



June 2009 – Week 26

# Export Bulletin

*Increasing pig quote in Europe*

*Vion to close Cumbria plant*



EU

## Market

On the European market leg prices are increasing. Prices on all other cuts remain unchanged. The German quote is increasing at present and it is a clear sign of the fact that the slaughterhouses receive too little supplies. Large quantities of live slaughter pigs are being sent from Germany to Central and East Europe because the significant fall in slaughterings in this area impacted high demand. It is estimated that the demand for pork cuts in Germany will not result in increases of the quote, and it is evaluated that on the short term it will not be possible to cover the supply determined price increases. The markets overseas are still developing well. The Danish slaughterhouses estimate that they are in a positive period with respect to sales. There is uncertainty with respect to the strong fluctuations of the quote particularly in Germany. This development, however, is going to stop when prices in the various countries will reach balance. On the slightly longer term it is estimated that the financial crisis will have the impact that less people go abroad during their holidays and accordingly the demand on the large European markets is going to increase, particularly in Germany and in the UK. (Sources, Danish Crown, Tican, Danish Agriculture and Food Council)

## Increasing pig quote in Europe

In Europe pig meat prices will increase during the week. In Germany the pig producers' organization, ISN, is expecting a price increase of approximately 5 Eurocent/kg, whereas there is a plus of 2 Eurocent in France. It is due to the fact that supplies are falling, but also to positive signals from Poland that next year the Polish imports are going to double. In

Poland the domestic pig production is strongly decreasing. Somewhat surprisingly the Dutch prices cannot keep up with the German prices and it is because that in Holland just now the producers send many pigs to get slaughtered. It may have the impact that even more pigs than usual may be sent to Germany, informs ISN. Also Spanish prices are lagging behind. In Catalonia supplies are large and the price situation also had the impact that the Spanish producers are demanding increased export subsidies from the EU. The increase in Germany follows a fall in prices last week and it meant that the German quote approached quite closely to the Danish quote. (Source, Landbrugsavisen)

### **BPEX Knowledge Transfer EU Hub – Pig World**

The BPEX Knowledge Transfer (KT) team will be getting together with a number of their European counterparts at the inaugural meeting of the EU KT Hub later this month. As well as increasing the number of study tours the KT team and KT pig clubs participate in, the BPEX team plans to set up a unique network with fellow KT professionals to discover how other countries approach knowledge transfer, share ideas and learn from each other, so that BPEX can deliver an even better service to levy payers. Topics for discussion will include health initiatives, the challenges and solutions of environmental legislation and how different countries engage with their producers. Representatives from France, Ireland, Northern Ireland, Scotland and The Netherlands will be attending, and BPEX hopes to attract people from even more EU countries once the hub is established. Look out for the outcomes of this exciting initiative on the BPEX website and in next month's issue of Pig World, or contact the KT team directly: [kt@bpex.org.uk](mailto:kt@bpex.org.uk)



**DENMARK**

### **Falling Danish exports of pig meat**

Exports of pig meat fell by more than € 80 mill during the first quarter of the year. However, it is partly balanced by higher exports of live pigs and other meat products. The statements for each of the months show that the fall in exports was particularly strong during February and that already during March exports improved again, according to chief consultant Klaus Jorgensen of Danish Agriculture and Food Council. (Source, Danish Agriculture and Food Council)

### **Vion closes department in the UK**

Vion, the number three slaughterhouse in the world, is going to close down another plant in the UK. The closing down follows the closing of four other plants in recent times. The next closing will be of the plant in Cumbria, effecting 100 employees. The sausage production will be moved to Hull in northern England. At the time when Vion acquired Grampian in England more plants were merged and 1,300 employees were made redundant. Last year, the Dutch company had a turnover of € 8.5 bill, while this year the result was reduced to less than the half to € 53 mill. The company has its headquarter in Son en Beugel in the Netherlands and employs 35,000 all over the world. Behind the company is the south Dutch farmers union Zuidelijke Land ZLTO with 18,000 members.

