The future for pigmeat

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(Danish Bacon & Meat Council)

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Agenda

• Introduction to the Danish pigmeat sector
• The global meat production
• Market forecasts
• Global trade
• Summary and conclusions
Introduction to the Danish pig industry
Danish Pig Industry 2013

Pig Producers (approx) 3.885

- 29.1 m pigs
- 2 m tonnes of pigmeat

Live export: 10.0 m pigs

Slaughterhouses incl. private slaughterhouses: app. 19.1 m pigs

Markets:
- Export 90%
- Domestic 10%

Value: 35 DKK bill.

Export: 32 DKK bill.
Domestic market: 3.0 DKK bill.
## Pig Production in Denmark

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>M. Heads</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slaughtering</td>
<td>21.1</td>
<td>19.3</td>
<td>20.2</td>
<td>20.9</td>
<td>19.4</td>
<td>19.1</td>
<td>18.9</td>
</tr>
<tr>
<td>Export (piglets)</td>
<td>5.3</td>
<td>7.0</td>
<td>7.5</td>
<td>8.0</td>
<td>9.2</td>
<td>9.6</td>
<td>10.0</td>
</tr>
<tr>
<td>Export (pigs/sows)</td>
<td>1.0</td>
<td>1.3</td>
<td>0.9</td>
<td>0.5</td>
<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Total production</td>
<td>27.4</td>
<td>27.6</td>
<td>28.7</td>
<td>29.5</td>
<td>29.1</td>
<td>29.1</td>
<td>29.4</td>
</tr>
</tbody>
</table>
Pig producers in Denmark

Number of pig producers

Number of pig producers

- 1961: 160,000
- 1980: 60,000
- 1990: 40,000
- 2000: 20,000
- 2013: 10,000

DANSE SLAGTERIER
The Danish pig production

Danish pig production (mil.)

Danish pig production (mil.)
Denmarks export of pigmeat

1.000 tonnes


0 200 400 600 800 1000 1200 1400 1600 1800 2000

1.000 tonnes
Tailor made cuts to specific markets

- Meeting the needs of global customers

Retail customers specifications
The global meat production
Pigmeat - global production (mil. tonnes)

Total: 83.3 mil. tonnes 1999
Total: 98.8 mil. tonnes 2010
Total: 100.3 mil. tonnes 2012
(Est.: 104.6 mil. tonnes 2014)

EU-27 22.6 mil. t 22.5%
USA 10.5 mil. t 10.4%
Others 16.0 mil. t 16.4%

Main others:
- Canada 1.9 mil. t 1.9%
- Brazil 3.3 mil. t 3.3%
- Russia 2.4 mil. t 2.4%
- Japan 1.3 mil. t 1.3%
- Korea, Philippines, Mexico and Taiwan 4.9 mil. t 5.0%

Source: GIRA
World meat production in million tonnes
CWE

Total: 155 Mil. tonnes 1992
Total: 246 Mil. tonnes 2012
(Est.: 256 Mil. Tonnes 2014)

Source: GIRA
## Estimation of top exporting and importing countries 2013
(‘000 tons product weight) incl. live animals

<table>
<thead>
<tr>
<th>Top exporting countries</th>
<th>EU-27</th>
<th>USA</th>
<th>Canada</th>
<th>Brazil</th>
<th>China</th>
<th>Chile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.000</td>
<td>2.600</td>
<td>2.200</td>
<td>800</td>
<td>300</td>
<td>300</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Top importing countries</th>
<th>China/HK</th>
<th>Russia</th>
<th>Japan</th>
<th>USA</th>
<th>Mexico</th>
<th>Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.000</td>
<td>960</td>
<td>900</td>
<td>800</td>
<td>800</td>
<td>500</td>
</tr>
</tbody>
</table>

Various sources: GIRA, World Trade Atlas, EU, USDA, etc.
Market forecasts
Factors affecting pig prices during 2014

