Extracting Benefits for all from the Agriculture-Based Value Chain –
With a speciel perspective on Euroepean pig producers

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Agenda

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- Introduction to the European pigmeat sector
- The situation of European pig producers
- The profit along the supply chain
- Summary

Introduction to the European Pigmeat sector

Pigmeat - global production (mil. tonnes)

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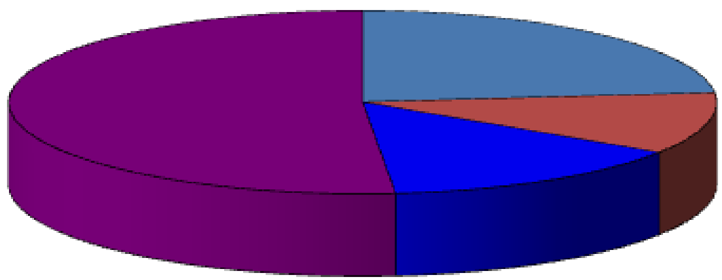
Total: 83.3 mil. tonnes 1999
Total: 98.8 mil. tonnes 2010
Total:100.9 mil. tonnes 2011 (forecast)

EU-27 22.6 mil. t 22.9%

China 50 mil. t 50.6%



USA 10 mil. t 10.1%

Others 16.2 mil. t 16.4%

Main others:		
Canada	1.9 mil. t	1.9%
Brazil	3.2 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

EU pigmeat production has increased overall by 3.1% since 2006

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Year	000 tonnes	%-change per year
2006	21,960	+1.5
2007	22,844	+4.7
2008	22,694	-0.7
2009	22,153	-2.4
2010	22,585	+2.0
2011	22,647	+0.3

Source: Gira

EU production continued....

- Western Europe increased (85% of total production).

- Eastern Europe Decreased (15% of total production).

The situation of European pig producers

EU pig producers have experienced losses for a five year period

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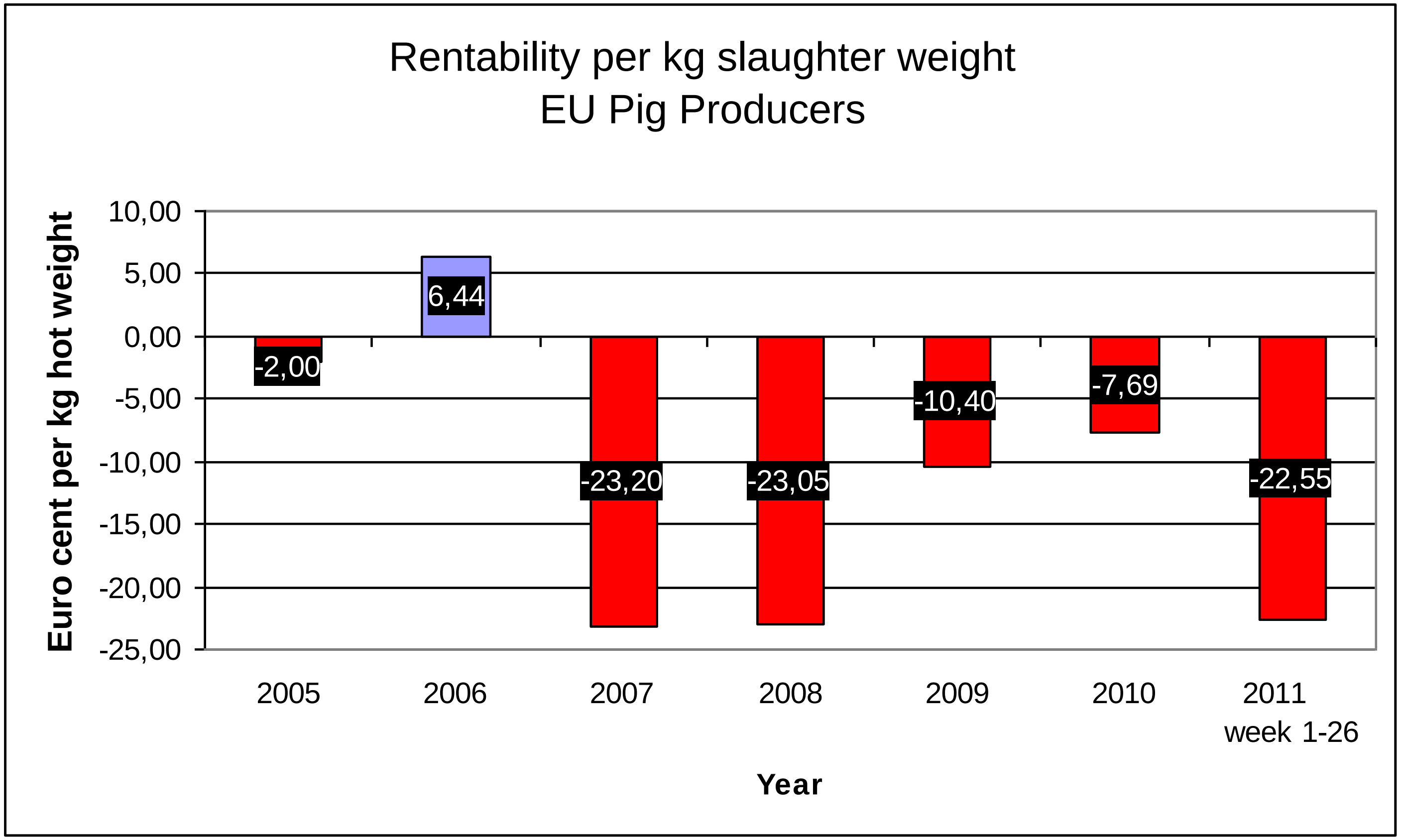

