Export Bulletin

March/April 2012 – Week 13

The Alimentaria show in Barcelona that took place from 26 to 29 March was a good opportunity to gage the temperature of the Spanish and European pork trade. The key factor seems the ever growing importance of Third Country exports with Russia and China the most important destinations by far. The EU pork sector seems increasingly dependent on the continuation of this trade. This now includes branded processed pork products, which have escaped the crisis relatively unscathed. Pork production in Spain has recovered to pre-crisis levels of 3.479 million tonnes and seems to have found a more stable footing. The main issues remain the lack of credit insurance, the lengthening of payment terms and the lack of finance for pig producers.

DENMARK

Market

On the European leg markets it is difficult to sell the amounts offered at unchanged prices. Shoulders and bellies are sold at stable prices, and loins that have been under pressure are now sold at slightly increasing prices. Easter gives a good demand for pork tenderloin, which is sold on a satisfactory level. There is a stable market situation on the British bacon market. Exports to third country markets are stable. (Sources, Danish Crown, Tican, Danish Agriculture and Food Council)

Organic and free range herds have fine salmonella results

The occurrence of salmonella is lower in free-range pigs and organic pigs, scientists from National Food Institute Technical University of Denmark (DTU) demonstrated. It is a surprising result. Normally one would expect lower salmonella occurrence in conventional herds says Anne Wingstrand, who is a senior fellow at the National Food Institute and one of the researchers behind the study. The scientists do not yet know why outdoor pigs and organic pigs rarely get salmonella, but the results are supported by a study from the Faculty of Agricultural Sciences at

Aarhus University. Otherwise, there are several factors that suggest that the prevalence of salmonella should be higher in exactly those herds. Firstly, the pigs are outside and therefore are in contact with other wild animals and with birds that may carry the salmonella bacterium. In addition, the outdoor areas are more difficult to keep clean, thus providing better conditions for salmonella. Therefore researchers are looking for explanations of the paradoxical result. When researchers find the cause of the great results in alternative livestock, the rest of the industry looks forward to benefit from the experience. (Source, Jyllands-Posten)

Danish Slaughterhouses - payments week commencing 26 March 2012

Slaughterhouse	Danish Crown	Tican
Slaughter pigs (70.0 – 86.9 kg) Difference to last week	Euro 1.401 +0.027	Euro 1.401 +0.027
Sows (Above 129.9 kg) Difference to last week	Euro 1,041 Unchanged	Euro 1.041 Unchanged
Boars (Above 109.9 kg) Difference to last week	Euro 0.908 Unchanged	Euro 0.902 Unchanged

FRANCE

Health protection

With the new animal welfare measures to be implemented by 1st January 2013 the pig meat industry in Brittany is expecting a reduction of sows and a shortage of piglets next year. Already some finishing units are empty and the price of piglets is on the increase. This situation will inevitably attract imported piglets into the West of France and this is a threat in terms of animal health for the 3 200 breeders of the region. Within the last 20 years the industry imported two diseases: PRRS in 1991 and F&M in 2001. The animal health protection rules are well in place for some diseases such as Aujesky or swine fever but not at all for some others such as PRRS. The local veterinary organisation (OVS) decided to set up specific sanitary declarations to be signed by the exporting producer, his vet and the transporter. Movements of these animals must be recorded in the database BD Porc. Also, upon arrival of the piglets, quarantine principles must be applied and abnormal behaviour of piglets must be notified to the vet. All groups of producers in

Brittany are required to include this declaration in their specifications and to send it to OVS before every importation.

Pork

Among slaughtering professionals, many people consider that the 56 TMP basic price should be stable this Thursday in Plérin. With a price difference with Germany in our favour, the beginning of the month, the sunny weather and availability in breeding measured, everything indicates that the market would be good, both for the meat and the livestock markets.

Cuts

The French market should be better very soon due to the nice weather and due to the beginning of the month. It's a good opportunity to maintain prices for loins and ham. Sales for shoulders, breasts and trimmings should remain regular. Our good exports due to our competitiveness could decrease the offers at home and so revitalize the market.