• Closed market in Russia

• Stable/declining production of pigs in EU

• Good start of ”barbeque season” 2014

• PEDV in North America
## Forecast of Danish pig price
(adjusted June 2014)

<table>
<thead>
<tr>
<th>DKK./kg.</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>11.25</td>
<td>10.52</td>
<td>(10.25)</td>
</tr>
<tr>
<td>Q2</td>
<td>10.91</td>
<td>(10.75)</td>
<td>(10.50)</td>
</tr>
<tr>
<td>Q3</td>
<td>11.76</td>
<td>(11.50)</td>
<td>(11.00)</td>
</tr>
<tr>
<td>Q4</td>
<td>11.62</td>
<td>(10.75)</td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>11.38</td>
<td>(10.88)</td>
<td></td>
</tr>
</tbody>
</table>

() = forecast
# Global pig production/slaughter

<table>
<thead>
<tr>
<th>1000 Tonnes</th>
<th>2014 (Forecast)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>56,950</td>
<td>+2</td>
</tr>
<tr>
<td>EU</td>
<td>22,300</td>
<td>0</td>
</tr>
<tr>
<td>USA</td>
<td>10,332</td>
<td>-2</td>
</tr>
<tr>
<td>Brazil</td>
<td>3,400</td>
<td>+4</td>
</tr>
<tr>
<td>Russia</td>
<td>2,550</td>
<td>+6</td>
</tr>
<tr>
<td>Other</td>
<td>15,171</td>
<td>+3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>110,703</strong></td>
<td><strong>+1</strong></td>
</tr>
</tbody>
</table>

Source: USDA April 2014
<table>
<thead>
<tr>
<th>Region</th>
<th>2009</th>
<th>2020</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>338</td>
<td>333</td>
<td>322</td>
</tr>
<tr>
<td>Europe</td>
<td>664</td>
<td>703</td>
<td>680</td>
</tr>
<tr>
<td>Central and South America</td>
<td>181</td>
<td>251</td>
<td>313</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>525</td>
<td>1740</td>
<td>3228</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>32</td>
<td>57</td>
<td>107</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>105</td>
<td>165</td>
<td>234</td>
</tr>
<tr>
<td>Total</td>
<td>1845</td>
<td>3249</td>
<td>4884</td>
</tr>
</tbody>
</table>
Global trade
General trends in the area of market access

• Lower level of tariff than before (in general).
  – However, lack of WTO progress has led to an enhanced activity in the FTA domain, and as a result, not only is market access increasing but also market distortion.

• The growth of various “non-tariff barriers to trade”, e.g. various technical-, food safety- and animal health standards.

• International trade has become more complex and less transparent.

• Disputes (Hormones, GMO’s, COOL and perhaps ASF, cloning etc.)
Finalization of the DDA

+ Reduction of import duties

+ Reduction of internal support and subsidies to farmers

+ Elimination of export subsidies

= More competition, (but) inclusiveness, greater transparency and predictability
Free trade agreements (FTA)

+ Advantages:
  - Elimination of duties

- Disadvantages:
  - No elimination of internal support and subsidies
  - Discrimination towards non-participating countries
  - Not including all products

= Uneven competition/complex trade environment, introduction of other measures (SPS and TBT), the bargain of different countries power/strength will be displayed.
Summary/Conclusion
Summary/conclusions

• Global consumption will continue to grow

• Essential importing and exporting countries will remain the same. However...

• New players – China & South America

• Trend: more global competition (in general), but growth of “non-tariff barriers to trade”
Summary/conclusion continued

• Conclusion of the DDA – more competition, (but) inclusiveness, less complex and greater predictability.

• Lack of conclusion of the DDA (FTA’s or status quo) – Uneven competition/complex trade environment, introduction of other measures (SPS and TBT), the bargain of different countries power/strength will be displayed.
• Thank you for your attention….any questions?