Source: Interpig and L&F Estimates

Pig prices

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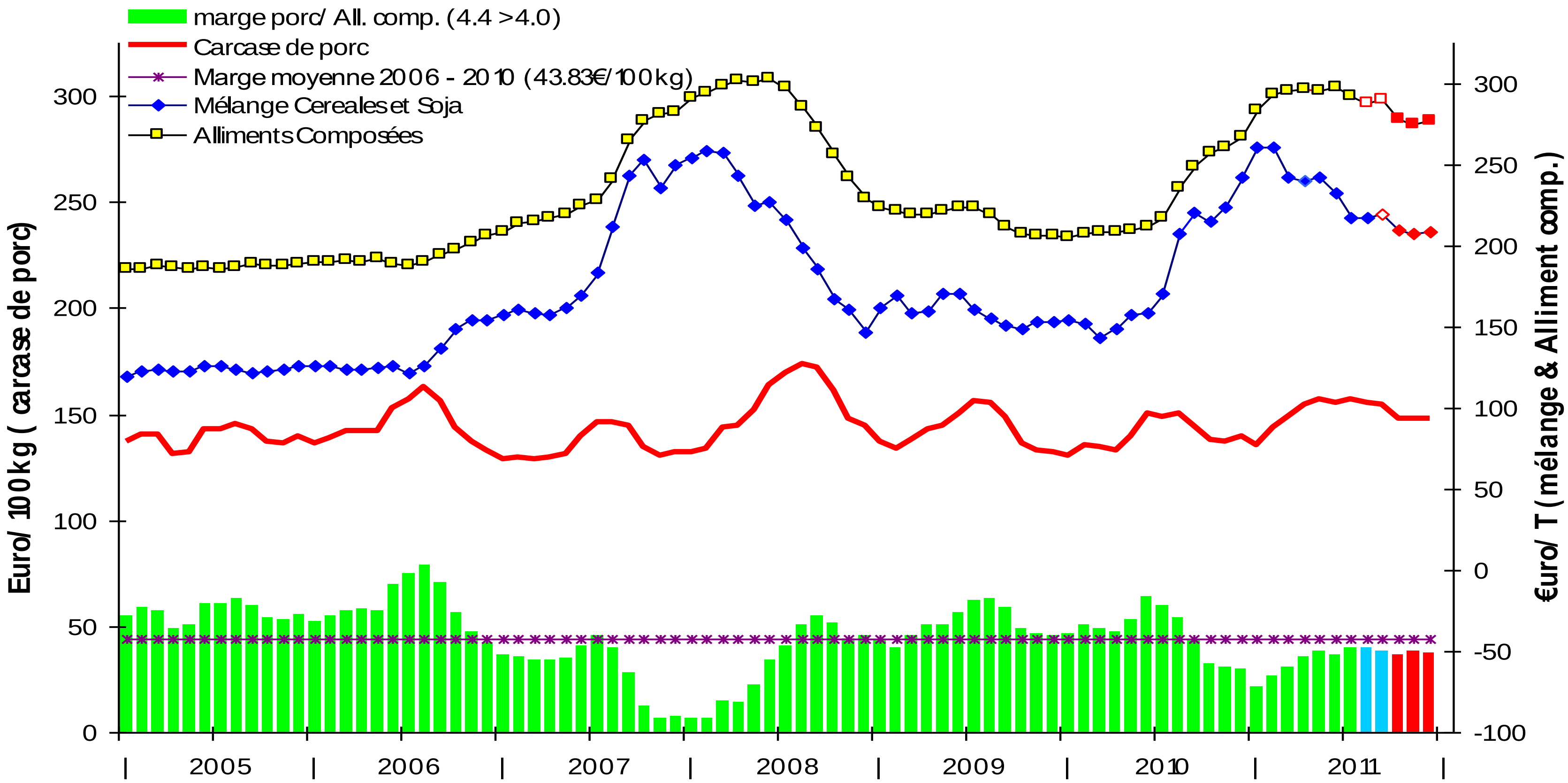
Relation entre les prix de l'alliment composé pour porc et une mélange des Ceréales et Soja



