BPEX Export Bulletin

July 2009 – Week 30

- ***European exports to Ukraine banned and allowed once again***
- ***Low demand for pig meat on the European markets***
- ***Brazilian pork producers still in the red***

EU

Market

There is still a relatively low supply of ready-to-slaughter pigs in Europe but the low supply matches the present demand. At the European market fresh legs are sold at unchanged prices. Other cuts are likewise sold at a more or less unchanged price level. Regarding countries outside the EU the market situation remains unchanged as well, which means a good activity to Russia while sales are steady to Japan, Australia and to the US. (Sources, Danish Crown, Tican, Danish Agriculture and Food Council)

DENMARK

Cost of wastewater

The cost of water and wastewater in the individual municipalities will have an impact when it will be decided which of the Danish Crown slaughterhouses that will be closed down.

Therefore, Danish Crown has addressed the municipalities in which the company's slaughterhouses are situated in order to get information on the expected cost of water and wastewater over the next five years. The expenses for water and wastewater are strongly increasing and will be one of the parameters when the group will consider which of the slaughterhouses to close down, Søren Eriksen informs, technical manager of Danish Crown. (Source, DR)

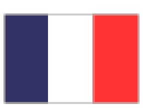
Tican approved by US inspector

The US inspector just went through the physical standard of the Tican slaughterhouses and its documentation of the production. The business was approved and accordingly it is still on the official list of approved companies. (Source, Tican)

Danish Slaughterhouses - payments for 2009 Week 30

Slaughterhouse	Danish Crown		Tican
Slaughter pigs (70.0 - 86.9 kg) Difference to last week	Euro 1.306* Unchanged		Euro 1.266 Unchanged
Sows (Above 129.9 kg) Difference to last week	Euro 0,960* Unchanged		Euro 0.793 Unchanged
Boars (Above 109.9 kg) Difference to last week	Euro 0.827* Unchanged		Euro 0.760 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

New campaign

Pig producers in Brittany have decided that after 15 years of hard work it is now time for them to communicate with the general public. A new logo "Pig producer from Brittany - with heart and passion" will be present on all posters, leaflets and articles relating to the issues environment, animal welfare, product quality and employment. Until today 438 effluent treatment units have been built within the last 10 years to treat nitrogen and phosphorus. 17 million nitrogen units have been processed since 2002, representing 3 water treatment units for 3 million inhabitants.

90% of pig farms are engaged in a quality programme in Brittany. The campaign is in place with regional daily press and internet where videos are put on line: www.coeur-d-eleveur.com

Cooperl Arc Atlantique

CAA produces more than 6 million pigs per year and over 5 million head at abattoir level and a result of €1 377 000 in 2008 compared with €7 533 000 in 2007 (cost of the merger of Cooperl with Arca). The company run by Emmanuel Commault is now negotiating the purchase of Brocéliande, the dry charcuterie division of the Unicopa cooperative group. The deal could be sealed before the end of July. Emmanuel Commault maintains his ultimate objective to save €1 per pig per year.

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

GERMANY

Market

Demand for pigs for slaughter and pig meat moved into opposite directions. While demand for pigs was good, demand for pig meat continued to be sluggish which is partly due to the holiday season as well as changeable weather conditions. It is noticeable on the German markets that pigs are in short supply in the neigbouring countries as well as in Southern Europe and also, that on EU-level the number of pigs available has so significantly decreased compared to last year.

Live exports causing concerns

Experts criticise the increasing number of live animals being exported into the Eastern European countries as the thread to spread diseases is therewith increasing rapidly. As swine fever is a continuous problem in Russia experts are concerned about the virus possibly being brought to Germany on transport vehicles, which would immensely affect the domestic producers. Some ten thousand pigs per week are transported to Russia and Poland. (Source, afz)

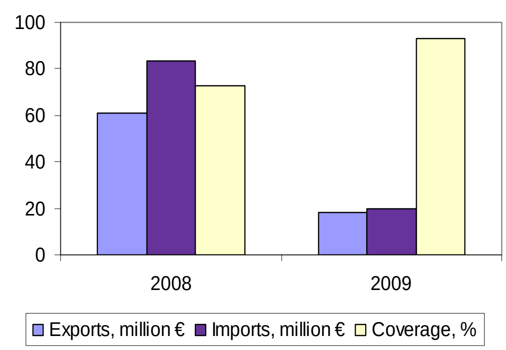
German prices for slaughter pigs

SPAIN

Exports

The Spanish Institute of Foreign Trade (ICEX) has recently published some statistical data that shows a clear change in Spanish Foreign trade. In 2008 Spain imported more pigs than those exported (with a positive coverage of 73%), while in 2009 both exports and imports are quite balanced (with a coverage of 93%). All these data show the critical situation of the pig sector, with a lower domestic demand and excess of production (Source, ESTACOM-ICEX)

Spanish live pigs trade



Spanish Live pigs Trade (2009)

