



Export Bulletin

February/March 2012 – Week 09

Reasoned optimism is prevailing in Europe. With a slightly lower production forecasted this year, firm pork prices and flat feed prices, the general outlook is deemed positive. Rabobank even predicts prices of € 1.75 /kg this year.



DENMARK

Market

The European markets have stabilized compared to the positive trend at the beginning of February. An increasing number of pigs are slaughtered throughout Europe resulting in increasing supply which puts a cap on the development of prices. On the European market fresh legs are sold at unchanged prices. Loins are sold at a slightly increasing price level, whereas other types of cuts are sold at unchanged prices. There is a stable export and unchanged prices to the British bacon market. With respect to markets outside Europe the situation remains unchanged. (Sources, Danish Crown, Tican, Danish Agriculture and Food Council)

Antibiotics issues

A major new study shows that the resistant staphylococcus bacterium called pig-MRSA, is increasingly causing infections in humans. Researchers from DTU Food and Statens Serum Institut figured it out in collaboration with American colleagues by comparing the complete genome of staphylococcus bacteria found in pigs and humans. The results show that MRSA CC398 at the beginning was sensitive to antibiotics, but has developed resistance after it changed its host from humans to pigs. MRSA bacteria are resistant to antibiotics that are very important in the treatment of life-threatening infections with humans. Most people with pig-MRSA have been in contact with pigs. But in 2010 there were 15 cases in which the bacteria were found in people who had not had any contact with pigs. The new study confirms that the recently emerging resistant bacteria can adapt to people again and thus be more easily spread among people. The new results underline that the use of antibiotics in animal barns subsequently can cause

problems in the treatment of people because bacteria exposed to antibiotics in agriculture, over time develop resistance, evaluates research director Frank Moller Aarestrup from the DTU Food Institute. (Source, Ritzau)

Stable pig population in Denmark

Statistics Denmark has published the results of the pig counting conducted on 1 January 2012. The counting is based on a sample of approx. 2,500 farms. The result of the pig census shows a pig population that is quite stable compared to the same counting a year ago. The total population is 0.4% higher than a year ago. The group "Slaughter pigs > 50 kg" is slightly lower, and the groups "piglets with sows" and "weaned pigs < 50 kg" have increased slightly. For breeding herds, the number of sows declined by 2.2% over the previous year. The number of first time pregnant sows has fallen by 4.4% while the number of gilts is 11.4% below its level a year ago. (Source, Markedsnyt for svinekoed)

Danish Slaughterhouses - payments week commencing 27 February 2012

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (70.0 – 86.9 kg)	Euro 1.374	Euro 1.374
Difference to last week	Unchanged	Unchanged
Sows (Above 129.9 kg)	Euro 1,041	Euro 1.041
Difference to last week	+0.027	+0.027
Boars (Above 109.9 kg)	Euro 0.908	Euro 0.902
Difference to last week	+0.027	+0.027

**FRANCE**

Restructuration of the French pig meat industry

The support system to be set for post 2012 is being finalised at the FNP (French National Federation of Pig Producers). By 1st January 2013 all pig sheds (particularly farrowing units) will have to be up to EU standards and according to FNP 10 to 12% of producers will not be able to cover the required costs. Any way estimations already indicated a reduction of the breeding herd and the financial support to pig producers to raise their standards should reach €15 million, this amount should be confirmed at next Board meeting of FranceAgriMer on 22nd March. Jean-Michel Serres, President of FNP is already claiming that this amount should be doubled. The deficit of

trade balance of France with EU countries amounts to €139 million and pig meat consumption in France decreased by 1.9% in 2011. The development of the VPF logo will not be enough to solve all the problems of the industry.

Pork

The session of quotations in Plérin was very firm on last Tuesday. Our basic price gained 1 cent after the increase of 5 cents last Thursday. The demand is good but the offer is always too low. According to "Marché du porc Breton", "the activity of the slaughterhouses last week confirms a fall in production with only 375 000 pigs slaughtered. It is – 12 000 pigs/week with regard to the same period last year."

Piglets

For a good demand, the offer is still low and not sufficient. The FNP-FNCBV prices gained 10 cents for 25 kg and +1,83 € for post –weaners.

Cuts

The operators think that with the end of the month and the end of school holidays, the business could start again this week. Besides, the survey made by SNIV – SNCP reveals that the origin on stickers still remains to develop. The VPF logo is on only 23 % of hams (starting price), while it is on 70 % of hams with store brand. For the national brands of ham, this information is only 37 %.

