



Export Bulletin

May 2012 – Week 21

The opening of the Chinese Mainland market featured prominently in the UK media and although the BBC had not always been on the farmers' side this is good news.

<http://www.bbc.co.uk/news/business-18108545>



DENMARK

Market

On the European market fresh legs are sold under some pressure, however at a fairly unchanged price level. The lack of barbecuing activities means that the typical seasonal products are sold more slowly than usual for the season. The situation for exports to the British bacon market remains unchanged. The high exchange rate of the GBP results in higher prices brought home for the Danish exporters impacting increased supply of loins and backs from Europe, which is pressing prices. On markets outside Europe there is a fine activity to markets in the Far East in Japan and China, whereas the trade with Russia is slow. (Sources, Danish Crown, Tican, Europa and Food Council).

England pigs are selling better

Danish Crown is expecting improved exports of England pigs during summer and autumn, and therefore the company increased the supplementary payment for such production by 1.4 Eurocent per approved kg. (Source, Danish Crown)

Export of pigs to Russia suspended

The Danish Veterinary and Food Administration initiated an urgent investigation into the cause of the death of breeding pigs that were exported to Russia. The pigs (three lots) were exported to Tambovskaya Oblast and during the inspection on the Belarussian border all pigs in one of the

consignments (37 animals) were found dead. The investigation is expected to take 15 days during which no pigs will be exported from Denmark to Russia. (Source, PigUA.info)

Gentle Danish stunning system export to South Korea

The Danish producer of CO2 anesthetic systems Butinas entered an agreement on the sale of its systems in South Korea. CO2 stunning of slaughter pigs has more animal welfare advantage reducing stress before slaughter. The low level of stress can be measured in meat quality that is significantly better when the group of pigs has been stunned with CO2. CO2 stunning and Butinas leadership worldwide comes from ambitious requirements for animal welfare in Denmark and the EU, where most countries have now introduced CO anesthesia. The reason is that animal welfare has received increased attention in Korea after the conclusion of FTA with EU. In line with countries like China and Vietnam, there is increased awareness about animal welfare and sustainability of production in Korea, where animal welfare is a relatively new concept, said Director of Trade and Marketing in Agriculture & Food Jan Laustsen. (Source, Landbrugsavisen)

New project ensures more pigs through better farrowing huts

The Danish pig meat industry is behind a new project, Mer Frigris (More loose housing pigs) with the goal to increase productivity and thus ensure higher earnings among both outdoor and organic producers and slaughterhouse companies. The objective will be achieved by using two new types of farrowing huts that will ensure more pigs. The reason is that the demand for meat from free range pigs and organic pigs is increasing worldwide. The Danish production of free range pigs need both to be modernized and expanded. The project will test two new types of huts, a new hut for one sow and a large-hut for four sows. Both types will make it possible for the farmer to move around beside the sows. This will ensure a better working environment. At the same time the hut will be equipped with the latest technology, for example, measures allowing the piglets to keep warm, so the weakest of them have more chances to survive, says project manager Simme Eriksen from the Research Centre for free range Animals. (Source, Landbrugsavisen)

Decrease of soy price

The soybean price is under pressure. At the end of April when it reached its preliminary climax, the price was \$ 435 per short ton. Monday afternoon, the price was down to \$ 400 per short ton. This represents a decrease of 8%. According to Martin Bach Andersen, Consultant in Agriculture &

Food, the soy bean price follows the oil prices, which has been declining. It is seen as a result of the turmoil about European economy in light of the situation in Greece. In addition, the Chinese economy is disappointing the market right now. Finally, the Saudi oil minister said that North Sea oil, which currently is traded at \$ 110 per barrel, should go down in price by \$ 10. Although the price of soy has fallen, the price is still high. The current price of \$ 400 must be viewed in light of a price of \$ 300 last autumn. The price went up because the South American harvest disappointed. Now however, the expectations are fine for the harvest in the U.S. and Martin Bach Andersen advises not to cover all needs by buying soy now. He estimates that the price is going to go further down, and that you should buy as little as possible now when prices are high. (Source, Landbrug og fødevarer).

Danish Slaughterhouses - payments week commencing 21 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	Unchanged	Unchanged
Boars (Above 109.9 kg)	Euro 0.868	Euro 0.868
Difference to last week	Unchanged	Unchanged

**Maggiore pigs**

Launched in 1992 by Jean Floc'h President of the pig processor Bernard de Locminé, the production of Maggiore pigs is celebrating its 20th anniversary. Mr LeFloc'h wanted to be able compete with Italian dry ham and decided to produce heavier carcasses (between 95 and 115 kg carcass weight and between 121 and 147 kg live weight). The initiative involved a genetic model produced by France Gènes (Male line Maxter M2 fat), a feed manufacturer (Sanders), 160 production sites (112 producers), a group of producers : Porc Armor Evolution and an abattoir: Bernard at Locminé in the centre of Brittany. The system is more efficient than the average French production, pig's daily gain reached 900 g and the farmers produced an additional 300kg per sow per year. This production does not require extra buildings but necessitates extra care

(handling and sorting) and expertise especially at the end of the 90 day finishing period. Pigs are slaughtered at an average age of 180 days. For example one producer supplied 2 900 pigs in 2011 at an average carcass weight of 101 kg (131Kg live weight) and an added value of €0.162/kg.

