

## NETHERLANDS



THE NETHERLANDS has traditionally been the second largest supplier of pork and bacon to the UK market, although shipments have recently declined, allowing Germany to overtake it as a supplier of pork. Although it is only the sixth largest producer of pig meat in the EU, its relatively small population means that it is a major pig meat exporter to other Member States. It is also a major exporter of live pigs, supplying both weaners and slaughter pigs.

### Pig Numbers

According to the provisional results published by Eurostat, the total number of pigs in the Netherlands in April was down by one per cent compared with the same period last year. This was largely a result of a two per cent reduction in piglet numbers, combined with a four per cent fall in the female breeding herd. The decline in breeding sow numbers indicates that future growth of the pig herd is unlikely, especially as both in-pig and maiden gilts were lower than a year earlier level.

The number of pigs for slaughter remained relatively stable with only a marginal fall while young pig numbers also fell by less than one per cent. These figures pre-date the recent rise in feed prices, which may have reduced the size of the Dutch herd further. In addition to the rising cost of production, the new welfare regulations, including the partial ban on sow stalls may constrain any future expansion plans.

#### Dutch pig numbers, April

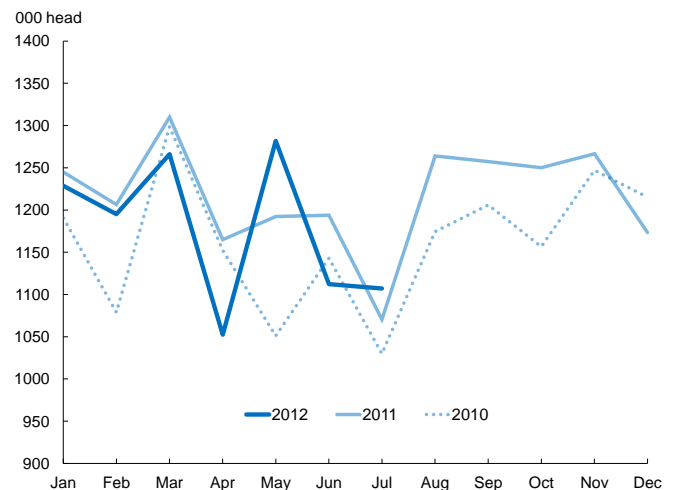
	2011	2012	% Change
	000 head		2012/11
Total sows of which:	1,105	1,065	-3.6
in-pig sows	614	595	-3.1
in-pig gilts	135	120	-11.1
maiden gilts	130	128	-1.5
Piglets	5,277	5,173	-2.0
Young pigs <50kg	1,945	1,927	-0.9
Slaughter pigs >50kg	4,046	4,029	-0.4
<b>Total Pigs</b>	<b>12,383</b>	<b>12,203</b>	<b>-1.5</b>

Source: Eurostat

### Production

The total number of pigs slaughtered during the first half of this year was over two per cent lower than the corresponding period last year at 7.1 million head. Slaughtering have generally been below year earlier levels throughout 2012 except for May, when they were higher. The average carcass weight increased marginally during the six month period, in spite of the recent increases in the cost of production. Therefore, pig meat production was down by slightly less than two per cent.

#### Dutch pig slaughterings



Source: Eurostat

## Trade

The majority of Dutch export trade remains with other EU Member States, accounting for 81 per cent of total pork exports. Overall exports of fresh and frozen pork were down 14 per cent on the year, partly a result of the small contraction in domestic pig meat production. Influenced by lower supply, the seven per cent export price increase for pig meat was another factor in the downturn.

There were large reductions in shipments to the Netherlands' main markets as demand from Italy and Germany was 14 per cent and 13 per cent lower. The Greek economic crisis also forced consumers to become more wary of their spending habits, leading to a 14 per cent lower consumption of Dutch pig meat. Similarly, the amount of Dutch pig meat exported to the UK decreased by as much as 29 per cent between January and June this year.

Outside the EU, there was also a reduction in shipments to South Korea but access to the Australian market saw it emerging as a significant market for Dutch pork.

January - June		2010	2011	2012
		000 tonnes		
<b>EXPORTS</b>				
<b>Total fresh/frozen pork</b>		<b>382.4</b>	<b>403.7</b>	<b>346.0</b>
to:	EU	329.5	337.4	279.5
of which:	Italy	74.6	73.0	62.5
	Germany	88.5	64.7	56.6
	Greece	44.0	45.2	39.1
	United Kingdom	35.7	41.7	29.6
to:	Poland	15.4	28.0	26.8
to:	Non-EU	52.9	66.3	66.5
of which:	South Korea	7.7	11.2	9.5
	Australia	0.0	0.0	8.8
	Hong Kong	5.2	9.2	7.7
<b>Bacon and ham</b>		<b>61.1</b>	<b>64.6</b>	<b>40.8</b>
to:	United Kingdom	54.3	51.2	30.2
<b>Live pigs (000 head)</b>		<b>5,889.8</b>	<b>4,862.6</b>	<b>4,290.6</b>
to:	Germany	3,588.9	2,937.0	2,862.0
	Poland	397.8	447.7	336.2
<b>IMPORTS</b>				
<b>Total fresh/frozen pork</b>		<b>132.0</b>	<b>124.6</b>	<b>101.2</b>
from which:	Germany	81.2	73.5	63.7
	Belgium	14.5	15.1	12.6

