



## Export Bulletin

January 2010 – Week 1

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- *German pig production expected to grow*



EU

The market for pigs for slaughter remains unchanged throughout most of Europe this week. The prices in Spain, Germany, the Netherlands, Denmark, France, Belgium and Austria remained steady at the beginning of the New Year. In the UK, the quotation went up by a corrected 8 cents. The Swedish quotation remained unchanged, yet the corrected version increased a little as a result of exchange rate changes. (Source, schweine.net)



DENMARK

Quite as usual the market has been very quiet between Christmas and New Year. It is expected that the customers will return at the beginning of the new year where they must fill up their stocks. Sales of backs and middle parts are satisfactory. Sales of legs, front parts and shoulders are reasonable also due to a reduction of slaughterings in Germany following the snowy weather last week. (Sources, Danish Crown, Tican, Danish Agriculture and Food Council)

### **Slaughterhouse workers most absent**

Hard physical work at fast assembly lines and a job that might be relocated abroad. It puts such a hard pressure on the Danish slaughterhouse workers that they have the highest illness absence of all industries in the private sector says a labour medical expert based on a statement from the

Danish Employers' Confederation. Principal medical doctor Soren Dahl who is a specialist in occupational diseases finds that the slaughterhouse workers are unacceptably affected by attrition compared to other sectors. There are far too many people who have pains in arms, hands necks and backs due to exhausting work. They work with an efficiency of 200 per cent on their bonus agreements. The employers are putting a pressure on them by threatening to move the production abroad, where labour is cheaper, says the principal doctor. The figures from 2008 from Danish Employers' Confederation show that as an average a slaughterhouse worker annually has 13 days of illness absence. Jesper Zanchetta Kock, leading consultant for the slaughterhouse sector of Danish Industry does not recognize Soren Dahl's criticism that the businesses are pressing the employees. Today the employees have fine tools. And already in 1997 the industry made agreements with the workers' union NNF and the Labour Inspection setting a maximum for how fast the employees are allowed to work. The industry respects the maximum says Jesper Zanchetta Kock. According to Kock the high level of absence is due to the fact that the slaughterhouse workers are not allowed to work when they are wounded. (Source, avisen.dk)

### Increasing investment in pig production in Russia

The company Dan Invest-Russia just established a co-operation with the Finnish company Atria, which is a well established meat producer in Russia. In the future the Finnish company will process and sell the pigs that Dan Invest-Russia feeds. Atria invests three million Euro in Dan Invest-Russia and is prepared to come up with another two million Euro. The plan is to have an annual production of 180,000 of slaughter pigs as of 2013. (Source, Ringkøbing amts venstreblad))

### Danish Slaughterhouses - payments for 2010 Week 01

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (70.0 - 86.9 kg) Difference to last week	Euro 1.066* -Unchanged	Euro 1.026 -Unchanged
Sows (Above 129.9 kg) Difference to last week	Euro 0,720* -Unchanged	Euro 0.653 -Unchanged
Boars (Above 109.9 kg) Difference to last week	Euro 0.586* -Unchanged	Euro 0.520 -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****Madrangé**

The new boss Franck Rouard is already seeing the effects of his plan to re-structure Madrangé. The re-organisation of the production will favour the site located in Ablis (south of Paris) to the expense of the Limoges site. Short term contracts will be halved and the production of sausages will be reduced by 6 500 tonnes. Also the supply of legs will switch from Cooperl to Socopa, this is partly resulting from the take over of Brocéliande by Cooperl who will have to supply its new subsidiary first. The new "historical" deal with Socopa (part of Bigard group) is based on quality as the legs will have to be GMO free with additional specifications regarding, genetics, feeding regime and Omega 3 content. The production of Madrangé should reach 54 000 tonnes in 2010 including 63% of cooked ham. The brand will only represent 27% of the production compared with 42% for own brands, hard discount product should represent 20% and exports the remaining 11% of total production. Following a loss of €18 million in 2008 and € 9 million in 2009, the situation should get back to zero in 2010.

