

# WHOLE HOG

THE ELECTRONIC NEWSLETTER OF THE GLOBAL PIG INDUSTRY

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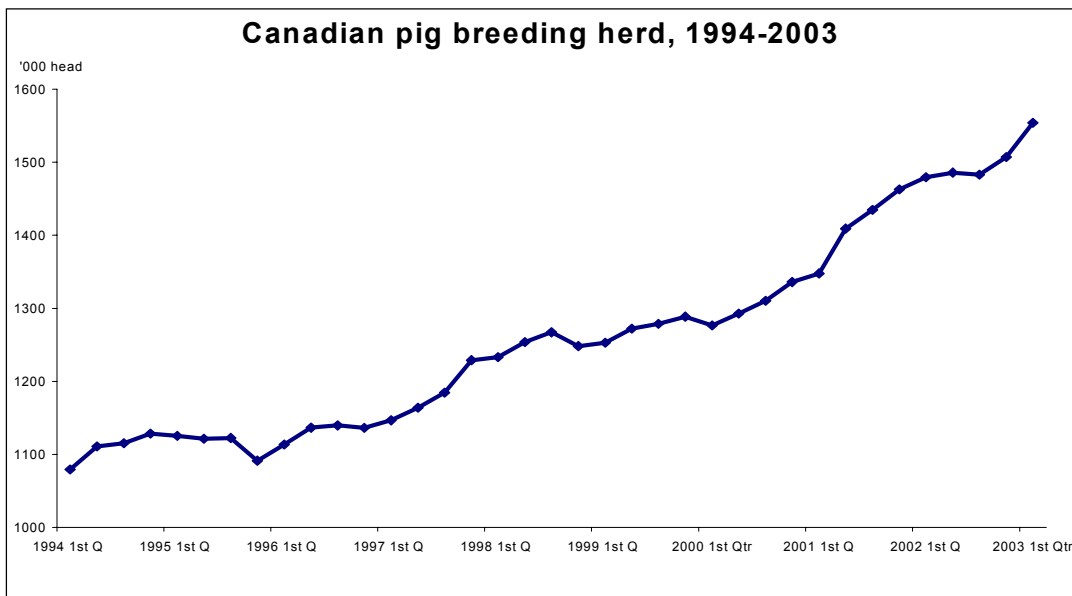
EDITOR: DR. JOHN STRAK

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## Ups and downs for major exporters' herds

**Hog herd census results for 1 April 2003 from the Danish Statistics Service and Statistics Canada show the breeding herds of the two largest exporters moving in opposite directions.**

The Canadian breeding herd at 1 April stood at 1.554 million head. This is a year on year increase of 2% and an increase of 3.1% since the 1 January census ( see *Whole Hog* issue 82). The greatest increases were in the eastern provinces of Ontario (+ 6.3%) and Quebec (+1.9%). Between them these two provinces now hold 54% of all Canada's breeding herd. Collectively the western provinces increased their breeding herd by 0.1%, with Saskatchewan (-1.6%), Alberta (-0.9%), and British Columbia



(-3.1%) all seeing herd decline. Only in Manitoba (+1.5%) did the breeding herd increase.

The total number of hogs on

Canadian farms declined for the second consecutive quarter. At 14.6 million head the total hog herd was 0.7% down on the 1