Pigs

If the bank holiday (Ascension Day) affected the exchanges, the basic price, 56 TMP in Plérin, has confirmed its increase, +0.3 cent yesterday. According to the "Marché du Porc Breton", sales are good and progress well regarding the price difference, that is more and more noticeable, with our neighbours.

Piglets

Prices are stable or slightly slowing down depending of the regions. The FNP-FNCBV prices lost 2 cents for 25 kg and -32 cents for 8 kg.

Cuts

The sales of cuts are not very dynamic due to the end of month and to the continuing rainy weather. The retailers are very careful with their purchases. Only the approach of the long Whitsun weekend (Bank holiday next Monday) leaves some hope of anticipated orders.

Pork prices RUNGIS week commencing 21 May 2012	
Cut name	Price range (Euro/Kg)
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**

Warmer temperature and the outlook for the weather conditions to remain positive have increased the demand for pig meat on the wholesale markets. Particularly barbecue products such as collars, filets and loins are strongly demanded and marketed with no difficulties. The market for hams and shoulders however is sluggish and so is the market for most sow meat products. (Source, AMI)

Commitment to purchase

Tönnies, Vion and Westfleisch have issued a joint statement to farmers guaranteeing the purchase of young boars with no deduction in price. Therewith, the three leading pig slaughterers on the German market are enabling a possible alternative to the castration of piglets without anaesthesia. In addition, the QS system actively supports the introduction of the fattening of young boars following standardised framework until the electronic nose becomes available. The monitoring of the compliance with this framework will be implemented in the QS audit system as of 1 July 2012. (Source, iq-agrar)

Tönnies project in Russia picks up pace

Tönnies is increasingly exporting its know-how to Russia where the company is aiming to support the country's self-sufficiency by means of an integrated production system. The large investment in the region of Southern Russian Belogrod is picking up pace with the construction of the 14th fattening site as well as the abattoir currently being undertaken. According to Clemens Tönnies between 1,3 and 1,5 million pigs will eventually be produced and processed and Tönnies aims for the construction of the site with a total of 120.000 ha and comprising of 30 plants to be finished in two years' time. A total of between € 880 and 900 million will then have been invested in the project. Financial partner is the Russian Sberbank, and business partner the Russian Agroimport. Tönnies also aims to involve Western European farmers in the project. (Source, topagrar)

Important sector

In 2011, the German meat industry generated € 33.5 billion (excl. poultry) and therewith remains the most important sector within the German food industry. (Source, iq-agrar)

Pork Prices Hamburg Market Week commencing 21 May 2012	
Cut Name	Price Range (€ / kg)
Round cut leg	2,15/2,30
Leg (boneless, rindless max fat level 3mm)	2,95/3,25
Boneless Shoulder	2,45/2,60
Picnic Shoulder	2,00/2,20
Collar	2,80/2,95
Belly (bone in, ex-breast)	2,30/2,45
Sheet Boned Belly (rindless)	2,25/2,45
Jowl	1,50/1,60
Half Pig Carcasses U class.	2,10/2,20

**SPAIN****Difficult market**

Some large and reputable companies filed for bankruptcy over the last few weeks: Carnes Estellès, Molina Tradición, Jamón Salamanca and Resti y Rubado. However, Campofrío, El Pozo, Argal, Redondo Iglesias, Embutidos Subirats, Chacinerías Díaz, Embutidos la Encina, Fribín and Famadesa are investing a total of € 120 m. Meanwhile Caresa-Apis and Cárnicas Valle have been reprieved. (Source, Alimarket)

Impact of the animal welfare legislation

Some 10% of Spanish pig producers will not continue their activity past January 1st 2013 according to the Ministry of Agriculture. (Source, Eurocarne)

Consumption of processed pork still growing

The rate of growth of 3.2% is expected to slow down to 1-1.6% according to Nielsen. The category which offers great value for money has been a clear winner during the current economic crisis.