Pork prices RUNGIS week commencing 27 February 2012	
Cut name	Price range (Euro/Kg)
Back fat, rind-on	0,80
Trimming	1,52
Leg	2,51
Loin including chump	3,01
Loin excluding chump	2,71
Belly extra without trimmings	2,47

**GERMANY****Market**

The trade with pig meat is currently rather calm. Supply of hams, chops and loins was partly limited but could still meet the subdued demand. Slight shortage was reported for collars, shoulders and bellies. Trade with sow meat was satisfactory. (Source, AMI)

Varying development

According to preliminary data provided by the National Statistics Office, 59.5 m. pigs were slaughtered in Germany in 2011. This represents an increase by 1.4% or 850.000 animals compared to 2010. The regions of Lower Saxony and Northrhine - Westphalia remain by far the centers of pig slaughtering, accounting together for 64% of all pigs slaughtered in the country. While in the two regions slaughtering increased by 2.5% and 2.1% respectively pig slaughtering in other regions decreased. In Bavaria, the number of pigs slaughtered decreased by 2 % and in the region of Schleswig Holstein 4.8% fewer pigs were slaughtered. (Source, iq-agrar)

Pork Prices Hamburg Market Week commencing 27 February 2012	
Cut Name	Price Range (€ / kg)
Round cut leg	2.10/2.30
Leg (boneless, rindless max fat level 3mm)	2.95/3.20
Boneless Shoulder	2.45/2.55
Picnic Shoulder	2.00/2.20
Collar	2.35/2.55
Belly (bone in, ex-breast)	2.25/2.40
Sheet Boned Belly (rindless)	1.90/2.25
Jowl	1.40/1.55
Half Pig Carcasses U class.	2.02/2.12

**NETHERLANDS****“Turbulent” market**

The slight shortage of pigs and rising prices has led Vion and Tönnies to a mini price war with prices of € 1.60 being offered. This is thought to be a peak in current market conditions. (Source, Boerderij Vandaag)

Dutch industry lagging

Only 70% of Dutch sow place are now converted to group housing, this compare with Spain and France with 50%, Denmark with 80% and Italy 70%. (Source, Boerderij Vandaag)

Van Rooi is growing

In 2011, Vion still had the greatest market share of Dutch pig slaughter with 51% (down from 54% in 2009), but Van Rooi share has grown from 10% in 2009 to 16% in 2011. The share of Compaxo (10%) and Westfort (7%) is stable. Hickman (7%) and Goschalk (4%) are falling. (Source, Boerderij Vandaag)

Export marketing

COV (*Central Organisatie voor de Vleessector*) will promote Dutch meat abroad. There has been a gap over the last few years in terms of export marketing and Dutch branding. Jos Goebbels is the Managing Director.

**BELGIUM****Smaller meat sector**

In 2000, there were 922 meat companies in Belgium. In 2012, there are 40% fewer with 546. Some 376 have been placed in receivership. Belgian Meat Association Fenavian blames the high cost base.

**SPAIN****Incarlopsa and Copiso to join**

Major pork (and lamb and beef) processor Incarlopsa whose operations are largely dedicated to Mercadona is to create a new entity Icpor Soria with Copiso the major pig co-operative in Soria. Copiso owns feed mills and manages cereal production. Copiso produces 130,000 pigs per year.

Pork prices Barcelona Market Week commencing 27 February 2012	
Cut Name	Price Range (€ /kg)
Carcases (secondary grade)	1,689/1,695
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	2,39/2,42
Cooked Ham	2,00/2,03
Rindless Picnic Shoulder	1,63/1,66
Belly	1,99/2,02
Smoked Belly with Spare Rib Section Cut off	2,39/2,42
Shoulder chap or Head Jowls	1,08/1,11
Back Fat, Rindless	1,08/1,11

**IRELAND****Changing pig sector**

Trends in Ireland are quite different than in the rest of Europe. Between 2000 and 2010, the number of pig farms has only dropped slightly from 1,280 to 1,214. Breeding numbers fell by 0.6% and the total number of pigs decreased by 11.8%, falling from 1.722 m. to 1.518 m. Cavan and Cork have the most pigs with 34.9% of total numbers. (Source, Irish Farmers' Journal)

Export marketing

Bord Bia invited 520 food buyers from 28 countries at Dublin Convention Centre to Market Place 2012. The UK is organising a buyers' event around IFE but nowhere near this scale. Despite budgetary difficulties, Bord Bia still employs 86 marketing specialists and has a budget of € 46 m. It is also planning a major St Patrick food promotion in 18 countries worldwide. (Source, own)

