



## Export Bulletin

May 2012 – Week 20

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At last the first shipments of British pork destined to Mainland China are leaving next week. Farming and Food Minister Jim Paice made the formal announcement yesterday, 17 May 2011. This has been a long time coming but this major breakthrough will be nonetheless very welcomed by producers and processors alike.

Traders believe that Chinese pork imports will recover from September. Authorities seem determined for now to slow imports as prices remain under pressure. They have also started to intervene on the market and have bought pork for freezing. The main Smithfield exporting plant in the USA has been delisted. However, sales of fifth quarter products are unaffected.

Outdoor-bred pork from British welfare scheme deserves its two-stars rating said Bert van den Berg of the *Dierenbescherming*, the equivalent of RSPCA in the Netherlands to Dutch farming paper *Boerderij Vandaag*. The 'star' system has a growing recognition with Dutch retailers and consumers.



**DENMARK**

### Market

Markets in Europe remain unchanged. The weather in Europe has remained cold and affects demand negatively and thus meat prices as well. It is estimated that we now are at such a late stage of spring that the price rush of a fine barbecue season at the most will be realized at a somewhat lower level this year. Prices of legs are unchanged, but low; prices of front parts are fine whereas prices of shoulders are sagging. Loins are selling at a satisfactory level – helped by strong sales on third country markets and good bacon exports. Sales of bellies are stable and the

level satisfactory. On third country markets exports to China are satisfactory and the interest from customers in Japan is fine. Exports to Russia are stable. (Sources, Danish Crown, Tican, Europa and Food Council).

### **New figures for pig population in Denmark**

During the first quarter of the year the number of sows in Denmark fell by 13,000 equivalent to 1.3 % according to a report from Statistics Denmark. The number of gilts decreased by 7,000 and so did the number of young sows. It corresponds to a decrease of 3.5 %. The decrease for slaughter pigs is more than five percent. According to Statistics Denmark the stock remains unchanged when adjusted for seasonal fluctuations. The total pig stock as of 1 April is approximately 12 million and unchanged compared to last year. During the first quarter 2.3 million live pigs were exported according to Statistics Denmark. In 2011 exports of live pigs reached 8.5 million and approximately 95 % were piglets. (Source, Landbrugsavisen)

### **Danish Crown closes slaughterhouse in Esbjerg**

Danish Crown will close the slaughterhouse in Esbjerg by the end of August this year. At the same time the company plans to invest in expanding the capacity at some other Danish Crown slaughterhouses in order to secure the best use of capacity. The reason for the closing down is a slight decline in supply of slaughter pigs to the Danish plants of the slaughterhouse group. The closing down of the slaughterhouse at Esbjerg is going to affect 500 employees. On the other hand 300 new jobs will be established at other departments of the company. Currently, 31,000 pigs are slaughtered in Esbjerg per week. (Source, Danish Crown).

### **Danish Slaughterhouses - payments week commencing 14 May 2012**

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (70.0 – 86.9 kg)	Euro 1.455	Euro 1.455
Difference to last week	Unchanged	Unchanged
Sows (Above 129.9 kg)	Euro 1,001	Euro 1.001
Difference to last week	-0.067	-0.067
Boars (Above 109.9 kg)	Euro 0.868	Euro 0.868
Difference to last week	-0.067	-0.067

**FRANCE****Herta: Streaky bacon and lardons**

Culinary aids such as lardons or streaky bacon attract all generations of consumers. Elderly consumers like streaky bacon, whilst lardons are the preferred option for families. Herta are keen to protect this market and the lardons range is growing with the inclusion of lean lardons, or reduced salt lardons there are also thinner cuts (match sticks) or square cuts (cubes) or farmed pork streaky bacon,

**Fleury-Michon**

To complete the Herta range Fleury Michon targets the more modern and younger consumers with a new pre-cooked pork stir fry. The product can be eaten cold or heated at several meal occasions including aperitif, snack / sandwich, salad or starter.

