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The future for pigmeat

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Agenda

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- 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

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29.1 m pigs
2 m tonnes of pigmeat

Live export: 10.0 m pigs

Slaughterhouses incl.
private slaughterhouses:
app. 19.1 m pigs

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DANISH CROWN

Export:
32 DKK bill.
Domestic market:
3.0 DKK bill.

Markets:
Export 90%
Domestic 10%
Value: 35 DKK bill.

Pig Production in Denmark

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M. Heads	2008	2009	2010	2011	2012	2013	2014 forecast
Slaughtering	21.1	19.3	20.2	20.9	19.4	19.1	18.9
Export (piglets)	5.3	7.0	7.5	8.0	9.2	9.6	10.0
Export (pigs/sows)	1.0	1.3	0.9	0.5	0.5	0.4	0.4
Total production	27.4	27.6	28.7	29.5	29.1	29.1	29.4

Pig producers in Denmark

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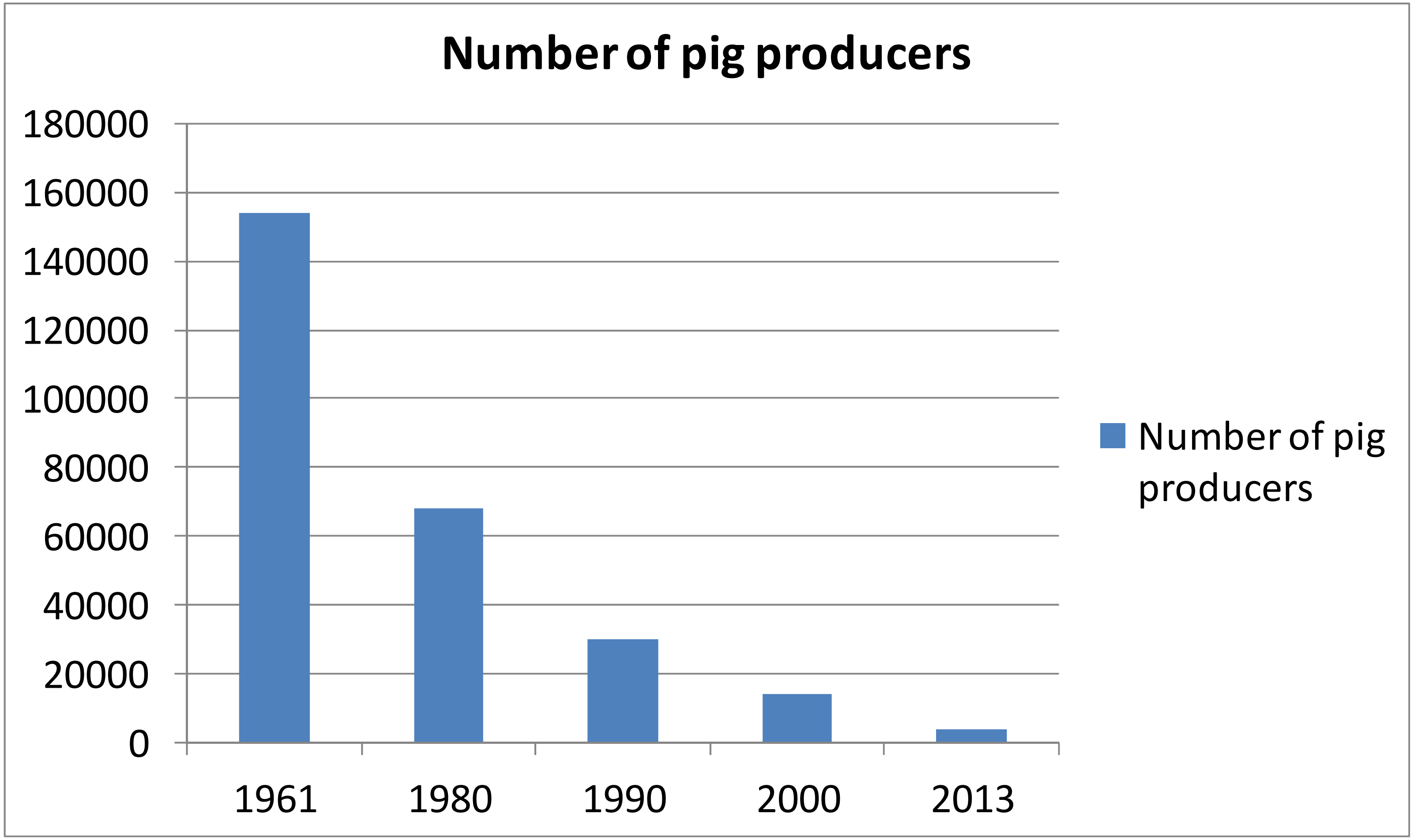