2009	Exports, €	Imports, €	Balance, €	Coverage
Jan	4,513,603.25	4,652,714.39	-139,111.14	97.01 %
Feb	4,691,837.74	7,530,896.01	-2,839,058.27	62.3 %
March	4,399,781.21	3,190,419.99	1,209,361.22	137.9 %
April	4,741,871.60	4,354,476.53	387,395.07	108.9 %

In summer time, there is usually less pork consumption and pig weights decrease, so that exports decrease too. To face the situation, slaughterhouses have decided not to slaughter once a week. (Source, Agrodigital)

Two new models of exportation certificate have been approved by Republic of Serbia and Mongolia for exports coming from Spain of meat products (ASE-854) and pig products (ASE-853), respectively. This new certificates are available in the CEXGAN webpage. (Source, Mapya)

The list of Spanish establishments authorized to export pig products to South Korea has been recently extended, including 3 new establishments. This new list is available in the CEXGAN Web page of the Ministry of Environment, Rural Development and Fisheries. (Source, Mapya)
The first batch of Iberian hams and 'chorizos' that will enter the New Zealand market, in luxury hotels and restaurants, will be from the Spanish company COVAP, which already exports its products to 25 countries. They are planning to also export to Australia, Brazil and United States, at the end of the year. The initial batch consists of 200 hams and other products (worth 60,000 Euros). On the New Zealand side imports will be handled by 'Baroni Foods'. (Source, Elgranjamon)

Industry

The Enterprise Group 'Hermanos Agustín', based in Salamanca and considered one of the most important Spanish companies producing Iberian pig products has presented a creditor's meeting. According to 2006 figures, this group slaughtered 270.000 Iberian pigs, becoming the first Spanish company in the Iberian pig sector. (Source, Elgranjamon)

General

Iberian hams and those coming from white line pigs have different nutritional properties. White line hams contains less calories and fats than Iberian hams, but also less content of quality proteins and a significantly higher sodium content, not favourable for hypertensive people. Iberian ham contains higher levels of calcium and vitamin B, mostly B12 and folic acid. Even though Iberian ham presents a higher fat content, this consists mostly of monounsaturated fats. Both products are healthy, rich in unsaturated fatty acids and minerals. (Source, Elgranjamon)

Prices

Slaughterhouse	Lleida 16.07.09	Zamora 21.07.09
Piglet 20 kg	34.0 €/Unit (+2.50)	39.0 €/Unit (-1.00)
Live fattened pig	1.305 €/kg (+0.000)	-

PORTUGAL

Prices

Slaughterhouse	Lisbon 13.07.09
Fattened pig – Carcass E 57%	1.750 €/kg (+0.020)

THE NETHERLANDS

Abattoir concentration

The larger plants, Vion Boxtel, Vion Helmond, Vion Nijmegen, Vion Apeldoorn, Vion Meppel, Compaxo and Hilckmann (Nijmeegse Grossiers Combinatie) slaughtered 9.717 m. pigs in 2008; medium size plants Vion Groenlo, Vion Druten, Gosschalk (Epe) and Westfort (Gorinchem) have increased slightly their market share (+6%) with 3.217 m. pigs; the smaller abattoirs Ebergen Vlees (Lith), Ballering (Son) and de Wit (Geldrop) slaughtered 753,000 pigs between them. It is worth of note that half of the Dutch slaughtering capacity is located in a small area of Northeast Brabant around Eindhoven.

Bacon production

According to the latest PVE Year Book, the number of plants producing bacon has increased from 9 in 2007 to 10 in 2008. The largest producing more than 7,500 tonnes per year are Persoon (Lisse), Vion (Scherpenzeel, Beuningen and Doetinchem), Compaxo (Zevenaar). Medium-size plants producting 5-7,500 tonnes include Van Rooi (Someren), Van der Mey (Sassenheim), Lunenburg (Oudewater), Van der Bent (Zoetermeer). There is only one smaller plant, Kroda

(Harreveld). Dutch bacon production peaked in 2005 with 148,000 tonnes and is now down to 128,000 tonnes.

More movement in Vion's management

Although we unveiled last week the latest management structure, Bas Alblas, MD for Vion NL, has resigned for 'personal reasons'. Maarten Kursten, currently Director of Operations has been nominated to replace him.

Pork retail sales doing well

As for the UK, the crisis is benefiting pork retail sales up 3%.

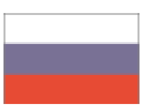
Dutch pigs heavier

Some 330,000 slaughter pigs weighed more than 110 kg in 2008, a record.

BELGIUM

Pig farmers are blockading supermarkets' distribution centres

The pig farming unions in Belgium and Holland are incensed with falling prices and, imitating dairy farmers, are blockading the distribution centres of the main supermarkets.



RUSSIA

Russia lifted a ban from North American pork

Russia is to lift its ban on live pigs and raw pork imports from the US state of Wisconsin and Canada's Ontario province from July 18 which were put in place due to H1N1 fears.

