



## Export Bulletin

January 2010 – Week 4

---

- *European markets stable but quiet*
- *Danish exports of piglets increase by 35 %*
- *French producers in trouble*



**DENMARK**

The European markets are still very quiet with stable prices. The trade with fresh legs is stable and prices remain fairly unchanged. Prices of other types of cuts remain unchanged as well. The bacon market in the UK market is quiet with little movement. Sales to Russia remain satisfactory with fine quantities at stable prices. The markets in the Far East are quiet with unchanged prices. (Sources, Danish Crown, Tican, Danish Agriculture and Food Council)

### **Low price of slaughter pigs in 2009**

In 2009 prices of slaughter pigs in Europe were lower than the previous year. A calculation show that in the six most important pig producing countries the prices of pig meat have decreased by between 6 and 15 Eurocent, corresponding to between four and 11 %. In the six countries the average price was 1.36 Euro per kg compared to 1.47 Euro the previous year. The decrease was followed by a fall in feed prices, but not enough and as a total the economy in pig production deteriorated during 2009. Spain regained the leading place on the list of countries paying the highest prices, whereas Germany and Poland are competing to be number two. The Dutch quote is close to the Germany but two Eurocents lower and thus ranking number four. France is number five and Denmark number six. In particular during the summer period it is clear that France and

Denmark cannot keep pace. The difference between top and bottom has increased in spite of a stable exchange rate between DKK and the Euro. (Source, Landbrugsavisen, Topagrar)

### **Exports of piglets pass seven million**

Danish exports of piglets passed seven million pieces by the turn of the year. It is an increase of approximately 1.7 million pieces or 35 % compared to 2008 according to a statement from Danish Agriculture and Food Council. The aggregate export of live pigs is expected to be 8.2 million animals compared to 6.4 million the previous year. The number of exported slaughter pigs has increased by almost one third to approximately 1.1 million pieces. (Danish Agriculture and Food Council)

### **New president of Danish Pig Producers**

46 year old Henrik Mortensen will be the next president of Danish Pig Producers replacing Torben Poulsen who has been the president for six years. So far Henrik Mortensen was vice president and he runs a farm with sows and has a production of slaughter pigs at Logstor in Jutland. It is expected that he as a president will continue the same political line as Torben Poulsen. The president of the pig producers gave a harsh parting salute: Remove the management of Danish Crown – it is incompetent. His demand is due to the low Danish pig meat quote. (Source, Landbrugsavisen)

### **Hard negotiations on slaughterhouse workers' wages**

The fight concerning the wages to the Danish slaughterhouse workers has started. And from the beginning the fronts are clearly marked. The negotiations started after the slaughterhouse workers had refused the management's proposal of a zero wage increase over the next three years. As a matter of fact Danish Crown aimed at a decrease in wages. Otherwise the result will be that jobs will be lost says the slaughterhouse management. The present collective agreement was signed in 2007 and ends on March 1, 2010. (Source, Landbrugsavisen)

### **Increasing pig production in Norway**

Last year Norwegian pig producers set a record and produced the so far highest number of pigs and tonnes of pig meat in the country. The new record is 1,434,949 live slaughter pigs representing an increase of 20,000 pigs in one year. Also with respect to quantity of meat per pig

2009 set a record in Norway. The meat percentage increased by 2.5% points and is now 59.48 %. (Source, Landbrugsavisen)

#### Danish Slaughterhouses - payments Week 04

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

#### Main acquisitions in 2009

Firstly Monique Piffaut did not manage to purchase Madrange but did manage to purchase Montagne Noire from Delpeyrat at the end of the year. Lur Berri very successfully took over Spanghero (€100 M) and Cooperl acquired Brocéliande (€ 230 M), the subsidiary of the Unicopa cooperative group.