The Danish pig production

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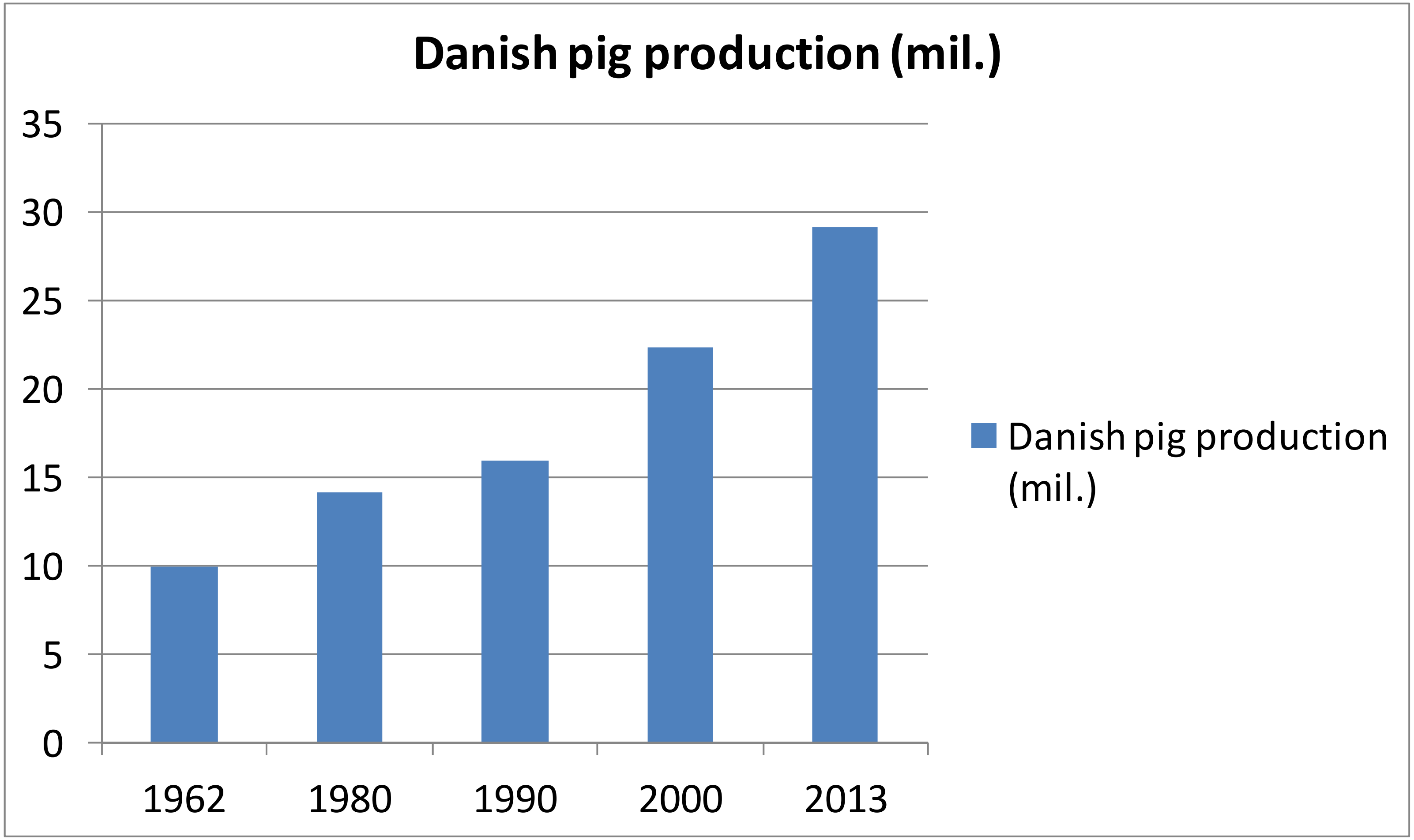