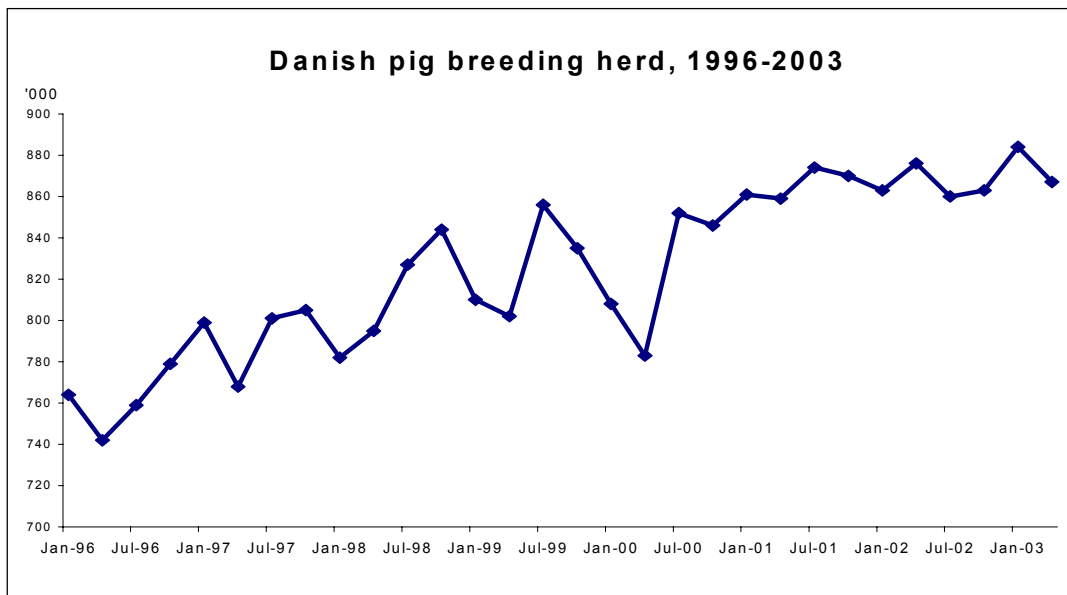
January census, however the total herd was up by 1% over year-on-year.

A record 5.8 million pigs have been slaughtered in Canada in each of the last two quarters. Shipments of slaughter pigs to the US declined to 1.8 million head in 2002, the smallest volume since 1996.

The Danish pig breeding herd stood at 0.867 million head on 1 April. This is a decrease of 2% since 1 January 2003, and a decrease of 1.1% year on year.

Gilt numbers have increased by 1% over the year to 199 thousand head. Maiden gilt numbers fell very slightly by 0.4% to 232 thousand head year on year, although they have increased by 4% since the January census.

Total pig numbers in Denmark fell by 2.3% over the 12 months to 12,624 million head.



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## People's Food closes plants on SARS fears

**Chinese meat company People's Food Holdings Ltd said (5 May) it was closing three plants due to worries over SARS and warned the move would hit second-quarter results.**

The company said it was temporarily suspending pig slaughtering at three factories in China because of the outbreak of SARS.

It would also postpone the start of another plant to the second half of the year from May, and said it expected the moves to reduce its production and sales for the second quarter and adversely affect its results.

The three plants where it is stopping slaughtering - in Xiangtan, Meishan and Tongliao - accounted for almost half of the pigs slaughtered at the group's facilities last year.

The firm has two other plants which it has not shut, at Shandong and Heilongjiang.

People's Food, which produces and distributes fresh, frozen meat and processed meat products in China, said in a statement it was concerned about the spread of SARS in the Hunan, Sichuan, Inner Mongolia and Henan provinces, which are close to the group's production plants. It has temporarily stopped purchasing live pigs from suppliers in those provinces.

## Mexico looks for NAFTA changes to protect farmers

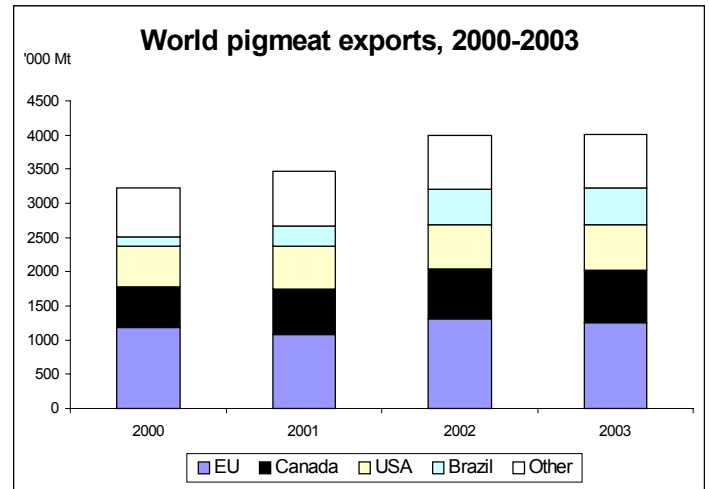
**Mexico said (28 April) it would ask NAFTA partners the United States and Canada to accept new restrictions on their white corn and bean exports to Mexico as part of a landmark accord to protect its farmers.**

"The federal executive ... will begin immediate official consultations with the governments of Canada and the United States with the objective of revising NAFTA terms on white corn and beans ... to substitute them with a permanent administration mechanism for imports," the government said in the agree-

## FAO forecasts growth in pork exports and import decline

FAO's latest outlook paper for pigmeat exports and imports indicate that North and South America are likely to be the fastest growing export regions in 2003. Canada is expected to show a respectable 5.4% increase in exports this year compared to a very useful 12.3% increase from 2001-2002. Brazil is forecast to show a 3.9% increase in exports in 2003 as against its rocket powered 75% increase in exports between 2001 and 2002. All other regions show a stable or declining growth in exports. The EU's export trade in pigmeat is expected to decrease by just under 4% in 2003 - compared with a 19% increase in exports from 2001/02.

