



Export Bulletin

May 2010 – Week 20

UK pork is now approved for export to the Philippines under certificate EHC 4835.

Agents are reporting increasing difficulties with the Hong Kong to China trade over the last few weeks.



DENMARK

Market

In the current market situation, the Danish slaughterhouse companies have a good sales mix, which is based on sales to both Europe and to third country markets. Thus, they have been able to achieve good price increases. Generally, the European markets are waiting for warmer weather. Even though we are in mid May we still have not warm weather and the quotation increases we saw in Europe during April and early May are now stalled because the demand has not increased sufficiently. Right now there is a stable market for shoulders and trimmings. Fresh legs are sold at slightly increasing prices. The bacon market and the market for loins in the UK are stable. Sales to third country markets are stable with unchanged prices. (Sources, Danish Crown, Tican, Danish Agriculture and Food Council)

Increasing sales of Danish pig meat to Japan

The exports of pig meat from Denmark to Japan increased by 20 % during the first quarter of this year. Import data from Japan shows that the Danish sales of fresh and chilled pig meat to Japan increased by 30,010 tons during the first three months of the year compared to 24,995 tons during the first quarter of last year. At the same time imports of pig meat from the US to Japan decreased by 17 %, which may indicate that the harassed Danish pig producers gain ground over

the US on the important high price market. There are several explanations to the development. Firstly, the US pig meat production is declining and secondly, changes in exchange rates were beneficial to Danish exports. Tican and Danish Crown have been aware of the opportunities in Japan and during the last year they have intensified sales efforts to both new and existing customers in Japan. Danish Crown is the largest exporter of pig meat to Japan having a 25 % market share. Sales amount to 500 million Euro. (Source, JyllandsPosten)

The slaughterhouse at Vraa operates again

After a break of more than one year, the slaughterhouse at Vraa is operating again. In December 2008 it suspended all payments in order to find an arrangement with its creditors. British investors will ensure that in the future about 8,000 pigs a week will be slaughtered in North Jutland, and the slaughterhouse has established 75 new jobs. The new CEO of the slaughterhouse, Leif Koch, is delighted that after a few weeks with starting problems, the slaughterhouse is now seriously gaining momentum in production. The half carcasses are cut into three and sent over the North Sea for further processing at Midland Bacon near Birmingham. (Source, Landbrugsavisen)

Danish Slaughterhouses - payments Week 20

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (70.0 - 86.9 kg)	Euro 1.295	Euro 1.295
Difference to last week	+ 0.027	+ 0.027
Sows (Above 129.9 kg)	Euro 0,895	Euro 0.895
Difference to last week	Unchanged	Unchanged
Boars (Above 109.9 kg)	Euro 0.761	Euro 0.761
Difference to last week	Unchanged	Unchanged



FRANCE

The future of MPB

The "Marché du Porc Breton" needs to recruit suppliers. French unions of producers request a minimum of 100 000 pigs to be marketed per week through the MPB in order to make it viable. In 2009 the average number of pigs marketed weekly was 62 000, this figure increased to 70 000 so

far this year. Jean-Pierre Joly, Director of MPB insists on the key role of the market to maintain a minimum price for producers. Last year 8 groups supplied MPB: Bernard Group (21.55% of supply), Kermené (19.95%), Gad Group (19.46%), Bigard Group (12.94%), Socopa Group (10.57%), Cooperl (5.93%), Abera (5.79%) and AIM (3.82%). As far as the average pig price is concerned, Ifip previsions for the summer are quite optimistic, also the opening of the Universel Exhibition in Shanghai the 1st of May should help.

Piglets

According to certain operators, the situation is not very evolutionary on the piglets' market. Exchanges remain regular, in a context where demand is good and where availabilities are not sufficient. Prices are again between stability and firmness.

Cuts

The sunny weather boots barbecues cuts as well as ham. Operators consider that in this context of good demand, they will be able to revalorize the price for these cuts.