Source: Eurostat, GTIS

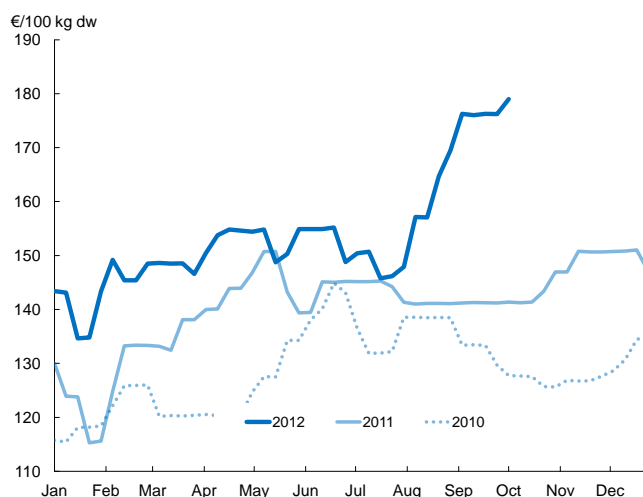
Although much smaller, the import market also experienced a downturn as nearly 19 per cent less pork was sent to the Netherlands. There was a 13 per cent decline in fresh and frozen pork deliveries from Germany. Other smaller markets, including Belgium, Denmark and the UK also reduced shipments to the Netherlands.

Dutch exports of live pigs were also lower than in the first half of 2011. Germany remains the primary market for the Dutch live pig trade, taking two-thirds of shipments, despite a three per cent reduction. Weaner exports to Germany were up by over 20 per cent but were offset by lower shipments to other countries including Belgium, Poland and Italy. In contrast, with fewer pigs available, slaughter pig exports to Germany were down by nearly a quarter.

## Prices

The finished pig price throughout most of the year to date has remained well above its 2011 level due to supply shortages in comparison with the previous year. The year started with a sharp fall from €143 per 100kg to under €135 before rising again to spend most of the first half of the year around €150. Although the pig reference price started falling again in June, from the middle of the month it rose sharply. This was the result of tight supplies, both in the Netherlands and in its main export market, Germany.

### Dutch pig reference prices



Source: EU Commission

For much of the first half of the year, the Dutch weaner market was relatively stable in comparison with the pig market. Prices between February and April were steady at €47.50 per head, more than ten euros higher than a year before. Prices then began to fall sharply, following the normal seasonal trend, although exacerbated by rising feed costs, reaching a low point of €28 per head in mid July. They have since recovered, following the rise in the finished pig market, reaching around €35 per head at the end of August.

## Outlook

The future direction of the pig industry in the Netherlands does not seem likely to be very different to the present situation. It is expected that majority of Dutch farmers will be compliant with the new sow stall regulations. Although a small amount of producers may leave the industry due to the regulations or wider profitability concerns, this is not expected to lead to a marked fall in production, as expansion by other producers in the near future will outweigh the small loss incurred by the industry.

Given the slightly lower number of pigs recorded by the census, it is likely that supplies will remain slightly below year earlier levels for the rest of the 2012. With lower sow numbers, the supply of pigs in 2013 is likely to be down a little further but no dramatic reduction

can be expected. This situation could be affected by higher feed prices, although the Netherlands may be less affected than some other countries given the particularly sharp rise in pig prices in recent weeks. Demand for weaners from export markets could also impact on slaughter numbers, although the impact on domestic production may be mitigated by lower exports of pigs to slaughter in Germany.

Any reductions in production are likely to lead to lower exports as Dutch consumption is relatively resilient to price rises. Therefore, only modest falls in consumption can be expected this year and next.

### *Dutch pig meat production and consumption forecasts*

	Jan-Jun 2011	Jan-Jun 2012	2011	2012 (f)	% change	2013 (f)	% change
(000 head)							
Slaughtering	7,312	7,136	14,594	14,336	-2	14,236	-1
(000 tonnes)							
Net production	677	665	1,347	1,323	-2	1,304	-1
Consumption			606	605	-	600	-1

Interested in data? Get more detail about these and other areas from <http://www.bpex.org/prices-facts-figures/>

© Agriculture and Horticulture Development Board 2012. All rights reserved. While the Agriculture and Horticulture Development Board, operating through its BPEX division, seeks to ensure that the information contained within this document is accurate at the time of printing, no warranty is given in respect thereof and, to the maximum extent permitted by law, the Agriculture and Horticulture Development Board accepts no liability for loss, damage or injury howsoever caused (including that caused by negligence) or suffered directly or indirectly in relation to information and opinions contained in or omitted from this document.