Pork prices RUNGIS week commencing 26 March 2012	
Cut name	**Price range (Euro/Kg)**
Back fat, rind-on	0,70
Trimmings	1,42
Leg	2,16
Loin including chump	2,98
Loin excluding chump	2,54
Belly extra without trimmings	2,62

GERMANY

Market

Hopes are set on mild weather conditions during the Easter holidays that might start off the barbecue season and increase demand for pig meat. Filets, loins and collars are currently well demanded and also bellies and shoulders are ordered in reasonable quantities. Prices for collars could be increased by up to 30 Eurocent/kg at the beginning of this week. Half sow carcasses of both German and imported origin were marketed at slightly higher prices than last week. (Source, AMI)

The German pig slaughter market

According to the ISN abattoir ranking, not all large German slaughter companies were able to continue on their growth trip in 2011. Some even lost considerable market share. The market for slaughter pigs continues to be strongly concentrated with the top 10 companies slaughtering approximately ¾ of all pigs slaughtered in the country. The top 4 alone account for a share of 60%.

According to ISN data, Tönnies increased its production by 8.5% to a total of 15.4 million pigs slaughtered. This lead to an increased market share of 25.9% in 2011.Exports accounted for more than 50% with intensified exports to the Asian market apparently being a main target for the future.

Vion slaughtered less than 10 million pigs in 2011, according to ISN data. The company's market share reduced from 18.3% to below 17%. For the future, Vion plans to focus more on the domestic market rather than on growth through exports. Together with the Animal Welfare Association a label has been developed to signal higher animal welfare standards to customers.

Co-operatively organised Westfleisch kept its third place in the ranking with a company record of 7.16 million pigs slaughtered. The market share increased from 11.2% to 12%. Exports accounted for approximately 50%. Westfleisch also developed an animal welfare logo that was launched in 2011.

The Danish Crown abattoir in Essen in the Oldenburg region processed fewer pigs in 2011. Early in 2011 Danish Crown had taken over D&S Fleisch but previous slaughter numbers could not be met. Overall, Danish Crown slaughtered 3.3 million pigs in 2011 which is a decrease by 280 000 pigs or nearly 8% compared with 2010 figures. The market share reached about 6%.

Among the medium sized companies the Southern German Müller Group increased its slaughter numbers by 12,9 % to 1,44 million pigs slaughtered and therewith moved from place 10 in the ranking to place 7.

Gausepohl slaughtered 1.3 million pigs in 2011 which is a decrease by 2.6% compared with 2010. According to ISN, this reduction is due to the closure of the abattoir in Chemnitz that was explained by high costs for disposal as well as veterinary services no longer being feasible.

The top 10 German pig slaughter companies

(2010 and 2011; in million. The second last column shows the change in market share between 2010 and 2011. The last column shows the total market share in 2011. At the bottom of the table, total figures are given for the top 10 and for Germany as a whole.)

	2010	2011	2011:10 in v.H.	Marktanteil 2011 in v.H.
Tönnies, Rheda-Wiedenbrück	14,20	15,40	+ 8,5	25,9
Vion, Düsseldorf	10,70	<10,00[1]	- 6,5	16,8
Westfleisch, Münster	6,58	7,16	+ 8,8	12,0
Danish Crown, Essen/Oldenburg	3,58	3,30	- 7,8	5,5
Vogler, Luckau	1,95	1,94	- 0,5	3,3
Böseler Goldschmaus, Garrel	1,49	1,50	+ 1,0	2,5
Müller Gruppe, Birkenfeld	1,28	1,44	+ 12,9	2,4
BMR Schlachthof, Garrel	1,37	1,44	+ 5,2	2,4
Tummel, Schöppingen	1,35	1,35	+ 0,3	2,3
Gausepohl, Dissen	1,34	1,30	- 2,6	2,2
Top 10 insgesamt	43,80	44,83		75,4
Deutschland insgesamt	58,63	59,48	+ 1,4	100,0
1) geschätzt				

(Sources, ISN, topagrar)

Record prices for organic pork

The price paid to Danish pig producers rose to a record € 3.40 /kg. In Germany too, prices broke records with € 3.35 /kg according to statistical office AMI. (Source, Boerderij Vandaag)

Pork Prices Hamburg Market Week commencing 26 March 2012	
Cut Name	**Price Range (€ / kg)**
Round cut leg	2.12/2.25
Leg (boneless, rindless max fat level 3mm)	2.95/3.20
Boneless Shoulder	2.55/2.60
Picnic Shoulder	2.05/2.25
Collar	2.55/2.65
Belly (bone in, ex-breast)	2.35/2.45
Sheet Boned Belly (rindless)	2.00/2.30
Jowl	1.45/1.60
Half Pig Carcasses U class.	2.07/2.17