**RUSSIA****Support for pig producers in Russia**

Once again the Russian Government and Deputy Prime Minister Igor Shuvalov have promised the Russian pig producers that the Russian authorities are preparing legislation that - as soon as the WTO Agreement is ratified - will ensure the Russian pig farmers special protection from the adverse effects from the WTO Agreement. During the negotiations on Russia's WTO membership, which is expected to enter into force on 1 July this year, an agreement was negotiated, which means that import duties on live pigs to Russia will drop from the current 40% to 5%. Previously, the organization "Russia's National Union of Pig Producers" (NUPP) expressed intense concern about the prospect of declining import duties, thus increasing imports of live pigs to Russia. But apparently the government's repeated assurances of continued financial support for the country's pig farmers have worked. Thus Agra Europe reports of extensive expansion plans from the large Russian pig producers. In the past week "Rusagro" announced that over the next three years it will increase the current pig production of 63,500 tonnes to 200,000 tonnes. The same reports on expansion plans are announced from other large pig producers such as "Agro-Belogorie" and "Cherkizovo". A new forecast from NUPP predicts an increase in pig production in Russia by 8.2% to 2.6 million tonnes in 2012. For 2013 NUPP expects a further increase of 7.8%. In 2011 the increase in production was 3.6%. However, according to NUPPs President Yuri Kovalev, the increase in the next two years primarily comes from projects that were decided before Russia began negotiations for membership of the WTO. Agra Europe also quotes Russian analysts for saying that the implementation of new pig projects will depend on the support actions undertaken by the authorities. The Russian lenders in the form of banks would - according to the same

analysts - have been very reluctant to finance new pig projects. (Source, Markedsnyt for Svinekoed)

Increased pork production

The population of pigs in all categories of pig-breeding complexes, farms and households in Russia amounted to 17.5 m. as of Feb 1, 2012. The quantity of pigs in agricultural enterprises and farms grew 5.2% - up to 12.3 m., quantity of pigs in private households dropped by 9% - to 5.2 m. Production of pork in agricultural enterprises in January 2012 was 96,100 t. in slaughter weight (131,100 tons in live weight – according to Russian Statistics Committee data), which is 9.4% more than in January 2011. Compared to January 2011 (five years ago), the production grew by almost 2.1 times. The biggest growth of pork production as of January 2012 was registered in Central Federal District – 47,800 t. (+23.7% against Jan 2011). (Source, Kazakh Zerno)

ASF

Last week, an outbreak of ASF was registered on a private farm in Karelia, an area previously unaffected by ASF. The pigs were slaughtered, the territory disinfected and emergency measures were introduced on the territory of the region. Other measures included restriction of movement of vehicles (allowed only for vehicles that passed sanitation) and a ban on selling of food waste from restaurants, bars and other public catering facilities. Inspections are to be held in all pig-breeding facilities of the region and the local government promised to provide monetary compensation to all owners of the pigs in case the animals are confiscated and slaughtered. (Source, Itar Tass)

Imported Pork Moscow Market

Shoulder (no bone): USD 6.12 /kg

Leg (with bone): USD 4.85/kg

Liver: USD 2.23/kg

Imported Pork St.Petersburg Market

Shoulder (no bone): USD 5.95 /kg

Leg (with bone): USD 6.05/kg

Liver: USD 2/kg (Source, Meatinfo.ru)

**UKRAINE****Pork prices**

Prices for pork in Ukraine continue to rise. According to data provided by the processing enterprises, the average price of pigs of meat type in February has been UAH 19.1/kg (USD 2.39/kg). The average February price for pigs of meat-fat type has been UAH 17.45/kg (USD 2.18/kg). (Source, PigUa.info)

**POLAND****Decreasing profit in Danish Crown partnership in Poland**

The Polish meat business Sokolow, which is partly owned by Danish Crown, has less profit than last year. The co-owner, the Swedish-Finnish slaughterhouse group HK Scan, informs in its annual report that it has been difficult to push on price increases to consumers along with the improved prices for pigs to the farmers. The result is a reduction in business profits from € 35 million in 2010 to € 25 million in 2011. The decrease is in spite of a seven percent increase in turnover in the Polish business to approximately € 587 million during the same period. According to HK Scan 2011 was a challenging year for the Polish meat sector, where small and medium sized slaughterhouse businesses financially have been more seriously affected than large companies such as Sokolow, which is Poland's second largest slaughterhouse company after the Smithfield owned Animex. (Source, Landbrugsavisen)

**BOSNIA-HERZEGOVINA****Importance of imports**

The British Embassy in Sarajevo reports that the country covers only 40% of its overall food needs and only 10% of its processed food needs. It imports € 950 m. of foodstuff and exports

only € 289 m. (2010). Meat ranks amongst the main imports with Croatia the largest supplier. Processed pork is purchased from Croatia, Austria, Germany and Denmark.