**Regional ranges by Tradival**

On top of the VPF (French pig meat) logo appearing on their label, Tradival has introduced a new segmentation with two regional origins: "Massif Central" and "Centre Val de Loire"; pigs have to be slaughtered and deboned in the region. On top of the usual cuts (chops, escalopes, joints, fillets and sauté), sausages (Toulouse, Chipolatas) and stuffing Tradival are preparing a new winter range.

**+20%**

This is the added value expected to benefit all pig meat and charcuterie products selected for the "Origine Montagne" new brand launched on 26<sup>th</sup> April in Lyon. 800 producers located over 600 metres above sea level are involved in the scheme, they will supply the 25 abattoirs and the 100 pig meat processors approved by the Association "Porc Montagne". The objective of the association is to market half of total mountain pig production with the new brand which will be tested in retail outlets in the coming weeks.

**Pork fillets**

A very innovative range of sliced and seasoned smoked fillets has been launched by Bahier (specialist of rillettes, black pudding). The product is presented in different formats for restaurants, supermarkets and (not sliced) for traditional butcher counters. The fillets are smoked and pre-cooked ready to eat cold for aperitif, snacks sandwiches etc.

**Pigs**

If Bank holidays disturb the exchanges and tend to increase the available offers, the stability of the market and the good perspectives of the demand in the short term make possible to maintain prices (-0,1 cent). This is due to the status quo generalized by the European prices.

**Piglets**

Nothing is moving: lack of movement of the supply and demand. Prices are stable or slightly slowing down depending of the regions. Prices are so far very high everywhere in Europe, and specially, as underlined in Plérin, they are " *very expensive taking into consideration food cost which it will be necessary to add to fatten the animal and to sell it at a price which may not be high enough to guarantee margin*".

**Cuts**

The market is not evolving. The second part of the month could limit orders, but the purchases of the week will be concentrated again over four days, due to the bank holiday on Thursday which should revitalize the market, in particular during the weekend of Ascension Day. Prices are stable.

<b>Pork prices RUNGIS week commencing 14 May 2012</b>	
<b>Cut name</b>	<b>Price range (Euro/Kg)</b>
Back fat, rind-on	0,65
Trimmings	1,38
Leg	2,28
Loin including chump	2,92
Loin excluding chump	2,57
Belly extra without trimmings	2,58

**GERMANY****Market**

Half pig carcasses were mostly sold at last week's prices. Trade in general was fine at the beginning of the week and especially filets and loins were well demanded. Collars were ordered in good quantities in anticipation of better weather condition in order to be able to accommodate hopefully increased demand of barbecue products. (Source, AMI)

**Westfleisch**

Two years ago, Westfleisch published the results of its carbon footprint analysis for the production of pig meat (3.2 kg CO<sub>2</sub>e/kg meat) which was then followed by the same analysis for veal production (8.7 to 10.9 kg CO<sub>2</sub>e/kg meat). Now, Westfleisch has rounded up the collection of independently audited emission data and presented the CO<sub>2</sub>-balance for the entire process chain of its beef production. The results show a range of between 14.3 and 15.3 kg CO<sub>2</sub>e/kg meat depending on gender and breed of the animal. (Source, Lebensmittel Praxis)

**Good results**

Meat processor Bedford has reported an increase in revenue of 5.9% to € 54, 6 million (2010: € 51, 6 million). The growth is mainly due to increased sales of cooked ham and raw sausage products. Exports have grown from 8.8% to 10.7% with The Netherlands being one of the main importing countries. (Source, Lebensmittel Praxis)

<b>Pork Prices Hamburg Market Week commencing 14 May 2012</b>	
<b>Cut Name</b>	<b>Price Range (€ / kg)</b>
Round cut leg	2,10/2,25
Leg (boneless, rindless max fat level 3mm)	2,90/3,20
Boneless Shoulder	2,40/2,60
Picnic Shoulder	2,00/2,20
Collar	2,80/2,90
Belly (bone in, ex-breast)	2,30/2,45
Sheet Boned Belly (rindless)	2,25/2,45
Jowl	1,45/1,60
Half Pig Carcasses U class.	2,05/2,15