#### French producers in trouble

According to Onep (pig section of the French Farmers Union: Coordination Rurale), two thirds of French pig producers are indebted by over 80% and a third by over 100%. They claim that at a time when stocks are nil, the industry puts high pressure on price but maintain their margins. Special offers organised by retailers in January have a very disruptive impact on the industry with half pigs selling at € 1.40 / Kg. They also complain about a specifically French measure which consists of penalising farmers who send pigs showing abnormalities to the abattoir (lame, injured, bruised...). A quick calculation shows that this measure could cost up to € 1 500 per year for an average producer.

### **Pork**

The French market is very close to equilibrium. Sales are stable for the abattoirs and could even be more important in the short term, purchasers being able to anticipate improved consumption at the beginning of the month. On the livestock side, availability is constant; prices will stay the same or rise slightly.

### **Piglets**

Firmness, always firmness for piglets, both for animals at 25kg and post-weaners. Few offers are available for active demand. No change is awaited in the short term.

### **Cuts**

Sales are good; loin sales are more difficult. Activity in abattoirs remains correct, especially with the start of the month, which could be synonymous with recovery.

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



### **GERMANY**

#### **Good year-end**

The German meat trade is in good mood: more than half of the companies contributing data to the afz barometer reported a positive balance sheet for the month of December and about 20% could at least keep their turnover at the 2008 level. Only a quarter of the companies had to report a decline in sales in comparison to the figures of the previous year. (Source, afz)

#### **Scandal with wages in Danish Crown, Germany**

In Germany the unions are shocked over the fact that 32 Romanian group workers did not get their payment or just got some of it for working at Danish Crown in Oldenburg in north Germany. Danish Crown in Denmark sends huge quantities of Danish pig meat to their German plant for further processing because it is much cheaper in Germany. It is due to the fact that in large parts of the German slaughterhouse industry thousands of people from East Europe are working on

contract conditions that are far below the collective agreements in Germany and Denmark. It is possible because the EU service directive allows an employer in Germany to let a sub supplier get the necessary man power. They are employed with the sub supplier on the same conditions that apply in their home country. The case of Danish Crown has attracted attention in the German trade union circles because the exploitation is very serious. In this case a Cypriot company through an intermediary in Ireland supplied the 32 Romanian column workers who they found through enticing ads on the internet. But the company Atlanco Limited did not keep its promises. Last week the Romanian workers contacted the German authorities because they had not received their wages. According to the German on-line newspaper Nordwest Zeitung they were promised 7.50 Euro per hour. But one of the Romanian workers says to the newspaper that he got just 3 Euro per hour. 10 other workers are still waiting to get paid for December. In Germany it is common with a split working market with East Europeans that get far less paid than the Germans. But the Danish Crown case surprises. And although the workers are employed through another company Danish Crown is still responsible for ensuring that they are treated properly. In the Danish Crown head office the case appears at a very inconvenient time where the slaughterhouse group demands a decrease in wages to its employees in Denmark with reference to the much lower wages in Germany. (Source, Danmarks Radio)

#### **Regional product or organic label?**

A recent study on the German's buying behaviour with regards to relevance of price, organic labelling and regional provenance published by YouGovPsychonomics showed that the German consumer chooses regional provenance over organic certification. However, the reason is the confusing multitude of labels: although organic is a growingly important issue to many consumers about 85 % of the interviewees complained about having lost track of the countless different labels on the shelves and organisations issuing those labels. This results in 58% of the participants even doubting the credibility of those labels. The consumers stated the factor price to most relevant for meat and meat products. (Source, afz)

#### **Pressure on prices**

Eckhard Cordes, head of the Metro group, has strongly criticised the growingly aggressive price competition in the retail business. Cordes called the 2009 price war 'downright murderous' - while the consumer does profit from this competition it does put enormous pressure on the supplying

industry. In January, the discount supermarkets have already started a new round of price lowering. (Source, afz)



**NETHERLANDS**

### **IKB pigs for food chain information**

The *Voedsel en Waren Autoriteit* (the Dutch FSA) now accepts that pigs with IKB farm assurance status can guarantee their food chain information declaration.