Denmarks export of pigmeat

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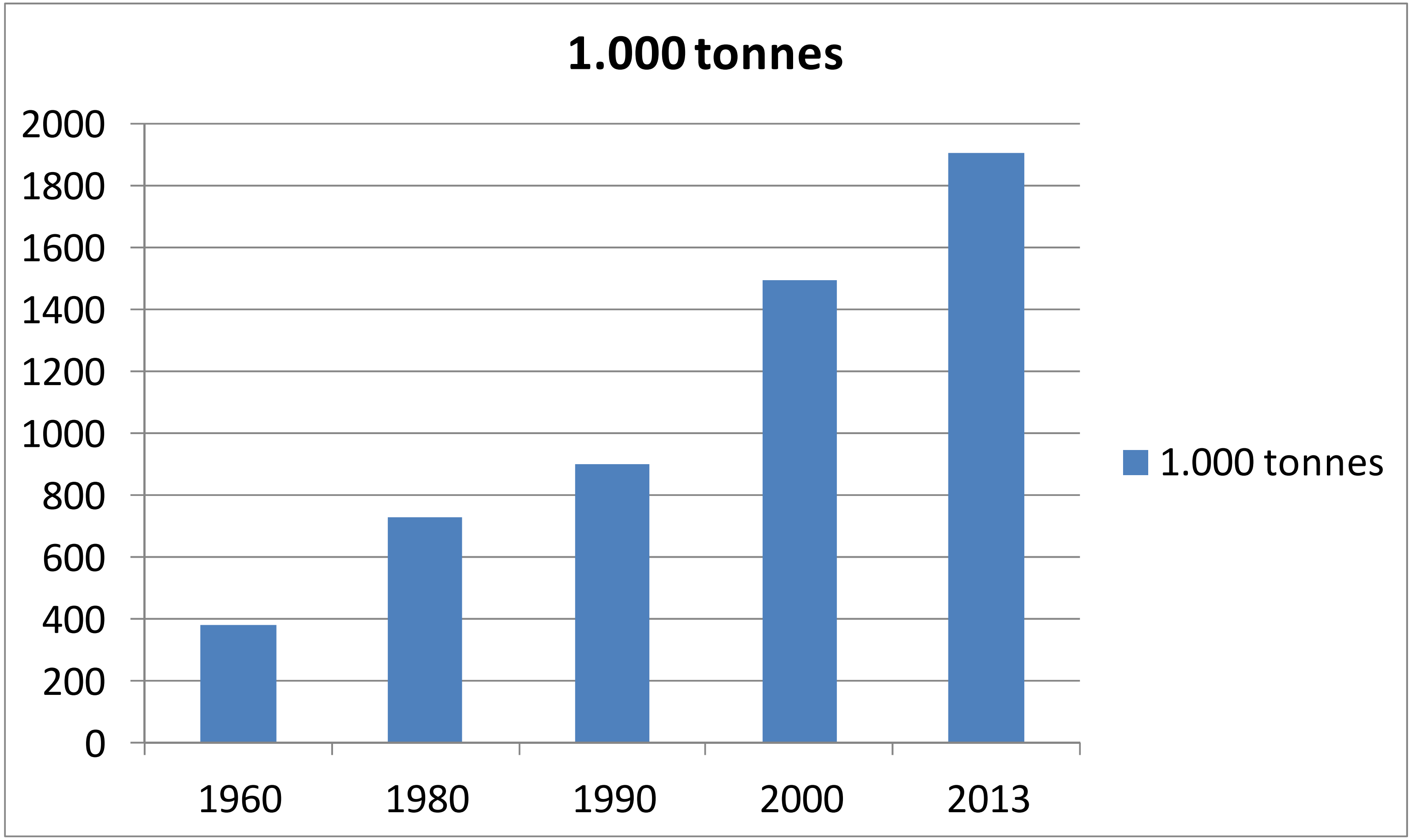