NB:All. Comp et leurs components Aout et Sept. = prévision. Oct. - Dec. = Estimation
Prix Carcase porc: Oct. - Dec. = prévision

2010 Cost and Profit - Euro/100 kg (hot weight)

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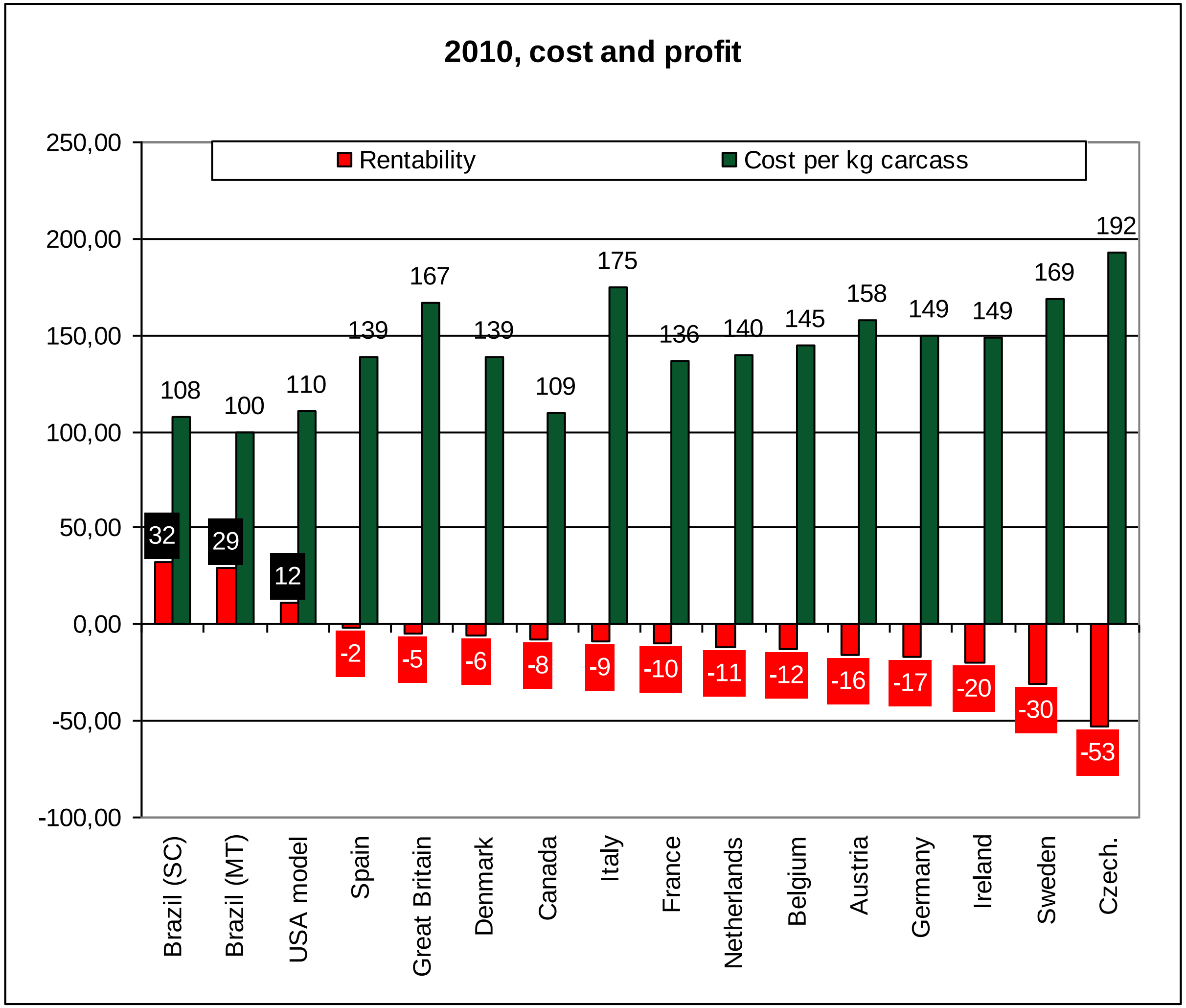

Cost of production
- Euro/kg 2010 (hot weight)

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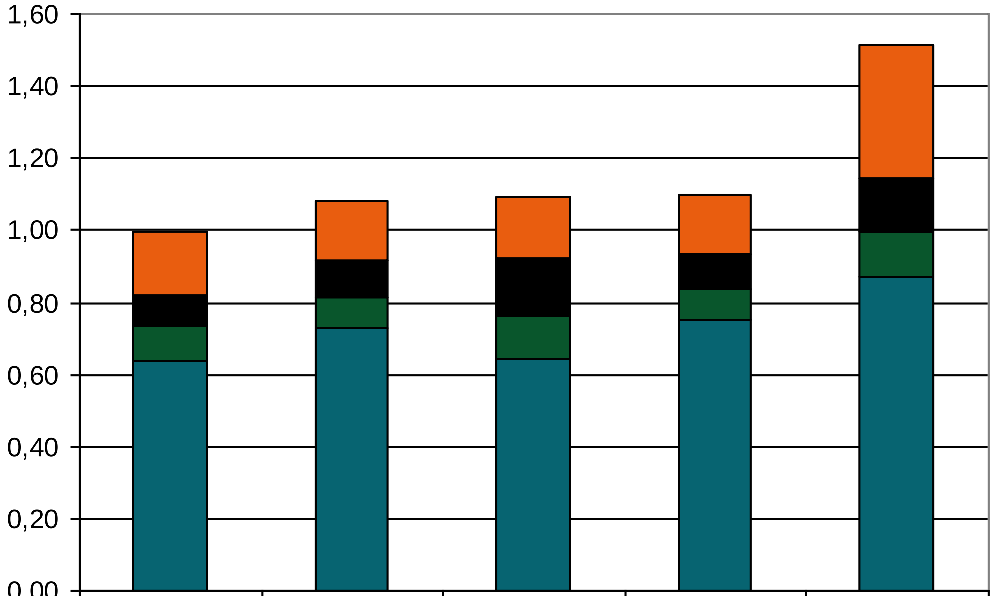
Cost in euro/kg hot slaughterweight, 2010



