Export Bulletin

July 2010 – Week 27

German pork to Japan

DENMARK

Market

In Europe the markets for fresh meat are under pressure. Strong decreases of the German quote put prices under even higher pressure still. On the other hand the fine weather has a good impact on consumption in Mid Europe and also the football world cup games supports fine sales and stable prices. On the European market fresh legs are sold at falling prices. Backs are sold at falling prices as well. Prices of front parts are maintained due to fine sales of collars. The British bacon market is under a slight pressure, which is usual for the time of the year. It is expected that the price level for the next July contracts will be decreasing. In China the borders remain closed in Hong Kong and Vietnam, and for the time being there are no signs of improvement. The Danish exports go directly into China and accordingly are not affected, but the situation is a burden on the Chinese buyers' liquidity, and hereby a risk for Danish exports. During spring Russia bought very large quantities. It has decreased slightly but exports are still at a high level compared to previously. Exports to Japan and other third countries remain unchanged. (Sources, Danish Crown, Tican, Danish Agriculture and Food Council)

Danish farmers should establish production in China

A Chinese delegation from Guangxi province visited Denmark to urge Danish farmers to establish production in China. The region aims at ten doubling the pig production during the next 5 to 10 years. There is sufficient land, prices are low, and the Chinese authorities intend to facilitate establishing production was the message at a conference where it also appeared that China entered an agreement to buy farming equipment for more than € 15 million at Egeberg International and other Danish producers. China wants to attract Danish know-how which will add to efficiency but which also will make the farming sector a modern, technological place to work, thus appealing to the youth. (Source, Landbrugsavisen, Food-supply.dk)

Danish Crown resumes production

The former Tulip slaughterhouse at Randers is going to reopen partly. The factory, which until the turn of the year produced sausages and cold cuts, will resume business in a more modest scale following a large order from Japan to the Danish Crown slaughterhouse at Hadsund. A small number of persons have been employed and they are going to produce bellies that are to be sold to Japan where the rather expensive product is very popular. The factory had 170 employees when it was closed by the turn of the year. (Source, Landbrugsavisen, NNF)

Danish Slaughterhouses - payments Week 27

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (70.0 - 86.9 kg)	Euro 1.362	Euro 1.362
Difference to last week	-0.027	-0.027
Sows (Above 129.9 kg)	Euro 0,873	Euro 0.873
Difference to last week	-0.027	-0.027
Boars (Above 109.9 kg)	Euro 0.734	Euro 0.734
Difference to last week	-0.027	-0.027

FRANCE

Labour

With the increasing difficulties faced by pig producers to find staff to work on the farm, the company BJS (Business Job Services) specialises in recruiting workers from Bulgaria and Romania and placing in French pig farms. The minimum gross salary is €8.86 per hour and the total cost for the employer is € 15.95 all included. In most cases the employer will have to accommodate the employee and all employees have a complementary medical insurance. The placement usually lasts between 1 and 6 months, the main issue is communication and all recruits are given a technical guide in 3 languages so that they can understand the basic jargon. Not sure French farmers will be able to fill in the gap of 5 cents per Kg of processed that separates them from German pork often produced with Eastern labour…

Prices

A comparative analysis of various prices on week 14 (commencing on 29th March) clearly demonstrates that the price decrease born by producers has not been passed down the chain.

Price per Kg	At Cadran market	Retail pack of 5 to 10 pork chops	Standard Cooked ham	Retail pack of 4 to 8 Chipolatas
2009	€1.20	€5.22	€8.90	€7.43
2010	€1.07	€5.29	€9.27	€7.47
Evol. / 1 year	-11.2%	+ 1.3%	+ 4.1%	+ 1.9%

Piglets

There was no major development on the French piglet market. Offers progress little by little, like each year in this season, but they still correspond to demands. Sales are regular and prices remain stable.

Cuts

An increase in activity is expected. The nice weather increases the demand for barbecue products, especially in the holiday resorts. However, at the moment there is still little development on prices.