**SPAIN**

<b>Pork prices Barcelona Market Week commencing 14 May 2012</b>	
<b>Cut Name</b>	<b>Price Range (€ /kg)</b>
Carcases (secondary grade)	1,703/1,709
Gerona Loin Chops	2,48/2,51
Loin Eye Muscle	3,41/3,44
Spare Ribs	2,88/2,91
Fillets	5,38/5,41
Round Cut Legs	2,42/2,45
Cooked Ham	2,05/2,08
Rindless Picnic Shoulder	1,63/1,66
Belly	2,20/2,23
Smoked Belly with Spare Rib Section Cut off	2,63/2,66
Shoulder chap or Head Jowls	1,23/1,26
Back Fat, Rindless	1,08/1,11

**NETHERLANDS****Vion to pay farmers later**

As said in bulletins *passim*, Vion is affected by the lengthening of payment terms by retailers not only in the Netherlands but right across Europe from typically 30 days to 60 and sometimes 90 days. It pays farmers currently within 8 days but plans to lengthen the terms. Westfleisch pays within 17 days, Tönnies 7 days and other Dutch abattoirs 5 days. (Source, Boerderij Vandaag)

**Topigs boars lose market share**

AI centre KI Twenthe sold 331,000 doses of semen in 2011, up from 329,000 in 2010. Sales of PIC Piétrain rose from 41,000 to 66,500 doses giving a market share of 20.1% (+7.5% of total) whilst sales of Topigs semen fell to 20.3% (-11.9%). Sales of German and Hypor Piétrain semen make the remainder. In contrast, sales of Topigs semen at AI centre Varkens KI rose slightly particularly against Danish Duroc. The centre marketed 2.9 million doses in 2011 down from 3.1 million in 2010. Non-Topigs sales represented only 155,000 doses (Source, Boerderij Vandaag)

**RUSSIA****Imports down**

As of May 10, imports of pork to Russia in 2012 amounted to 196,600 tonnes which is 2.8% less than at the same time of year in 2011. The decrease is due to a drop in prices on the domestic market: USD 5.5/kg for second category pork which is an almost 4% decrease from the beginning of 2012. (Source, PigUA.info)

**Imported Pork Moscow Market****(May 14):**

Leg (no bone): USD 5.5/kg

Shoulder (no bone): USD 5.4 /kg

Heart: USD 2.9/kg (Source, Meatinfo.ru)

**Imported Pork St.Petersburg Market****(May 14):**

Neck (no bone): USD 6.5 /kg

Heart: USD 2.7/kg (Source, Meatinfo.ru)

**UKRAINE****Pork production January-April**

According to the National Statistics Committee, from January-April of 2012 pig-breeding farms produced 150,700 tonnes of pork in live weight. This is 4.2% more than during the same period in 2011. The largest volumes of pig production during the four months were registered in Donetsk (23,700 tonnes), Dnipropetrovsk (17,900 tonnes) and Kyiv (17,400 tonnes) oblasts. The highest rates of pig population growth were registered in Kirovograd oblast (4,900 tonnes, +58% compared to the same date in 2011) and Ivano-Frankivsk oblast (10,000 tonnes, +43% compared to the same date in 2011). The largest decrease in production was registered in Kharkiv oblast (2,500 tonnes, -47% compared to the same date in 2011). The weight of slaughtered pigs during the first four months of 2012 decreased 6.3% compared to the same period in 2011, and amounts to 130,900 tonnes of pork in live weight. (Source, PigUA.info)

**Purchasing price for pork grows 1% in one month**

According to the information provided by the Ministry of Agrarian Policy and Food of Ukraine, as of May 11, 2012, the average purchasing price for pork was UAH 18,246/t (~USD 2,270/t), a 1% increase compared to figures on April 11 and a 37% increase compared to the average price as of May 11, 2011. The wholesale market price also increased, and as of April 27 amounted to USD UAH 31.5/kg (USD 3.9/kg). The retail market price was UAH 41.7 (USD 5.18/kg). (Source, PigUA.info)

**FINLAND****HK Scan Swedish woes**

Difficulties on the Swedish market due to the concurrence of cheap imported pork and the increase of private labels by supermarkets affected performance in the first quarter and the company posted a negative result of € 0.6 million for a turnover of € 606 million (+2.3%). Activity in the Baltics, Poland and Denmark is satisfactory. (Source, HK Scan)