Tailor made cuts to specific markets

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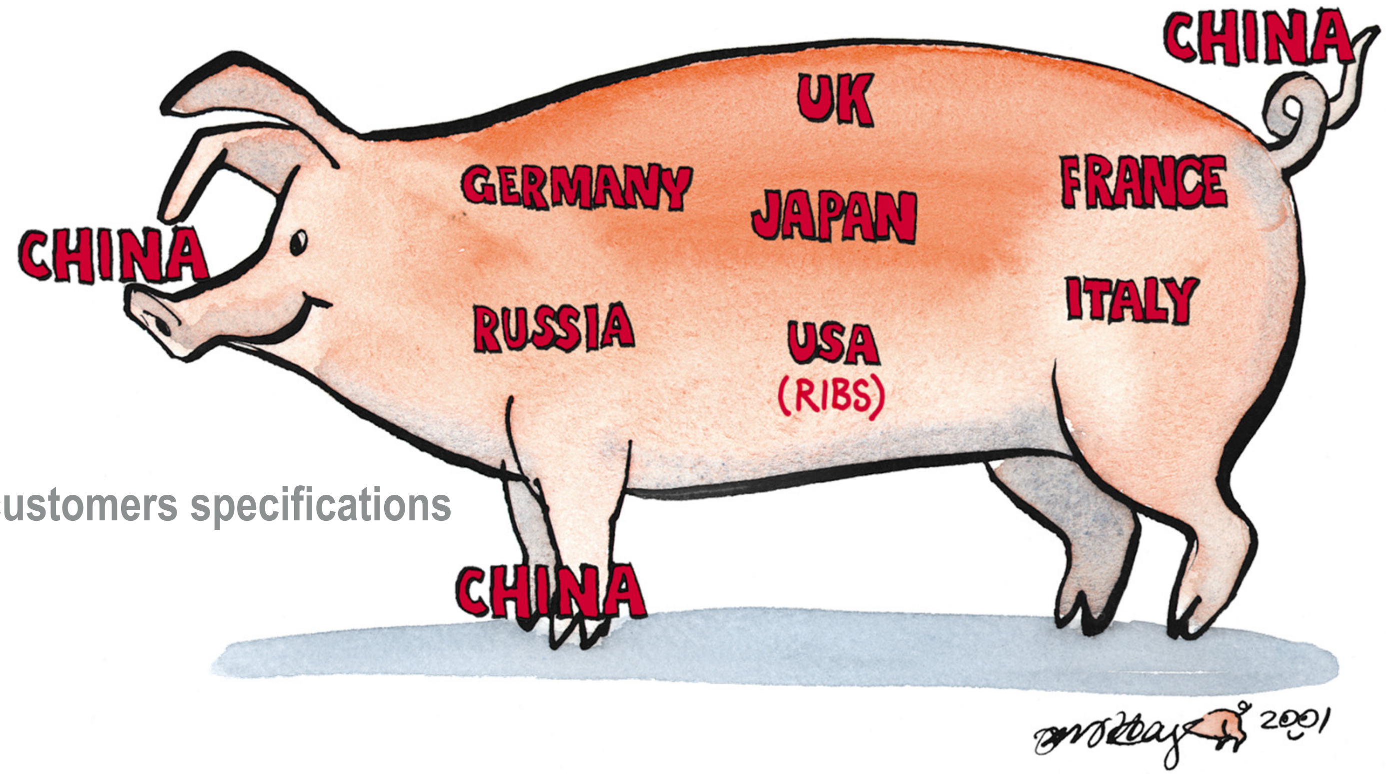
- Meeting the needs of global customers