The animal and plant health watchdog Rosselkhoznadzor said it now applies a ban on imports of live pigs and uncooked pork from only one US state - Florida, as well as the whole of Great Britain and three Japanese prefectures. Rosselkhoznadzor is still holding a tougher ban on all types of meat from Mexico, Central American and Caribbean states.

For reference: The ban also applies to all raw and cooked meat products which may be carried in the personal luggage of passengers and crew, as well as to food served on board airplanes and ships which have stopped in these places.

UKRAINE

Restriction on imports of food products of animal origin postponed

The Ukrainian government was planning to impose restrictions on import procedures for products of animal origin. As the deadline mentioned for new changes to take effect was July 23rd the private sectors showed strong opposition and negative reaction to such changes as well as clearly communicated messages from both EU and non-EU embassies and trade economic missions.

On July 16th the lobby group addressed a letter to the Head of the State Veterinary Service, Petro Verbitsky, Minister of Economy, Bohdan Danylyshyn and Deputy Minister of Economy, Valeriy Pyatnitsky (responsible for WTO-related policy) asking to postpone implementation of the new import regulations and clarify the logic of such radical changes which only complicate the regulatory environment creating additional trade barriers and decreasing the competitiveness of the Ukrainian economy during these current turbulent times. The Ministry of Justice was also involved and the Minister of Justice has addressed the General Prosecutor Office with the request to check the legal grounds to introduce new changes and regulations as the current analysis and statistics show that there is no reason to introduce serious strengthening of the veterinarian control with such short deadlines.

For reference: on Wednesday, July 22nd the State Veterinary Service of Ukraine published the official decision to postpone the implementation of the restriction on Import of Food products of Animal Origin. Originally the Ukrainian CVO announced an introduction of a mandatory inspection starting from July 23rd for importers trading in animals and animal products which were willing to continue doing imports in Ukraine. Imports would only be allowed to those companies whose counterparts abroad prove that their facilities are adequate in terms of epizootic requirements, procedures, and storage conditions upon the inspection of the Ukrainian CVO officers. During January-May 2009 Ukraine imported around 140,000 t of meat of which in May 42,000 t.

European exports banned and allowed once again

Seeing the situation from a UK perspective, Defra has issued in quick succession two Consumer Information Notes CIN 69 and 73, the first one putting the license of export certificates to the Ukraine on hold (i.e. in practice stopping exports) but the second one acknowledges the postponement of the new measures by the Ukrainian authorities and allows exports again. This has been confirmed by the European Commission and UECBV, the European meat trade organisation. The European Commission had written to the Ukraine in strong terms to oppose the measure.

Ukraine: foodstuffs production updates January-June

Commodity, ths. tons	June 2009	June 2009 in % vs. June 2008	Jan-June 2009	Jan-June 2009 in % vs. Jan-June 2008
Beef and veal fresh or chilled	7,5	84,7	35,9	65,6
Beef and veal frozen	2,9	94,8	11,2	46,2
Pork fresh or chilled	8,6	86,6	44,8	63,9
Pork frozen	0,5	56,9	2,4	36,9
Poultry meat and products fresh or chilled	55,3	127,3	299	111,8
Poultry meat and products frozen	6,8	117,5	38,5	106,8
Sausages and products	22,6	80,4	127	81,3

Ukraine: animal population July 1, 2009

Amimals, ths. heads	All farms			Large farming operations			Small individual households		
	as of 1.07. 2009	vs. 1.07.2008		as of 1.07. 2009	vs. 1.07.2008		as of 1.07. 2009	vs. 1.07.2008	
		+, -	2009		+, -	%		+, -	%
Cattle	5797,5	-234,6	96,1	1775,1	-136,7	92,8	4022,4	-97,9	97,6
Of which cows	2890,8	-194,7	93,7	626,8	-37,1	94,4	2264,0	-157,6	93,5

Pigs	7204,1	444,0	106,6	3068,5	414,2	115,6	4135,6	29,8	100,7
Sheep and goats	2133,0	69,5	103,4	359,9	11,4	103,3	1773,1	58,1	103,4
Poultry	222542	17006	108,3	97018	12322	114,5	125524	4684	103,9

LITHUANIA

Classical Swine Fever under control?

The outbreak detected on 11 July on a Danish-owned quarantine farm in the North East of the country does not appear to have spread. All pigs were culled. The origin of the virus is unknown.

BRAZIL

Pork producers still the red

Exports were down 12% in volume year on year in May and export value down 38%. With slaughter up, there is an excess of 30-40,000 pigs per week on the market that is dragging prices down. The Real is also rising against US$, which stands now below R$ 2.

Pork Prices Hamburg Market Week commencing 20 July 2009

	Cut Name	ClosestExport 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 Carcases	U Classification	1.91/2.11

Pork prices Barcelona Market Week commencing 20 July 2009

Carcases (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