

- *Lawsuit on compensation to Danish pig farmers continues in Germany*
- *Decreasing costs for pig production in NL*
- *New subsidy for Irish pig farmers*



EU

In general the market is affected by the reduction by 6 euro cent of the German quotation last Friday and also by the beginning of the holiday season in the processing industry in Europe. It leads to some uncertainty on the market regarding the future price developments for pig meat.

On the European market fresh legs are sold at slightly decreasing prices. Likewise other types of cuts are sold at slightly falling prices. Sales to the British bacon market are quiet and the price level remains unchanged. The market situations with regard to countries outside the EU remains unchanged, which means that there is a fine activity to Russia while Japan, Australia and the US purchase small amounts. (Sources, Danish Crown, Tican, Danish Agriculture and Food Council)

Decreasing pig meat production

It is expected that this year the production of pig meat will decrease by a few percent both within the EU and in the US and in both areas the decrease is due to the poor economy in the pig production, Agra Europe informs. Almost every country within the EU – except from Germany – reports of decreasing production, but there are large differences among the various countries. For instance in the Czech Republic the production is expected to fall by one fifth this year, and Poland has also been affected by a strong decrease. In the UK the number of pigs has been steadily decreasing during the past 10 years. This year the production of pig meat within the EU is expected to be 22.2 million tonnes. It is more than twice as much as the production in the US, which is 10.3 million tonnes. (Source, Landbrugsavisen)



DENMARK

Risk of Tican being excluded from Russia

Again the slaughterhouse Tican risks to be excluded from the Russian market due to the fact that the Russian authorities claim to have found residues of antibiotics in pig meat from the slaughterhouse. Therefore, the Russians have intensified the control of the slaughterhouse. The managing director, Ove Thejls says to the TV2 channel that the concentrations of antibiotics, which the Russians found, are far below the EU permitted maximum level, and moreover Tican is not the only slaughterhouse, which has been submitted to an intensified Russian inspection.

Last year, Tican was excluded from the Russian market for 8 months, which led to a loss of approximately € 2 million. Since then, the slaughterhouse moved a large share of its exports away from the Russian market. (Source, TV2)

Danish Slaughterhouses - payments for 2009 Week 29

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	- 0,027	- 0.027
Sows (Above 129.9 kg)	Euro 0,960*	Euro 0.793
Difference to last week	- 0,027	- 0,027
Boars (Above 109.9 kg)	Euro 0.827*	Euro 0.760
Difference to last week	- 0,027	- 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

A deep crisis

At € 1.4 / Kg the price of French pigs will not be sufficient to save the most indebted producers. On the processors front, their financial situation worsened over the first half of 2009, they have to bear the degradation of the currency of most of their customers, and the subsequent payment insurance costs. Charcuterie processors will suffer and some of them could disappear

during the year. The transparency of the price structure is an additional tool to restore a better balance but producers also complain about the repetition of special offer at increasingly low prices. The mention of the country of origin at retail level is now supported by the whole chain including retailers. The production in France is stable; it is increasing in Spain and in Germany where production costs are lower. The competition is fierce and when 3 years ago, 98% of pig meat on retailers' shelves were French, today the share of imported pig meat has reached 15% of the market.

Pressure from processors

Abattoirs increased their pressure on the base price (56TMP) last week and this pressure was exacerbated by the fact it was a 4 working days week. The demand from certain part of France (touristic regions) maintained a fairly dynamic market, having said that, the availability was largely sufficient. Export market still is fairly quiet.