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



GERMANY

Sales of barbecue cuts are expected to increase before the bank holiday weekend. Collars were already sold at higher prices by the middle of the week, quotations for chops and loins followed the upwards trend.

Tönnies introduces new payment system for boars

Currently Tönnies markets 12.000 boars per week and until now there was a firm price paid for the non-neutered animals. As from 15 November 2010 a new payment system will come into force in order to pay for boars according to their actual market value, taking both short and excess weight into account. The designated weight range will be 85 – 103 kg slaughter weight and reductions of 2 cent/kg will apply for both short and excess weight. Also, reductions and premiums will be introduced depending on lean meat percentage on the basis of Auto FOM

measurement. Finishers will have to very carefully select animals prior to sales. This new system is viewed critically by some parties being concerned about the profitability of boar breeding on the basis of such a payment system. (Source, ISN)

**THE NETHERLANDS****VION turnover up**

VION Food Group has reported a cautious recovery of its turnover in 2009 totaling 9 bn Euros. Net profit grew from 54 mio Euros in 2008 to 62 mio Euros in 2009. (Source, schweine.net)

VIV - a flop

As feared (see bulletins *passim*), the once world famous Utrecht exhibition attracted only 10,445 visitors and not the 15,000 announced. Only 12% of visitors were actively involved with pig farming. However, more than half of visitors came from abroad.

Profitability is up for finishers

Data for the first quarter from LEI institute shows that finishers did better than breeders whose gross revenue (for a 450 sow unit) fell by € 12,000 to € 69,000. Finishers' gross revenue for a 1,500 pig unit was € 13,000, up € 4,000.

**SPAIN****The national pig herd increases in the first quarter of 2010**

The number of pigs in Spain fell by 2.84% in 2009, to 25.28 m heads, although from January to April 2010 shows that the number of animals have risen to 25.79 m, according to the latest data from the Ministry of Environment, Rural & marine Affairs (MARM).

**RUSSIA****Brazilian exports to Russia threatened**

After Russian inspectors allegedly found "serious errors" at Brazilian meat plants, Russia now threatens to close for imports of meat. Several Brazilian meat exporters have been warned that they must meet a number of Russian requirements in order to be able to continue exporting. Earlier this month a group of inspectors from the Russian veterinary authorities completed a series of visits to 29 Brazilian companies. According to the Russian authorities, they found and noted errors both at Brazilian companies and with the Brazilian authorities. (Source, Landbrugsavisen)

Pork volume increase

The first quarter of 2010 showed a robust growth of the Russian pork industry. Pork production increased by 10.5% to 666, 7 thousand tons live weight compared to the same period last year. Herewith import volumes go down. In March, about 47,000 heads were imported to Russia which is a 14% drop compared to February volumes. The Institute of Agrarian Marketing believes that pig production increase in Russia is conditioned by the active supporting policy to farmers and soft loans. Experts forecast the growth may continue as many of the big companies have investment plans.

**UKRAINE****Danish pig farm in the Ukraine will expand**

Three Danish pig producers are now offering shares in a large pig farm, which they over three years built up in the Ukraine. They own the company Dukas Danmark A/S and offer shares for an amount of 4 million Euro. So far, the public investment trust fund, IOE Fonden, invested 3 million Euros in the Ukrainian farm, which now will initiate an expansion resulting in an annual production of 34,000 pigs. (Source, JyskeVestkysten)

Drop in pork prices

Selling prices for Ukrainian pork dropped by 26.3% during May 2010 against the same period last year. Should the decrease continue more than 30% of domestic producers may suffer losses. Thus selling price dropped from \$2.4 per kilo live weight to \$1.75 per kilo live weight (second grade) against the same period last year. Experts report that the price decrease is conditioned by the growth in pig numbers by 15% to 7.95 million in all categories of farms as of May 1st, and even by 19% in large pig complexes. Pork sales increased by 10.7% against the same period last year which influenced the drop in prices. UCAB (Ukrainian Agribusiness Club) reports that the low Euro is another factor of risk as pork was mostly imported from EU countries during the course of last year.