(Source, Alimarket)

Pork prices Barcelona Market Week commencing 21 May 2012	
Cut Name	Price Range (€ /kg)
Carcases (secondary grade)	1,724/1,730
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

**Pork does well at retail**

According to research carried out nationally in 40 super and hyper-markets, pork has a wider “ready to cook” assortment (48.1% of the total fresh pork product offer) than poultry and rabbit (17.9%) or beef (15.1%). However, it has a smaller range of “ready to eat” products than poultry and obviously the smallest range of “ready to prepare” products. Pork has more family formats. Some 16.1% of all pork references are promoted against 20.2% for poultry and rabbit and 11.2% for beef. Pork assortment presents slightly less branded lines with 34.9% (a high score in Europe) than poultry and rabbit, and beef. (Source, MarkUp)

**NETHERLANDS****New attack on pig production**

Lobby groups *Varkens in Nood* and Greenpeace have launched a new index taking into account environmental impact, carbon footprint, animal welfare and health. The index called SuperWijzer will apply to 15,000 food products noted 0 to 10 and is backed by environmental academia group. The competing animal welfare star system is increasingly gaining ground with supermarket chains. (Source, Boerderij Vandaag)

Fewer antibiotics in pork rearing

The amount of antibiotics administered to Dutch pigs has fallen by 20% in one year. Further reductions are planned of 15% in 2012 and 15% in 2013. Dutch farmers cannot any longer administer the following brands: Baytril, Cavaxel, Cenefil, Ceftiocyl, Cobactan, Enroxil, Eficur, Excenel, Marbocyl, Marbox, Naxcel, Powerflox and Readycef. (Source, Boerderij Vandaag)

**BELGIUM****Pig meat most important export product**

In 2011, a total of 1,1 million tonnes of pig meat was produced in Belgium of which 275.656 tonnes (38%) were exported to Germany, the most important trading partner for Belgian meat producers. Overall, meat for exports decreased in volume compared with record year 2010 figures when a total of 753.282 tonnes were exported. In value however, exports rose by 4% to € 1,27 billion making 2011's result the third highest in the history of Belgian pig meat exports. Most demanded products are half carcasses (150.000 tonnes) followed by ham (50.000 tonnes) and boneless cuts (25.000 tonnes). (Source, Lebensmittel Praxis)

**RUSSIA****Ban on Brazilian pork?**

Rosselkhoznadzor may ban export of meat from Brazil due to poor results of quality control and complaints from consumers. According to Sergey Dankvert, the Head of Rosselkhoznadzor, the Brazilian meat-producing enterprises were inspected in 2010 and 2011, and the results of the inspections were negative. If the 2012 inspections show violations, imports of meat from Brazil will be banned or restricted. The 2012 inspections are planned in the provinces of Mato Grosso do Sul, Santa Katarina, San Paolo, Minas Gerais and Goa. Mr. Dankvert said that the lack of action from the National Veterinary Service of Brazil makes it impossible to solve problems with the disorganised export of meat to Russia. According to Rosselkhoznadzor data, the volume of pork supplied from Brazil to Russia was 134,000 tonnes in 2011 (40% less than in 2010). (Source, PigUA.info)

Imported Pork Moscow Market**(May 21):**

Leg (no bone): USD 5.45/kg

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

Imported Pork St.Petersburg Market**(May 21):**

Leg (with bone): USD 4.48/kg

Neck (no bone): USD 6.4 /kg

Liver: USD 1.6/kg (Source, Meatinfo.ru)

**UKRAINE****Production of pork in April decreased 20.3% - to 14,100 tonnes**

According to the National Statistics Committee, the production of fresh and chilled pork in Ukraine in April decreased by 20.3% compared to March results and amounted to 14,100 tonnes. Production of frozen pork in April decreased by 2.25 times compared to March and amounted to 400 tonnes.

**BELARUS****New pork plant**

The Belorussian company Danprod Ltd. began the construction of one of the largest pig-breeding complexes in the country with the capacity of 110,000 pigs in Volozhynsky region. Total territory allocated for the complex is 2,500 hectares. The land will be used for pig-breeding facilities, waste utilization facilities, and forage lands. Local communities however are concerned that this project will negatively influence the ecological situation in the region. In the meantime the company is planning to start production next spring. (Source, PigUa.info)

**KAZAKHSTAN****Pork production on the rise**

Following a major retraction in the 1990s, production is on the rise again with steady growth of 1-2% per year to 215,000 tonnes in 2011. It amounted to 300,000 tonnes in 1991. Production seems centred around the town of Karangada with new units of typically 2,000 sows. The Government supports heavily investment in the sector with the help of BERD. Muslims represent 55% of the 16.6 million inhabitants but have a strong sausage eating tradition and local demand is growing. Kazakhstan is also a large importer of Chinese pork. (Source, Porc Magazine)

**CHINA****Difficult 'grey' trade**

News from Hong Kong is not positive and the trade has now slowed down due to the authorities stand as well as poor prices and demand for carcase meat. US suppliers have been hit by the discovery by the quarantine bureau of ractopamine in a 100 tonnes consignment. (Source, traders)

Importance of pork prices

A Rabobank study shows that Chinese consumer prices (CPI) follow closely pig prices (China Pork Index). (Source, Boerderij Vandaag)

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