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



GERMANY

Lawsuit on large compensation back to the court in Cologne

The fight concerning a possible huge compensation to Danish pig producers continues in Germany. The lawsuit concerns a compensation for a German import ban on non-castrated Danish male pigs in the 1990's. Danish pig producers demanded compensation and the EU court considered the case and sent it back to the German system of justice. The Danish pig producers claim a compensation of € 150 million. (Source, Ritzau)

Increasing exports to Poland

Due to the decreasing production and increasing demand for pig meat in Poland, Polish imports of pig meat continue to rise. In the first quarter of 2009 imports totalled 119.300 t which is an increase by 38% compared to last years figures. Imports from Germany have increased by 52% to a total of 41.000t. Therewith, Germany has replaced Denmark as Poland's no.1 importer of pig meat. (Source, afz)



SPAIN

Exports

The 'Framework list of Spanish establishments allowed to export animal products to South Korea, Mexico, Brazil and USA' will be finally closed next 6th September. The companies fulfilling all health requirements asked by imported countries mentioned before will be included in this Framework list. Previously to the established date, these firms have to send an application to the Spanish Ministry of Environment, Rural Development and Fisheries certifying they fulfil all the requirements indicated in the Royal Decree 265/2008. (Source, Eurocarne)

In January-April 2009 Spanish exports of meat products increased by 2.4% (worth 916.5 million euros). This positive result comes from the increase in pork meat exports (13.6% and 509.7 million euros). The rest of meat exports have decreased compared to previous year (data from ESTACOM, Spanish Foreign Trade Institute, ICEX). The 55% of national exports value corresponds to pig sector. (Source, Ediporcguia)

Industry

The Spanish firm 'Jamón de Salamanca' producing Iberian cured hams will receive a national subsidy of 1.2 million Euros for investment projects, increasing the company staff in 12 new workers. (Source, Eurocarne)

Meetings and Courses

The 60th Annual Meeting of the European Association of Animal Production titled 'Bio-diversity and Sustainable Animal Production Systems: environmental, economical and social aspects' will take place in Barcelona from 24th-27th August. There are 1,300 people registered, and 800 scientific communications approved. (Source, Agrodigital)

Promotional Campaigns

To promote Spanish cured ham throughout the French speaking parts of Europe, a TV campaign has been developed, both in France and the French-speaking area of Belgium (Brussels and Valona region). The promotional spot will be watched in July 09 in the TF1, France 2, France 3 and France 5 French TV channels. (Source, Eurocarne)

R&D projects

'AIM Ibérica' the Spanish company belonging to the Dutch Group 'Pigure', experts in pig artificial insemination, has recently signed a collaboration agreement with the University of Murcia (Reproduction and Obstetrics Department of the Veterinary Faculty and the Physical-Chemical Department of the Faculty of Chemistry). The research will be about 'Laser efficiency evaluation for quantifying number of spermatozoa ejaculated in pigs', and five Artificial Insemination Centres from AIM Ibérica will be involved. This is an initial stage of research projects that will take place in Spain, The Netherlands, Portugal and Brazil. (Source, Ediporcguia)

Prices

Slaughterhouse	Lleida 09.07.09	Zamora 14.07.09
Piglet 20 kg	31.5 €/Unit (+3.00)	40.0 €/Unit (+1.00)
Live fattened pig	1.305 €/kg (+0.015)	-



PORTUGAL

Prices

Slaughterhouse	Lisbon 06.07.09
Fattened pig – Carcass E 57%	1.730 €/kg (+0.050)



THE NETHERLANDS

Costs for pig production decreasing

Over the past six months the costs in the Dutch pig and piglet production have fallen by 5 %. The main causes are the technological development and lower feed prices. This is according to recent research made by Wageningen University and Research Centre's Animal Science Group. Now the costs of producing a piglet is € 57.8, and in January, the cost was 60.7 €. A kg of pig meat now costs € 1.83 while before it cost € 1.93. At the same time, the Dutch pig meat export is decreasing – in one year it has decreased by 14 percent. Germany, Greece and the UK are all

importers of Dutch pig meat but Italy is the most important importer with 22 percent of the total Dutch pig meat export. The Netherlands are still the seventh largest exporter of pig meat – after the US, Germany, Denmark, Spain, Canada and Belgium. (Source, Landbrugsavisen)

New 'Pig City' for Den Haag

Architect Winy Maas from MVRDV bureau has presented a new 'blue sky' project of pig farm for Den Haag and a think tank the Why Factory. The large pig farm is very environmentally conscious and has the particularity of standing in a glass dome. The concept has little in common with the pig city project of 1997, which planned for 67 towers of pig flats.