**FINLAND****Falling production**

In 2011, sow numbers fell 8% to 134,000. This fall was only partially compensated by higher productivity.

**CHINA****New standards for abattoirs**

The new abattoir regulations are now being implemented and 30 standards will be launched to step up product quality. Some 2,500 abattoirs were delisted and a further 3,400 plants asked to renovate. A pilot project of 59 abattoirs in 8 provinces is supported by a £ 11 m. grant. (Source, Asian Pork)

Antibiotics overuse

A new report singles out the increasing use of antibiotics for non-therapeutic purposes by small- and medium-size producers. They face challenges in terms of a shortage of qualified labour, land availability and water and manure treatment. Pig density and poor sow productivity are also highlighted. (Source, JCI Daily)

Consumer resistance

In Songjiang, consumers are protesting against the illicit practice of injecting pork with water or brine that loses much more weight during cooking.

**JAPAN****Strong US exports**

Through the first 11 months of 2011, Japan bought 451,509 metric tonnes of US pork valued at nearly US\$1.8 billion, putting them within reach of being the first nation to import one billion pounds of US pork in a single year (valued at \$2 billion). The totals marked increases of 14% in volume and 19% in value - both achieved despite the hardships inflicted by the earthquake and its aftermath. It is worth noting that Japan accounts for 22.1% of all US pork exports by volume and 32.4% in value. While the United States' share of Japan's imported pork market is dominant (42.5% by value; 45.4% by volume), the United States is just one of 26 nations that sold pork to Japan in 2011. Canada, Denmark, Mexico, Chile, Spain, China and Poland are the main competitors. As Japan is 52% self-sufficient in pork production, the United States' portion of the country's market remains only 21.1%. The good news for the US pork industry is that pork is the fastest-growing protein among Japanese consumers. American product is well-represented among each of the key market segments. Currently, 40% of US pork exports go to further processing, 35% to retail and 25% to the hotel, restaurant and institutional (HRI) sector. (Source, National Hog Farmer)

**VIETNAM****Imports up 30%**

The impact of PRRS and the increase of live exports to China have led to a shortage of pork in June and July and an increase of imports to 107,000 tonnes in 2011. PRRS led to a fall of 10-30% of output in the first six months of the year. PRRS affected 833,000 pigs and 457,000 pigs were culled to control the outbreak. This is probably an underestimation of the spread of PRRS. (Source, Asian Pork)

**THE PHILIPPINES****Import access**

The Government has granted licenses to 101 firms to import 52,184 tonnes of pork under its Minimum Access Volume (MAV) scheme for 2012. Pork imported under MAV is levied a 30% tariff and 40% if it's outside the MAV. (Source, Asian Pork)

Topigs shipment

The Dutch breeder sent 1,100 breeding sows from its Canadian nucleus to the largest Philippine producer and processor San Miguel Foods. PIC also supplies San Miguel. (Source, Boerderij Vandaag, various)

**THAILAND****Exports to Japan – growing production**

Japan absorbs more than 95% of Thai pork exports of 15,000 t. Other markets include Hong Kong and Singapore. The country is notoriously protectionist and stopped importing pork in 2009. Consumption is booming and is pulling production. It has grown from 776,000 t. in 2006 to 931,000 t. in 2011. This represents a rise of consumption 1.79 kg of pork per person per year to 14.15 kg. Wet markets still represent 70% of sales. (Source, Asian Pork)

**BRAZIL****Record meat consumption**

Meat consumption was up 4.5% in 2011. The 191 m. population devoured 18.5 m. tonnes, with beef up 9% to 36 kg per person and pork 4.9% up to 15 kg. Still Brazilians prefer chicken and ate 47.4 kg in 2011. Convenience food and eating out also grew strongly.

First exports to mainland China

Aurora sent its first consignment of 120 t. Brazilian pork on 9 February. Meanwhile, Aurora, Seara-Marfrig and Sull Valle Alimentos, all in the Southern Santa Catarina State have been approved for export to the USA.

Pork producers in difficulty

In Mato Grosso and Rio Grande do Sul, pork producers are said 'to be on the brink' due to higher costs of production and low prices. They have asked for new tax breaks.

- www.eblex-bpex-export.org.uk -