Miratorg, one Russia's largest meat producers and distributors, may receive loans from IFC and the Development Bank. The first loan worth around 1.4 bn RUR should be allocated for finishing the construction of Zhuravskiy complex in Belgorod Oblast, and another one worth US \$ 30 millions is for cash flow at Belgorog pig farms and Bryansk factory and partial refinancing of the bond issued earlier worth RUR 2.5 bn. IFC recently announced that the loan may be granted for one year with the right to extend it for another two years.

For reference: Miratorg consists of 2 grain companies, a grain elevator, feed mill, ten pig farms, a slaughter house, a JV with Brazilian Sadia producing meat products, a logistics company and a network of distribution centers, EBITDA – RUR 3.5 bn.

**BELARUS****Pigs under stricter control**

The Ministry of Agriculture and Food of Belarus will make comprehensive inspections of all large pig complexes of the country according to the press secretary of the Ministry Mrs. Kozlovskaya. Starting from last week the experts started checking the animals at farms where the population exceeds 24,000 heads and there are 107 complexes like that in country. The inspection of course will focus on veterinary issues but not only. The concern of the Ministry is also the high mortality rates, decreased meat production and lower daily gains. Earlier in May a similar inspection took place on dairy farms.

 <b>Barcelona Market Information - Week commencing 25 May 2009</b>		
Carcases (secondary grade)	Euros / kg	1.474/ 1.480
Gerona Loin Chops	Euros / kg	2.35/2.38
Loin Eye Muscle	Euros / kg	3.43/3.46
Spare Ribs	Euros / kg	2.18/2.21
Fillets	Euros / kg	5.33/5.36
Collar	Euros / kg	2.63/2.66
Round Cut Legs	Euros / kg	2.27/2.30
Cooked Ham	Euros / kg	1.94/1.97
Rindless Picnic Shoulder	Euros / kg	1.49/1.52
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	1.28/1.31
Back Fat, Rindless	Euros / kg	0.83/0.86