Promotion of Dutch piglets

The Bureau for Dutch Livestock Exports (BNVE) will spend € 86,000 of PVV funding to promote Dutch piglets on the German market as part of an overall € 200,000 export promotion funding for livestock exports.

New structure at Vion

The direction now includes Uwe Tillmann (MD), Ton Vernaus (Finance Director), Dirk Kloosterboer (Vice-President, Ingredients), Ton Christiaanse (UK Food), Peter Beckers (NL, Germany and International Food). Bas Ablas reports to Peter Beckers for Netherlands Food as does Marc van der Lee, Communication Director.

Topigs is happy with new boars

Sales of Talent semen (Duroc) have risen to 441,700 doses, whilst sales of Top Pie semen (Piétrain) have now reached 450,800 doses. Both boars account for 27% of Topigs semen sales of 2 m. doses whilst sales of Tempo have fallen to 44%. Altogether Topigs semen sales have risen 3.4% in 2008. The Topigs line 20 female accounts for 76% market share Topigs L30 10% and Topigs L40 8%. Total production in 2008 was 72,000 gilts.



RUSSIA

Russia to turn into a meat exporting country

Russian Ministry of Agriculture (Minselkhoz) believes that in 5-8 years the domestic meat producers can start exporting Russian meat to Europe and other countries. "At the moment we

run negotiations with the European Commission on the admission of Russian grain to the European markets. In the long run, we would like to start exporting high-quality Russian meat to the EU countries," Deputy Minister of Agriculture Alexander Petrikov explained. He says export prospects would first be such products as marble beef from Kalmykiya, pork and poultry produced under the ecologically clean conditions." Hardly anybody believes not so long ago that Russia could make a name in the meat market. However, now Russia holds a substantial market share in this sphere of the world economy," emphasized Petrikov. However, he confessed that the negotiations on the Russia's admission to the European markets are proceeding with difficulty. At the same time the Deputy Minister noted that Russia has started signing separate food supply contracts to the countries outside the former SU, as part of the big world agricultural exhibitions, including the "Green Week" in Berlin.

Russia lifted ban from US pork

Russia has now lifted a ban from US states Illinois, Pennsylvania, Texas and New Jersey.

Pork production up, consumption down

Amid the financial crisis, the growth rate of the pork production in Russia may slow down to 4.5%, while the consumption may decline 2%, according to forecasts of some key agricultural experts. One of the key strategic objectives of the development of the pork market is the import substitution. At the moment the market share of the imported pork is 20%. By the year 2012, the domestic pork production must entirely substitute the import. In 2008, a substantial, almost 30% growth, in the pig production prices was observed. It was related to the growth of the production cost as a result of the increase in the feed prices. The dynamics of the production output in the period of 2003-2008 has been unstable. Due to the reduction of pig livestock, poor quality of stock breeding, and gaps in the investment flow, the production growth in the sector alternated with a reduction. However, before 2005 the pork production had showed a positive growth as a result of the quota systems introduced in 2003, which enabled an increase of the domestic prices and production profitability growth. Despite the big investments in pig production, after 2005 the industry did not show high results as, for example, with the poultry sector. One of the reasons is a longer production period of pig farms – between 2 – 2.5 years.

For reference: currently, the key Russian pork producers are agricultural companies such as PRODO, AGRO-BELOGORYE, and APH MIRATORG, whose core business is pig production. Cumulatively they account for 16% of the market on the live weight basis (according to the year-end of 2008).



UKRAINE

Ukraine aims for meat exports to EU

The European Commission experts are coming to the Ukraine in October this year to inspect the pork and beef production process, said Yuriy Melnyk, the Ukrainian Agricultural Minister. "In October, the European Commission experts are going to inspect our big stock breeding complexes. The so-called 'red meat', pork and beef, is on the agenda," the Minister said.