**Pigs at a guaranteed price**

In the Lozère French department a new collective brand "De Lozère" should save the local production. A group of 5 local butchers have agreed a yearly price for GMO free pigs, born reared and slaughtered in Lozère. The pigs are a bit heavier with a majority of them reaching 90 to 110 Kg carcass weight paid €1.60 per kg, all pigs are between 6 and 8 months, some of them reach 120Kg and are paid €1.8 / kg. Presently the activity is limited and represents about 20 pigs per week.

**Pork**

Stability is present for the first week of the year. 56TMP quotation lost only 0, 1 cents. Without surprise, exchanges remain fluid at the very beginning of month. On the livestock side, selling prices didn't move. This tendency is due to increased requirements from abattoirs for the cuts market (promotions in January).

### **Piglets**

Firmness should remain this week on the French market. Exchanges should remain very fluid; demand is constant with insufficient supply. Prices will remain stable or slightly increase. On the other hand the FNP-FNCBV indices have dropped back slightly for the last week of 2009; - 1, 4 cent for 25kg and - 25, 3 cents for the post weaning.

### **Cuts**

It's time for January promotions in all supermarkets and hypermarkets. Volumes are important, although the selling prices are a bit low. For the Super and Hypermarkets, these promotions will help to improve household purchasing.

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



**GERMANY**

### **2009**

In 2009, a total of 56 million pigs was slaughtered in Germany which equaled a 2% revenue growth for the meat production and manufacturing industry. Meat exports decreased by 7% to €4.48 billion (January-October 2009). Exports to Russia decreased in value by 9% to €336 million. Exports to Poland remained stable with product worth about €370 million being exported until October 2009. Exports to Italy decreased by 9.6% to €833 million. Exports to the Netherlands came down by 10.3% to €794 million. Exports to France dropped by 9.1% to €624 million. (Sources, pig progress, DRV)

### **2010: growth in pig numbers expected**

According to the German organisation for agricultural and retail companies Deutsche Raiffeisenverband (DRV), the German pig production is expected to grow in 2010 by 3% to 57.8 million head. DRV expects imports of piglets and finishers to grow by 9% to 1.3 million animals; exports of live pigs are expected to decrease slightly. The most recent figures from November however show that the production of slaughter pigs has increased while on the other hand there

is a decrease in the German piglet production. The German statistics office published the figures from the pig counting in November. According to Topagrar the number of slaughter pigs increased by 0.3 percent during 2009. On the other hand the production of piglets is developing negatively as the number of sow keepers has decreased by 10 % while the number of sows has decreased by 80,000 heads corresponding to 3.5 %. The number of pregnant sows has decreased by 1.6 %. (Sources, Landbrugsavisen, pig progress, DRV)

### **Increased net sales**

The Association of the German Meat Industry (BVDF) has published its annual report for 2008/2009. According to this report, net sales in 2008 grew from 15.8 to 16.6 billion Euros. The number of businesses remained unchanged (401). Also, the number of employees remained stable (2008: 62,352, 2007: 62,416). (Source, afz)

### **Retail industry**

According to the national statistics office's estimation, the German retail industry has lost between 2.5 and 2.7 % of profit in 2009 compared to 2008. (Source, Lebensmittel Praxis)



## **SPAIN**

### **New web: training consumers**

'Campofrio Food Group' has inaugurated a new web site called 'The Iberian School' in order to make the consumer more qualified to distinguish different properties from several Iberian pig products. 'Navidul' is the specialised division of the Group in charge of developing this initiative, which main goal is not selling pig products but training consumers and increase confidence in this sector, being recently accused of different frauds. (Source, Eurocarne)

### **Industry**

The company 'Incarlopsa', one of the most famous pig product producers in Spain continues improving its management programme, using the support platform JD Enterprise One (recently integrated with Oracle). This platform consists in an IBM computer running with Windows Server

2003, and it is in charge of planning all the production cycle developed by Incarlopsa. Advantages of this new system are reduction of time processes and mistake possibilities, adding the accurate adjust of the production according to the demand. (Source, Elgranjamon)