SPAIN

Export record

Last year, Spain exported more meat and meat products than ever before. According to industry association ANICE, exports of meat and meat products increased by 13% to approximately 1.5 million tonnes in 2011. Revenue generated from exports increased by 17% to € 3.6 billion. Exports of unprocessed meat accounted for the majority of these figures and unprocessed pig meat remained by far the most important meat for exports. With pig meat exports alone the Spanish meat industry generated revenue of € 2.1 billion last year. (Source, topagrar)

Pork prices Barcelona Market Week commencing 26 March 2012	
Cut Name	**Price Range (€ /kg)**
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	2,03/2,06
Smoked Belly with Spare Rib Section Cut off	2,46/2,49
Shoulder chap or Head Jowls	1,13/1,16
Back Fat, Rindless	1,08/1,11

RUSSIA

Another ASF outbreak registered in Volgogradskaya Oblast

Another outbreak of ASF was registered in Volgogradskaya Oblast. Quarantine was introduced in the territory of two regions of the oblast: Kalachevskiy and Surovikinskiy. Import and export of all animals and birds as well as trade of feed and feed additives to and from the quarantined zone is strictly prohibited. The total number of pigs that will be slaughtered in this zone is 1600. The owners will receive government compensation. (Source, Rossiyskaya Gazeta)

Large pig breeding complex

Despite the loss of tens of thousands of pigs to ASF, a large pig breeding complex costing RUR 16 billion (~USD 2 billion) is planned to be built in Kuban by Kubanstroyrealizatsiya together with the Polish company Progress Poland Sp. zo. The general director of the enterprise said that the complex will include grain elevators (storage capacity 100,000 tons of grain), a feed plant (production capacity 25 tonnes per hour), slaughterhouse (1 thousand pigs per day) and meat-processing facility (120 tonnes of sausages and semi-finished products per day). The capacity of the breeding facilities will be around 200,000 pigs per year. Due to the closed production cycle, the risk of infecting animals with diseases will be minimal. (Source, Delovaya Gazeta)

Imported Pork Moscow Market (March 26):

Shoulder (no bone): USD 5.9/kg

Neck (no bone): USD 7.4 /kg

Liver: USD 2.13/kg (Source, Meatinfo.ru)

Imported Pork St.Petersburg Market (March 26):

Shoulder (no bone): USD 5.7 /kg

Leg (no bone): USD 5.8/kg

Liver: USD 1.93/kg (Source, Meatinfo.ru)

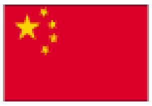
UKRAINE

Congress on Profitable Pig Production

The event that will be held on June 5th 2012 in Kyiv will bring together over 400 participants — managers and professionals from leading pig complexes of Ukraine, representatives of processing companies, commercial companies, news agencies and other people/enterprises involved in pork industry. The event is organized with the aid of the Association of Pig Producers of Ukraine (APPU). Topics to be discussed: Analysis and forecasts for Ukrainian and world pork prices; progress in implementing the state program of pig industry support; practical advice by the best technologists and veterinarians; secrets of the Ukrainian pork industry leaders (Source, Piginfo.ua)

Pork prices in live weight as of March 23, 2012

According to information provided by pork processing companies, as of March 23, 2012 the average purchase price for pigs of the first category was USD 2,5/kg (5% up compared to end of February prices), while the average purchase price for pigs of the second category was USD 2,21/kg. The prices are likely to keep growing as the number of pigs in Ukraine is declining. The factor that may stop this trend would be the import of cheap pork from abroad (Source, PigUa.info)



CHINA

Import restrictions

The pork trade is now well aware of mounting export difficulties through Haiphong which have about stopped but also now through Hong Kong with some 750 containers now stranded. (Source, various traders)

SOUTH KOREA

South Korea extends the period for duty-free imports of pig meat

The authorities in South Korea have extended the period in which bellies can be imported without import duties. Instead of stopping at the end of March the period is extended to end in late June, and volumes are raised by 70,000 tonnes, according to international news media. The extension takes place in an attempt to fight inflation in the country. The demand for bellies is increasing in South Korea as the weather gets warmer and the consumption of meat generally increases. (Source, Markedsnyt for Svinekoed)