Kremenchukm'ياسo to launch new pig farm in 2012

JSC Kremenchukm'ياسo is one of leading meat-processing companies in Ukraine. With a production capacity of 70 tons of sausages and smoked finished products per day. JSC Kremenchukm'ياسo have now announced the launch of a new pig breeding complex for 32.000 pigs. Construction works are to start this autumn after some delays due to economical difficulties. The site will supply meat for JSC's Kremenchukm'ياسo 's own processing facilities

**CHINA****Counterfeits**

This does not involve watches or hand bags. But cardboard boxes of reputable companies like Danish Crown and Gad from France are sometimes copied in Hong Kong to contain indifferent pork.

Tangrenshen strengthens its downstream operation

The Zhuzhou (Hunan) based integrated company stands amongst the top ten pork companies in China. It plans to produce of 10 m. pigs per year by 2012 out of a total of 82.4 m. for the Hunan province. The company further process 60,000 t. of pork per year under the brands Luoto

(Camel) and Tangrenshen (Myth of Ming Dynasty). They intend to open 200 shops in the Hunan province (Asian Meat).

**HONG KONG****FMD**

Following Korea and Japan, foot and mouth disease was detected in a Hong Kong pig farm this week.

**JAPAN****FMD spreading**

FMD (type A) was detected in cattle on 20 April. This is the first FMD case in Japan since 2000. Due to the extension of the epidemic, some 74,000 pigs are expected to be culled. The prefecture of Miyazaki of the Southern island of Kyushu has the second largest number of pigs and third largest number of cattle in Japan.

Aeon promotes US pork

Japan's largest retailer recently hosted an intensive three-week promotion that resulted in the sale of more than 1,300 tonnes of US pork on a spring promotion at the chain's 1,600 retail outlets. To support this program, US Meat Export Federation-Japan organized a promotional partnership with Nihon Shokken, one of the country's largest sauce and seasoning manufacturers, to develop a new barbecue sauce to package with US pork back ribs – the newest pork cut to be introduced to Japan. For the point of purchase, USMEF developed special "Tasty Rib" tool sets composed of recipe leaflets, a display board and stickers to support both US pork back ribs and spare ribs. Aeon sales jumped 48%, and Aeon and USMEF already are planning their next joint US pork promotion for July.




USA

Peak prices

Hog markets also took an about-turn after recent phenomenal price increases. Pork carcass cut-out today is quoted at 89.5¢/lb (down 1.8¢) & futures contracts fell 4 to 7¢ (ranging 81-82¢). It is worth of note that for the first time in recent history, US prices have surpassed European prices.

Biotech news

Newsham CG and Monsanto have teamed to produce exclusive pork high in omega-3 fatty acids using a special breed line from Newsham and genetically modified soya from Monsanto.

 Pork Prices Hamburg Market Week commencing 17 May 2010	
Cut Name	Price Range (Euros / kg)
Round cut leg	2.22/2.38
Leg (boneless, rindless max fat 3mm)	3.08/3.30
Boneless Shoulder	2.30/2.40
Picnic Shoulder	1.65/1.85
Collar	2.60/2.80
Belly (bone in, ex-breast)	1.65/1.80
Sheet Boned Belly (rindless)	1.55/1.75
Jowl	0.90/1.05
Half Pig Carcasses	1.81/2.01

 Pork prices Barcelona Market Week Commencing 17 May 2010	
Cut Name	Price Range (Euro/Kg)
Carcases (secondary grade)	1,511/1,517
Gerona Loin Chops	2,23/2,26
Loin Eye Muscle	3,28/3,31
Spare Ribs	2,53/2,56
Fillets	5,43/5,46
Round Cut Legs	2,33/2,36
Cooked Ham	1,99/2,02
Rindless Picnic Shoulder	1,47/1,50
Belly	1,84/1,87
Smoked Belly with Spare Rib Section Cut off	2,27/2,30
Shoulder chap or Head Jowls	0,88/0,91
Back Fat, rindless	0,58/0,61