	Brazil Mato Grosso	Brazil SC	Canada	USA	EU average
Capital cost	0,17	0,16	0,17	0,17	0,37
Labour	0,09	0,10	0,16	0,10	0,15
Other variable costs	0,09	0,09	0,12	0,08	0,13
Feed	0,64	0,73	0,64	0,75	0,87

The profit along the supply chain

The supply chain

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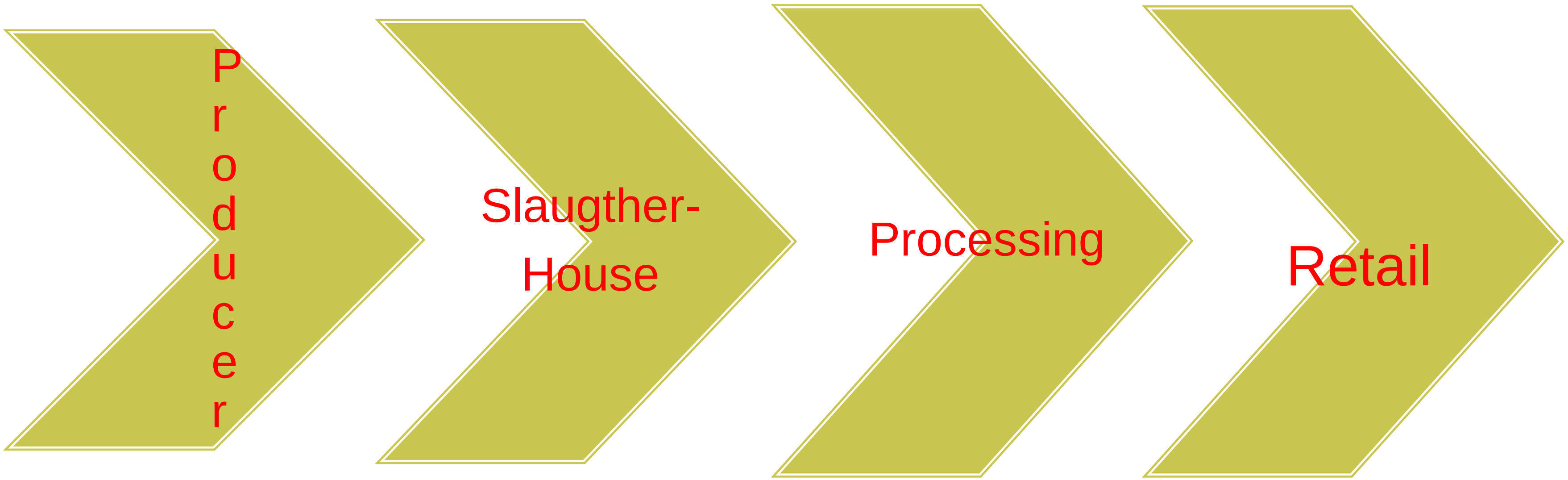

Producer pig price vs consumer price (Denmark 2010)

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- The average producer price:
  - 9.93 ddk/kg (1.32 EUR).

- Consumer prices:
  - Tenderloin 68.56 ddk/kg (8.84 EUR)
  - Loin 45.82 ddk/kg (6.11 EUR)
  - Belly 43.81 dkk/kg (5.84 EUR)
  - Ham 60.83 dkk/kg (8.11 EUR)
  - Minced pigmeat 39.45 dkk/kg (5.26 EUR)

Answers to the challenges

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- Consolidation and positioning along the supply the producers´ bargaining power.

- National/EU legislative framework.

- Creating level playing field with competitors outside the EU.

- Market access (diversification).

Summary and conclusion

- Difficult situation for European pigproducers
- Higher costs (labour, capital costs, feed, etc).
- The profit is to be found futher along the supply chain
- Improve bargaining position, framework conditions and level playing with competitors.