(Source, Landbrugsavisen)

### **Tican quits export of living sows**

The slaughterhouse company in Thisted entered an agreement with Danish Crown on sending between 200 and 300 sows per week to Danish Crown's plant in Sæby or Skaerbaek. By doing so Tican will stop exporting living sows to Germany. Tican was criticised for sending the sows on the long journey to Germany. According to Danish Crown, the arrangement will have no impact on employment at the slaughterhouse in Sæby having 900 employees. (Source, Landbrugsavisen)

### **Danish Slaughterhouses - payments for 2009 Week 26**

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 1.282* +0.027	Euro 1.242 +0.027
Sows (Above 129.9 kg) Difference to last week	Euro 0,961* +0.027	Euro 0.894 +0.027
Boars (Above 109.9 kg) Difference to last week	Euro 0.828* +0.027	Euro 0.761 +0.027

\*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**

### **Aoste**

On top of the new "Cochonou" organic short "saucisson" produced with natural casing, the leader of the dry "saucisson" market (19% market share in value for 4 000 tonnes per year) is enlarging its territory with the launch of two new products

- a new roasted pork joint with Rosemary and thyme (100g for 2 slices at 1.65€)
- a new cooked ham "Au torchon" : 160g for 4 slices at 2.16€/Kg.

### **Cooperl AA & Brocéliande**

Following the successful merger with Arca, Emmanuel Commault, President of Cooperl Arc Atlantique does not deny his interest for Brocéliande. The new French leader of the pig market (6 million pigs reared by 2000 producers and processed by 3 300 staff) could benefit from synergies with Broceliande which could generate € 6 to 7 million.

### **Market data for week 25**

#### **Pigs**

The prices of the pigs for charcuterie were hardening last week under the influence of offers measured for a steady demand. This tendency may stabilise over the next few weeks. The availability of livestock will be moderate, whereas slaughterhouse demand could increase, especially if the sunny weather continues. However, the rate of increase could be less than hoped for by breeders. The second part of the month could show a reduction in pig meat sales. With school holidays approaching, caterers will also be reducing their purchases.

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



**GERMANY**

### **Publication of recipients cause discussions about EU subsidies**

Recently, Germany became the last European Union country to make public a list of those companies and individuals receiving EU agricultural subsidies. This publication has caused

discussions about the justification of EU subsidies. Rather than direct payments, granted export refunds met with criticism. NGOs such as Oxfam Germany took the opportunity to affirm their general criticism towards financial support for exports of agricultural products. This discussion does apply to the meat industry as Gausepohl Meat GmbH, Vion Trading, Tönnies and Westfleisch were under the main recipients. The German butcher's organisation stated in a press release, that export refunds are not to be considered a direct support towards the companies, and that the biggest share is passed on to the farmers.

The German Farmers Union has strongly criticised the lack of publication of subsidies paid to other industry sectors. By only making agricultural payment public, the agricultural sector might seem over subsidised.

### **Pork is favourite**

According to a recent research, pork is still the German's favourite meat to be put on the barbecue, accounting for 88% followed by poultry and beef. 11% of the respondents stated that they even have a barbecue on New Year's Eve.



### **SPAIN**

### **Exports**

Spain exported last year 36% (1.3 million of tonnes) of its total production, what meant an increase of 25% compared to previous year. (Source, Agrodigital)

### **General**

The Autonomous Government of 'Castilla y León' has declared 7 new provinces where extensive pig production is allowed, taking into account that this Spanish Region has 1.6 million hectares with trees producing acorns (main ingredient of Iberian pig feeds). This kind of production system was forbidden 28 years ago for keeping African Pig Fever under control. The decision will increase Iberian pig production by 40% in this Region. (Source, Agrocope)

### **R&D, chorizo fat reduction**

The Spanish company 'Cárnicas Serrano' has presented its new 'chorizo' with a lower fat content (reduction of 96%, raising a final fat content of 1.5%, instead of the original 40%),

within the new promotional line of healthy products developed by this company. This new product was rewarded with the 'Sabor del Año' (taste of the year) award, a distinguished label in France and now in Spain. This company attended also to the 'Innoval' fair introducing newest products like the Vegetable Hamburger or the Mortadella with low fat content. (Source, Infocarne)

### Prices

<b>Slaughterhouse</b>	<b>Lleida 18.06.09</b>	<b>Zamora 23.06.09</b>
Piglet 20 kg	26.5 €/Unit (+0.00)	35.0 €/Unit (+0.00)
Live fattened pig	1.213 €/kg (+0.040)	-



### PORTUGAL

The 'XII Feira do Presunto' will take place in the Portuguese village of Monchique, next 4-5 July, with 30 stands promoting the good qualities of 'Presunto Tradicional da Serra de Monchique', a typical pig product produced in Portugal. (Source, Agroportal)

### Prices

<b>Slaughterhouse</b>	<b>Lisbon 15.06.09</b>
Fattened pig – Carcass E 57%	1.580 €/kg (+0.040)



### THE NETHERLANDS

#### Vion payment grid to privilege high lean yield

This week, Vion payment grid changed. Pigs with 58 – 60% lean meat are still paid base price; however, pigs 61 – 63% are now paid a premium of €c. 3 /kg and pigs above 64% are paid and extra €c. 5 /kg. This will favour Piétrain genetics, whose penetration has been growing in the Netherlands.