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

GERMANY

Sales subdued as summer heat strikes

On the German wholesale markets prices for hams, loins, chumps and bellies went down by 3 – 5 Eurocent/kg compared to last week's prices. Live pigs (E – class.) were sold at 1.40 €/kg which is 8 Eurocents less than last week. The highest demand was noted for bellies which are sold at prices exceeding last week's prices by 10 Eurocents/kg. Demand for slaughter pigs is limited due to the very hot weather. Quotations are expected to remain unchanged.

Back to Japan

Japan has partly opened its market for German pork. Due to concerns about the safety of pork with regards to swine fever Japan had imposed a ban on German pork imports in January 2009. Products from a number of federal states however remain barred. (Source, afz)

Meat exports below 2009 figures

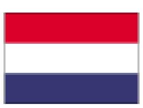
With a total of € 1.73 bn the value of exports (Jan-March 2010) of meat and meat products did just miss last year's figures. Despite the decline of € 0.03 bn the sector's exports still accounted for the biggest share in agricultural exports. Main importing country are The Netherlands with an increase by 11% in value to a total of € 254 mio. Second largest importer of German meat and meat products is Italy with a value of € 242 mio. (3. France – € 183 mio) . (Source, afz)

Pig population

As per 3 May 2010 26.54 mio pigs were kept in Germany. (Source, fleischwirtschaft)

Expensive favourite dish

The Germans are paying around 26% more for meat that the EU-27 average price. According to Eurostat only Austria and Denmark are more expensive on meat. The Swiss however are paying almost twice as much as the EU average (+97%). (Source, afz)



NETHERLANDS

Makro the latest convert

Due to pressure from lobby group *Varkens in Nood*, Makro is to stop buying pork from castrated pigs (Vlees Magazine).

Sligro buys meat plant

Sligro/EMTE has taken over the Sanvier B.V. retail packing plant in Twente owned by the 22-strong Sanders retail chain. Both regional chains are part of the Superunie buying group and have successful meat sales.

SPAIN

Juan Manuel Hernandez is preparing the opening of their new plant for the processing of Iberian Pork

Juan Manuel Hernandez's company whose main activity is the production of Iberian Pork and other processed Iberian sausages is opening a new plant in Guijuelo (Salamanca). The € 4 m. plant will have an area of 24,000 sqm with an annual production capability of 240,000 pieces. The company closed its last financial year with a turnover of € 13.83 m which is 4.5% lower than last year. In the present crisis of the iberian sector is it a wise move?

Nico Jamones' will start running its new installations in Ciudad Real

This plant will be concentrating on the deboning and slicing production process apart from reserving some space for order preparation, storage for final product, expedition, offices and a laboratory. All of this is included in a space of 4,500 sqm. This way the company can increase its production capability at the same time include new selling formats. Nico Jamones has invested € 4.2 m in this project. During 2009 the company had a turnover of € 6.95 m (-10%), with a net benefit of € 350,000 (€ 450,000 last year). Their exports to the EU, Japan and Venezuela were worth € 750,000 in 2009.

The consumption of pork in Spain

According to MARM, in 2009 the home consumption of pork in Spain was of 518,265 t of fresh meat and 543,108 t of processed products. The total production of meat in Spain in 2009, was of 3.29 m of t, 42% was destined for the production of processed meats. The consumption of processed pork during 2009 was of 11.3 kg / person / year (end product weight). As the value of pork consumption in 2009 decreased by 3,1 % to € 3,050.2 m and processed meat went up by 4,9 % to € 4,607.1 m

RUSSIA

BEZRK-Belgrankorm began the construction of new pig complex

One of the biggest agro holdings in Belgorod region plans to launch a new pig complex producing 12.5 thousand tons of pork per year by December 2010. The structure of the pig complex will include breeding, growing-fattening and multiplication premises. The equipment for multiplication premises will be supplied by Big Dutchman. First sows will be delivered to the farm in December 2010. Belgorod region is the largest producer of pork in Russian Federation with an output of 83.5 thousand tons in live weight in Q1 2010. According to Inventica the current production volumes from the Belgorod region correspond to 23% of the total Russian production.