Retail customers specifications



The global meat production

Pigmeat - global production (mil. tonnes)

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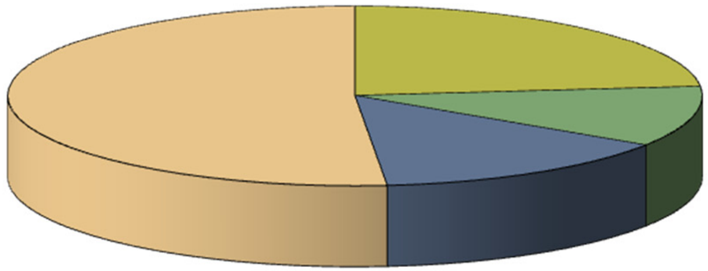
Total: 83.3 mil. tonnes 1999
Total: 98.8 mil. tonnes 2010
Total:100.3 mil. tonnes 2012
(Est.: 104.6 mil. tonnes 2014)



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

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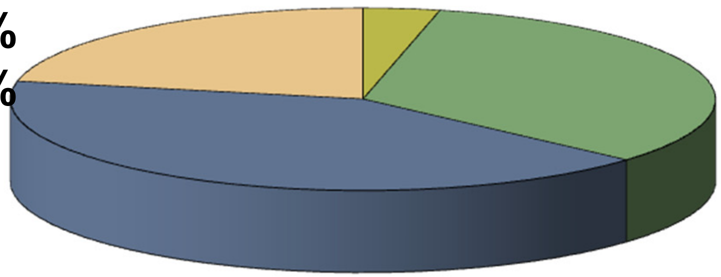
Total: 155 Mil. tonnes 1992
Total: 246 Mil. tonnes 2012
(Est.: 256 Mil. Tonnes 2014)



Source: GIRA

Estimation of top exporting and importing countries 2013 (´000 tons product weight) incl. live animals

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Top exporting countries		Top importing countries	
EU-27	3.000	China/HK	2.000
USA	2.600	Russia	960
Canada	2.200	Japan	900
Brazil	800	USA	800
China	300	Mexico	800
Chile	300	Korea	500

Various sources: GIRA, World Trade Atlas, EU, USDA, etc.

Market forecasts

Factors affecting pig prices during 2014

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- 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)

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DKK./kg.	2013	2014	2015
Q1	11.25	10.52	(10.25)
Q2	10.91	(10.75)	(10.50)
Q3	11.76	(11.50)	(11.00)
Q4	11.62	(10.75)	
Year	11.38	(10.88)	

() = forecast

Global pig production/slaughter

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1000 Tonnes	2014 (Forecast)	% Change
China	56,950	+2
EU	22,300	0
USA	10,332	-2
Brazil	3,400	+4
Russia	2,550	+6
Other	15,171	+3
Total	110,703	+1

Source : USDA April 2014

Numbers (millions) and Share (percent) of the Global Middle Class (OECD 2010)

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	2009		2020		2030	
North America	338	18%	333	10%	322	7%
Europe	664	36%	703	22%	680	14%
Central and South America	181	10%	251	8%	313	6%
Asia Pacific	525	28%	**1740**	54%	**3228**	66%
Sub-Saharan Africa	32	2%	57	2%	107	2%
Middle East and North Africa	105	6%	165	5%	234	5%
Total	1845	100%	3249	100%	4884	100%

Global trade

General trends in the area of market access

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- 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

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+ 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)

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+ 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

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- 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?