The quality brand 'Valle de los Pedroches' producing cured hams sold all the hams produced in 2009, a total of 44,000 legs. This institution started fattening the first pigs in 2004, and nowadays there are 15 companies included in the consortium, with 15.000 pigs fattened every year. (Source, Elgranjamon)

The new slaughterhouse of 'Reinosa' (Cantabria) will start activity next spring. The project reaches an investment of € 4.9 million and a capacity of 6,000 tonnes processed every day, including cows, pigs, sheep and goats (a total of 17,000 animals). There will be facilities for quartering, collecting and storage of blood, laboratory and a freezing tunnel, adding all 3,709 squared meters. (Source, Eurocarne)

### **Economic crisis leaves Spanish 'Jamón' unsold**

The economic crisis and poor Christmas sales mean that there is a glut of traditional hams. According to The Telegraph of the UK, Spain's top hams – the world-renowned 'jamón Ibérico' – were traditionally given away in corporate gift hampers to employees and favoured clients but the practice greatly diminished this season as companies struggle to survive the recession. The industry estimate sales of the traditional cured leg of Iberian pig could be down as much as 20 % during the festive season, a period which usually accounts for more than 60 % of annual revenue for ham producers. Hams have become the most popular promotional gift being offered free to Spaniards who purchase a Caribbean cruise, open a new savings account or even purchase a one-way ticket with a budget airline. The ham market had become saturated by lesser quality products, with about 6.5 million legs of grain-fed Iberian pigs offered on the market in 2009 compared with 1.5 million a decade ago. Although the top-quality 'jamón bellota' from the acorn-fed pure-bred Iberian pigs still commands a high price, the cost of lesser quality hams has halved in the past 12 months, reports The Telegraph. (Source, ThePigSite)

<b>Slaughterhouse</b>	<b>Lleida 30.12.09</b>	<b>Zamora 29.12.09</b>
Piglet 20 kg	36.5 €/Unit (+0.00)	43.0 €/Unit (+0.00)
Live fattened pig	1.005 €/kg (-0.000)	-

**PORTUGAL**

<b>Slaughterhouse</b>	<b>Lisbon 28.12.09</b>
Fattened pig – Carcass E 57%	1.380 €/kg (+0.000)

**RUSSIA****Import bans imposed**

Russia has banned imports from 17 German and two French meat processing companies. Apparently, residues of antibiotics, listeria bacteria and in some cases salmonella were detected during routine checks. (Source, afz)

**New case of African swine fever**


A new case of African swine fever was registered in the region of Northern Ossetia. All pigs on the premises were culled. This is the fourth registered case of the disease in the republic.

**THE UKRAINE****New terms for import of animal products**

The Chief Veterinary Officer of Ukraine changed the terms of import into Ukraine for products of animal origin. This step was made for further harmonization of the Ukrainian legislation with acting legal acts of the WTO, with international standards and recommendations of the IEB concerning import of animal products, raw of animal origin, feeds for domestic animals, premixes, supplementary feeds and other production of animal origin into Ukraine.

**KAZAKHSTAN****New import quotas**

Since January 1 of 2010 Kazakhstan introduced tariff quotas for import of beef, pork and poultry. Quota volume for pork: 7,400 tones, fresh beef: 20,000 tones, frozen beef: 10,000 tones, poultry meat: 110,000 tones.

 <b>Pork Prices Hamburg Market Week commencing 04 January 2010</b>		
<b>Cut Name</b>	<b>Closest Export Manual Code No.</b>	<b>Price Range (Euros / kg)</b>
Round cut leg	51121	2.10/2.25
Leg (boneless, rindless max fat level 3mm)	51121	3.00/3.20
Boneless Shoulder	56200	2.20/2.40
Picnic Shoulder	56120	1.60/1.75
Collar	56130	1.90/2.10
Belly (bone in, ex-breast)	55100	1.80/2.00
Sheet Boned Belly (rindless)	55210	1.70/2.00
Jowl	50230	1.10/1.30
Half Pig Carcasses	U Classification	1.70/1.90