**ITALY****Production costs must come down**

Matteo Bernardelli of ANAS believes that Italian production costs are currently the highest in the EU at € 179 per kg carcass (Europig data). Technical results could be improved particularly for prolificacy although piglet survival is good. Pig health is generally poor and, according to data from the European Commission the cost of feed paid by producers at € 36.27 /100 kg is also the highest in Europe against € 26.04 /100 kg in Germany. (Source, Rivista di Suinicoltura)

**USA****Consumers are more confident**

A consumer confidence index surprised analysts by climbing to its highest level in four years this month, and consumer spending is up, according the Thomson Reuters/University of Michigan preliminary consumer sentiment index for May which climbed to 77.8, up from 76.4 a month earlier and should benefit meat sales. The index beat expectations, as a survey of 68 economists indicated the index would drop to 76 based on an average of their projections. The index now has advanced for the ninth straight month, the longest stretch of consecutive gains since the monthly survey began in 1978. Although incomes are down, the price of petrol at the pump is easing as is the fear of unemployment. (Source, Bloomberg, various)

**CANADA****Market trends**

The exceptionally mild winter has helped pork sales with people barbecuing in March. April was snowy and pork sales and wholesale prices indeed fell during the period. Now, the market is finely balanced but ribs are edging lower in thin trading. (Source, L.N. Reynolds)

**Harsh promotions**

As in Europe, food retailers are pushing fresh pork forward aggressively. Freshco has a C\$ 1.00 food campaign that includes boneless shoulder roast for a 1 kg joint at such a price per pound (£ 1.42 /kg). Walmart promotes lean pork mince at C\$ 3.50 for a 500 g. controlled atmosphere pack (£ 4.50 /kg). On the other hand, the chain is offering barbecue lines like "Finest" cooked ribs at C£ 10 for a 680 box (£ 10.25 /kg) an attractive price for our rib exporters. (Source, various)

**CHINA****Zhongping is roaring**

Turnover of the major pork producer rose by 54% to £ 906 million in 2011 with net income up 10% to £ 40 million as the company added 201.000 tonnes of capacity to 904.760 tonnes. It is investing £ 6.7 million in a new plant in Changge, Henan Province to produce casings and heparin. (Source, Asian Meat)

**...so are Shangui and Yorun**

Shanghai turnover rose to £ 5.9 bn. in 2011 and further growth is expected to £ 6.2 billion in 2012 with an output of 15.5 million pigs. Meanwhile Yorun turnover increased to £ 2.6 billion. (Source, Asian Meats)

**Corn imports forecasts**

Corn imports could climb to 28 million tonnes by 2015-16 from 13 million tonnes in 2012-13 and 9 million tonnes in 2011-12 as local production fails to keep pace with meat production say analysts FC Stone Inc. (Source, Asian Meat)

**THE PHILIPPINES****Pork smuggling**

President Benigno Aquino has promised to curb illegal frozen pork imports that are affecting local producers. In 2011, the Philippines imported 178,000 tonnes of pork. Producers report prices of PHP 86 /kg (£ 1.25 /kg) against production costs of PHP 92 /kg (£ 1.34 /kg). (Source, Asian Meat, various)

**Revision of import rules**

Under pressure from the USA and Canada, the country has revised its import rules that were "biased against frozen meat imports and giving preferential treatment to local pig and pork

producers". Still, local meat does not need to be refrigerated for a period up to eight hours. (Source, Asian Meat)

**VIETNAM****Consumers' fears**

Pork prices are dropping as consumer fear adverse effects of residues in meat. They fell 12% by the end of March to £ 1.28 /kg live weight (Mekong prices), which is below production prices. Some 2.5 tonnes of salbutamol and clenbuterol were seized in Dong Nai Province (Source, Asian Meat)

**TAIWAN****Hypor sales**

The Dutch breeder sent a shipment of breeding pigs from Canada to its local distributor Nice Garden. Hypor breeding stock was introduced in 2011 at a conference attended by 150 producers. (Source, Asian Meat)

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