## **RUSSIA**

### **June animal population updates**

The Russian Statistics Agency reported that as of June 1, 2009 cattle population on all farms in country totaled 22.1 million heads which is 2.4% down vs. the corresponding indicator a year ago. Particularly, pig population is 17.9 millions or 4.1% up, goats and sheep – 23.9 million heads or 0.4% up. **For reference:** cattle owned by small private farms accounts for 48.9%, pigs - 39.4%, goats and sheep - 50.2% which goes in line with past year's indicators except pigs where large producers now account for 5% more pigs. During January-May Russia produced for slaughter 3.4 million tons of all meat in live weight.

### **Ban on Slovakian pork lifted**

Russian Agricultural Surveillance Agency (RosSelkhozNadzor) lifted the ban on imports of pigs and products from Slovakia that was imposed back in 2008 following problems with classic swine fever in Slovakia.



## **UKRAINE**

### **Ukrainian meat seeks EU markets**

The EU experts plan to pay a visit to Ukraine where they will inspect the production procedures of pork and beef at local factories. Inspections will be made only for those companies which will apply for meat exports to EU. Earlier this year EU experts visited poultry farms and meat processing facilities. Within two months the decision should be made if Ukrainian farms qualify for exports of poultry meat to EU. Particularly, Dan Farm, Nasha Ryaba and Terezino companies were inspected.

### **June animal population updates**

The Ukrainian Statistics Agency reported that as of June 1, 2009 pig population reached 7.083 millions or 6% up. **For reference:** Pigs owned by small private farms accounted for 57.5%. During January-May Ukraine produced for slaughter 1.079 million tons of all meat in live weight.



**HUNGARY**

### **Meat sector in difficulty**

Some 73 mainly small meat companies failed between January and April. Herz itself is under threat. It owes banks Ft 3 bn. and is unable to pay wages or buy raw material. It had to lay off 130 of its 500 staff. With the pig herd at record low, there is a grave overcapacity in the sector. High taxes and falling consumption are also blamed.



**IRELAND**

### **Snapshot of Irish processing**

The latest estimated share of Irish pig slaughter is as follows:

Edenberry	27 %
Roscrea	27 %
Mc Carren	9 %
Stauntons	11 %
Dawn Pork & Bacon	16 %
Green Pastures	7 %
Ballon	2 %
Garbally	-



**SWEDEN**

### **Danish pork boycott**

Danish Crown is fighting a boycott of Danish pork in Sweden due to the lower welfare standard of imported pork. Sweden is a major market for Danish pork worth € 135 m.



**USA**

### **Fewer pigs in the US**

The American pig producers are struggling with red numbers in the financial accounts and the increased number of sows slaughtered makes the price of sows decrease. Since September 2007, most American producers have struggled with poor financial accounts as a result of increased feed prices and a decreased demand of pig meat. At the "World Pork Expo" in Des Moines in Iowa more American analysts and farming economists determined that the supply of pigs in the US needs a decrease of 5 % the next six months in order to bring prices back to a level, which will imply that the producers' economy can reach a break-even in 2010. According to the president of "National Pork Producers Council" (NPPC), Don Butler, the expectation is that from now on, the American pig stock will be reduced by 3-5 %. (Source, Danish Agriculture and Food Council)



**CANADA**

### **Pork crisis**

Manitoba pork producers have told government officials their industry is in crisis and that nearly one-third of pig farmers have gone out of business in the past two years. "It's by far the worst that our industry has ever seen in Canada," Jurgen Preugchas, chair of the Canadian Pork Council, told CBC News. He said the industry generates almost \$8 billion in economic activity in Canada each year. "It's a lot of money. And if we let that go under in a time like this when jobs are hard to come by, another 42,000 unemployed wouldn't look very good," he said. The combination of low hog prices, fluctuating currency exchange rates, high input costs, and an erroneous perception that the H1N1 virus is somehow related to pork has left the industry on its knees.