### **Meat consumption rising**

Despite vitriolic anti-meat propaganda by government and lobbying groups, meat consumption rose in the Netherlands from 84.9 kg per head in 2008 to 86.6 kg in 2009. Pork consumption increased from 40.7 kg to 41.8 kg.

### **Animal Welfare**

Supermarket chain Albert Hejin will from 2011 on only sell pork certified with the 'Better Leven' label issued by the Animal Welfare Organisation Dierenbescherming. Supplier will be VION. (Source afz)



**SPAIN**

### **Exports**

In 2009, Spanish companies manufacturing pig products reported a decrease in their export figures by 6% (€ 500 million), after showing increasing figures over the last 10 years. This market had a turnover of € 6,700 millions in 2009 (an increase by 3% compared to 2008), of which cured products accounted for some 50% and cooked products for 35%. In the future, white brands will continue increasing its market share, especially because of the low buying capacity of the consumers. (Source, Eurocarne)

**The internet: a big market for meat products**

10 years ago, “Bernardo Hernandez” was the first Spanish company to sell hams on the internet. Now they have renewed this web page ([www.beher.es](http://www.beher.es)) using a very strict quality control system of orders and post-sale services. Products from this company are now available in 15 countries in Europe, Asia, Oceania and America. (Source, Elgranjamon)

**Industry**

‘Bonvehí’ is a Spanish company involved in pig rearing for hundreds of years, using the brand ‘Bonvehí’ for gourmet products and ‘Horeca’ and ‘Bongourmand’ for large consume. In 2009 their sales turnover totalled € 3.6 millions, (Source, Eurocarne)

In 2009 the Regulator Council of ‘Jamón de Teruel’ produced 675,276 legs, representing a slight decrease compared to 2008 sales. One third of hams sold in Spain are coming from this quality brand. In the last 10 years they have doubled production: in 2000 312,000 legs were produced. (Source, Eurocarne)

‘Frigoríficos Industriales del Bierzo, Friber, S.A.’ is investing € 9 million in a new production and packaging site for by-products of 5,500 square meters. Works will start in April and are expected to take 15 months. (Source, Eurocarne)

‘Cárnicas Poniente’ has signed an agreement with the Centre for Industrial and Technological Development (CDTI) to develop a research project with the main goal to obtain high quality and healthy traits meat. Experts from several universities will be involved. (Source, Eurocarne)

**Prices**

<b>Slaughterhouse</b>	<b>Lleida 21.01.10</b>	<b>Zamora 26.01.10</b>
Piglet 20 kg	39.0 €/Unit (+2.00)	47.0 €/Unit (+0.00)
Live fattened pig	1.015 €/kg (+0.009)	-

**PORTUGAL****Prices**

<b>Slaughterhouse</b>	<b>Lisbon 18.01.10</b>
Fattened pig – Carcass E 57%	1.380 €/kg (+0.000)

**ITALY****Spectacular marketing**

The company Pedrazzoli of Mantua specialised in high-class salami and dry-cured ham is sponsoring a conference on sustainability called “Rock Inside”. It is also developing a whole carbon-neutral pork chain. The firm was the first to sell organic salami in Italy back in 1996. The visit of the unusual site [www.salumificiopedrazzoli.it](http://www.salumificiopedrazzoli.it) is recommended. The firm was rewarded by a marketing prize in 2009.

**Friuli-Venezia-Giulia scheme**

Amongst the many regional schemes supporting the pork sector through its current difficulties, the region from Northeast Italy has launched a large scheme called AQuA (*Agricoltura Qualità Ambiente*). The € 500,000 scheme involving local institutions aims to develop regional certification and exploit demand for local products.

**RUSSIA****Russia to lift the meat ban from the Republic of Ireland**

As of February 1, 2010 Russia will lift the import bans on Irish pork and pork products that were imposed due to dioxin contamination. The pork and pork products which are covered by the above measure should be produced after February 1, 2010.