Mr. Melnyk says if the results of the inspection are positive, Ukrainian meat will be admitted for eventual import into the EU. According to UNIAN (the Ukrainian Information Agency), Melnyk stated that only those farms will be inspected that will apply for an export permit of their products to the EU. The Chair of the Ukrainian State Veterinary Medicine Committee, Petro Verbytskyi said that the Veterinary Service of Ukraine intends to introduce a regular inspection of the farms potentially exporting products to EU.

For reference: In June, a delegation chaired by Marian Fischer-Boel, Commissar on Agricultural Issues and the Rural Area Development of the European Commission, visited the Ukraine. The delegation inspected the meat processing factory Legko, OOO, and DAN-FARM Ukraine. At that time potential poultry meat exporters were in focus.



IRELAND

New subsidy for pig farmers

The Irish government has allocated € 13 m. to pig farmers to help convert sow stalls to loose house systems. This comes from the € 113 m. EU modulation funds.

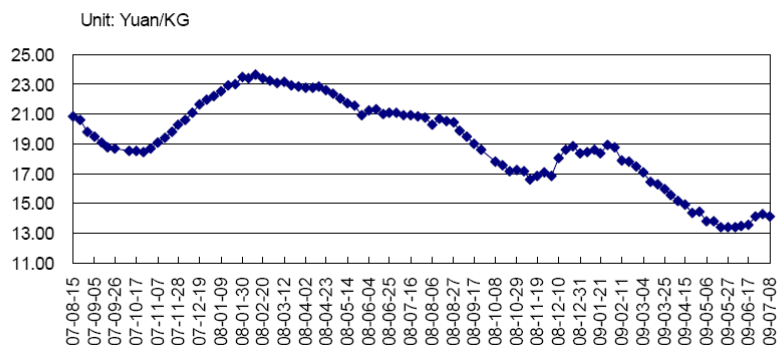


CHINA

Pork prices fall to abate

Government intervention on the pork market is starting to have an effect. However, prices have fallen by 40% from their 2007 peak (see below).

Figure 3, China Weekly Wholesale Prices of Pork in 36 Large Cities, 2007-2009



 Pork Prices Hamburg Market Week commencing 13 July 2009			
	Cut Name	Closest Export Manual Code No.	Price Range (Euro / kg)
1.	Round cut leg	51121	2.18/2.35
2.	Leg (boneless, rindless max fat level 3mm)	51121	3.05/3.20
3.	Boneless Shoulder	56200	2.50/2.70
4.	Picnic Shoulder	56120	1.95/2.15
5.	Collar	56130	2.45/2.60
6.	Belly (bone in, ex-breast)	55100	2.30/2.40
7.	Sheet Boned Belly (rindless)	55210	1.75/1.90
8.	Jowl	50230	1.35/1.45
9.	Half Pig Carcasses	U Classification	1.91/2.11

 Pork prices Barcelona Market Week commencing 13 July 2009		
Carcasses (secondary grade)	Euros / kg	1.717/ 1.723
Gerona Loin Chops	Euros / kg	2.45/2.48
Loin Eye Muscle	Euros / kg	3.63/3.66
Spare Ribs	Euros / kg	2.33/2.36
Fillets	Euros / kg	5.53/5.56
Collar	Euros / kg	2.63/2.66
Round Cut Legs	Euros / kg	2.43/2.46
Cooked Ham	Euros / kg	2.20/2.23
Rindless Picnic Shoulder	Euros / kg	1.59/1.62
Belly	Euros / kg	1.98/2.01
Smoked Belly with Spare Rib Section Cut Off	Euros / kg	2.41/2.44
Shoulder Chap or Head Jowls	Euros / kg	1.28/1.31
Back Fat, Rindless	Euros / kg	0.83/0.86