More cases of African swine fever confirmed in Southern Russia

The sixth outbreak of African swine fever was reported in Rostov region. More than 670 pigs had to be culled. The quarantine was introduced as of June 23. From the beginning of 2010, about 17.000 infected animals have already been culled.

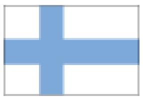
UKRAINE

Increasing pig population

The Ukrainian Committee of Statistics reported that as of June 1, 2010, the number of pigs in all types of farms increased by 14.2% up to 8175.8 thousand pigs against the same period in 2009. Moreover, the indices of private farms climbed by 12.2% up to 4654.0 thousand pigs and those of state farms climbed by 16.9% up to 3521.8 thousand pigs. The overall number of pigs increased in all regions of Ukraine. The highest increase was reported in Odessa and Ivano-Frankivs'k regions (by 29%), Sumy region (by 21%), Kirovohrad and Lugans'k regions (by 20%). Private farms possess 56.9% of the overall number of pigs as of the beginning of June, 2010 compared to 57.9% in 2009.

Fresh and chilled pork production decreased

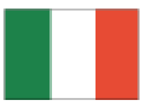
The production of fresh and chilled pork decreased by 3.5% to 11.0 thousand tons in April compared to March 2010 indices of 11.4 thousand tons. Fresh and chilled pork carryover stocks total 709 tons as of May, 1.



FINLAND

HK Scan takes over meat processor

The company has taken over Järvi-Suomen Portti a local co-operative owned processor bases in Tikkala, Western Finland. The production Portti and HK branded goods will allow economies of scale.



ITALY

Protest at the Brenner

Some 700 angry farmers are blocking the important Brenner Pass. Although the protest is mainly directed against dairy imports, meat imports such as Dutch pork and veal were also targeted. The Frejus tunnel is also targeted.

SLOVAKIA

Rise of pork imports

Pork imports keep on rising. From January to March 2010, the country imported 34,000 t. of meat and offal (+13%) of which pork represented 19,723 t. (+ 5%). According to major processor Tauris, meat self-sufficiency is down to 42% and according to the Slovak Agrarian and Food Chamber, the country is only 30% self-sufficient.

MEXICO

Russian market reopens

Pork exports from Mexico banned due to the H1N1 epidemic have been reinstated.

CHINA

New integrated project

COFCO is starting a project to produce 500,000 slaughter pigs per year in Dongai and Jiangsu. This is a fully integrated projects that includes feed production, processing and retail distribution.

FMD

An outbreak of Foot and Mouth Disease has been reported in Qinghai.

Pork Prices Hamburg Market Week commencing 06 July 2010

Cut Name	Closest Export Manual Code No.	Price Range (€ / kg)
Round cut leg	51121	2.25/2.40
Leg (boneless, rindless max fat level 3mm)	51121	3.15/3.40
Boneless Shoulder	56200	2.35/2.50
Picnic Shoulder	56120	1.70/1.90
Collar	56130	2.55/2.80
Belly (bone in, ex-breast)	55100	1.75/1.95
Sheet Boned Belly (rindless)	55210	1.70/1.85
Jowl	50230	1.05/1.15
Half Pig Carcases	U Classification	1.88/2.08

Pork prices Barcelona Market Week Commencing 06 July2010	
Cut Name	**Price Range (Euro/Kg)**
Carcases (secondary grade)	1.672/1.678
Gerona Loin Chops	2.43/2.46
Loin Eye Muscle	3.53/3.56
Fillets	5.83/5.86
Round Cut Legs	2.50/2.53
Cooked Ham	2.23/2.26
Rindless Picnic Shoulder	1.53/1.56
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