### Meat production up

The Russian Statistics Committee reported that the index of industrial production in 2009 showed 89.2% vs. 2008 whereas in December 2009 it was 102.7% vs. December 2008. Particularly, production of meat and products showed a 14% growth reaching 3.3 million tons, semi-finished meat showed a 1.6% growth to reach 1.5 million tons. Sausage production dropped by 7.8% to 2.3 million tons.



UKRAINE

### Meat imports will not be severely regulated

The EU and other WTO member countries managed to convince Ukraine to drop the idea of imposing more severe requirements on meat imports. Due to the WTO's threat to impose immediate mirror sanctions to Ukraine no ban was imposed on meat and products from companies which were not duly inspected by the Ukrainian CVO's. For the Ukrainian domestic producers this situation is not advantageous and they will continue complaining to the CVO about imposing restrictions motivating that the quality of meat imported is not up to the mark. The CVO's office reported that 50% of imported meat is of low quality. **For reference:** the Ukrainian Ministry of Agriculture is still planning to protect the domestic market and is planning alternative restrictions which may be softer than the original version. The key argument of the Ukrainian foreign partners was the fact that imposing further restrictions will result in decline of supply of goods and if such situation would take place WTO members could in return impose higher import duties on Ukrainian goods as well. During 10 months of 2009 Ukraine imported 368,000 tons of meat products worth US \$ 500 millions of which 47% came from the EU. The size of the domestic market is estimated at 2 million tons worth above US \$ 4bn. During 2009 all restrictions made by joint efforts of the Ukrainian Ministry of Agriculture and CVO's office resulted in a decline of meat imports by 20%.



USA

### **Smithfield closes major plant**


John Morrell & Co. is closing its pork processing plant in Sioux City, eliminating all 1,450 hourly and salaried jobs. The subsidiary of Smithfield, Va.-based Smithfield Foods Inc. said the plant that employs more than 3 percent of the city's workers would close April 20. John Morrell President Joseph B. Sebring cited the age of the plant, which was built in 1959, and the struggling economy in announcing the closure.




SINGAPORE

### **Mac Donald apologises**

McDonald's apologised to Singapore Friday and brought a pig back to its toy menu, after a decision to leave the animal out of its Chinese zodiac collection upset many in the predominantly ethnic Chinese nation. McDonald's this month started selling cartoon character miniatures depicting the 12 animals of the Chinese zodiac calendar, but the pig was replaced by love god Cupid as McDonald's said it did not want to offend Muslims. But the move, just ahead of the Lunar New Year holiday and Valentine's Day in February, backfired as many Chinese customers complained in chat rooms and blogs that they would not have a chance to buy the animal sign of their birth year. "We're sorry, and we're grateful," the fast food chain said in a half-page advertisement in the Straits Times newspaper, saying it never intended to offend anyone.

 <b>Pork Prices Hamburg Market Week commencing 25 January 2010</b>		
Cut Name	Closest Export Manual Code No.	Price Range (Euros / kg)
Round cut leg	51121	2.10/2.25
Leg (boneless, rindless max fat level 3mm)	51121	2.90/3.20
Boneless Shoulder	56200	2.20/2.35
Picnic Shoulder	56120	1.60/1.75
Collar	56130	2.00/2.20
Belly (bone in, ex-breast)	55100	1.55/1.80
Sheet Boned Belly (rindless)	55210	1.55/1.85
Jowl	50230	0.80/1.05
Half Pig Carcasses	U Classification	1.70/1.90

 <b>Pork prices Barcelona Market Week commencing 25 January 2010</b>	
Cut Name	Price Range ( Euros/kg)
Carcasses (secondary grade)	1.336/ 1.342
Gerona Loin Chops	2.05/2.08
Loin Eye Muscle	2.98/3.01
Spare Ribs	2.23/2.26
Fillets	5.33/5.36
Round Cut Legs	
Cooked Ham	1.93/1.96
Rindless Picnic Shoulder	1.47/1.50
Belly	1.83/1.86
Smoked Belly with Spare Rib Section Cut Off	2.26/2.29
Shoulder Chap or Head Jowls	1.18/1.21
Back Fat, Rindless	0.73/0.76