As far as imports are concerned, FAO expects that the only region to expect any growth in

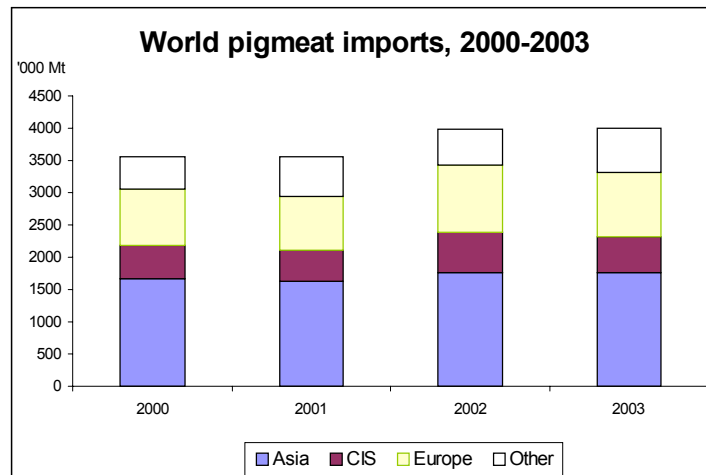


pigmeat imports will be North and Central America. The expected growth rate of 4% in 2003 is driven mainly by growth in consumption in Central American countries and Canada's processing and onward export of pig carcasses. Import declines are forecast in Asia and

Russia/CIS countries and Europe (-0.7%, -11.7%, and -2.0% respectively for 2003). Japan is expected to reduce its imports by 19% in 2003.

New Zealand is expected to see a jump of nearly 40% in pigmeat imports but, overall, if the FAO's Outlook is correct the figures imply that there will be significant imbalance between the export and import trade in 2003.

*Whole Hog Comment: FAO can't get it right this year. With wars, SARS and economic gloom making any forecaster's assumptions look sick in the time it takes the laser printer to make a print run. Outlook forecasts will need to be done on a weekly basis if they are to mean anything in 2003.*



ment signed with farmers and rural associations.

Mexico said in the 62-page document that it would ask for a suspension of white corn import quotas except in cases where local supply has run dry.

It said it would investigate the status of bean imports to Mexico and decide whether to impose import safeguards or anti-dumping measures.

The agreement is a blueprint for sweeping changes to rural infrastructure and state farm policy meant to modernize Mexico's outdated agricultural system so it

can compete against more efficient foreign competitors.

The government did not give the total value of the farm aid package, but the new aid listed in the accord adds up to about 2.8 billion pesos (about US\$270 million) this year.

Mexico also pledged to analyze the impact on farmers of the 2002 US Farm Bill, which grants US\$52 billion in farm subsidies to its growers over six years, and to challenge it where necessary.

Mexican farmers want their government to challenge the U.S.

Farm Bill because they feel it makes it even more difficult to compete with their US counterparts.

The accord also calls for a thorough review of conditions for farm imports in general, and for "defence mechanisms" in cases of dumping or unfair competition.

*Whole Hog comment: NAFTA, or more precisely, the USA's interpretation of NAFTA, is winning few friends south of the Rio Grande. With recent US-Canada trade arguments there could well be sympathy for Mexico's approach north of the 49th Parallel.*



## Pigs drawn into Dutch poultry flu crisis

**The avian flu ravaging the Dutch poultry industry has been passed on to pigs, giving rise to fears it could merge with the human flu virus pigs already carry to create a new pathogen, Dutch Agriculture Minister Cees Veerman said (15 April).**

Following the discovery of avian flu antibodies among pigs in the Gelderland Valley at five farms which also have poultry, Veerman said he had initiated an investigation to determine the risks posed to public health.

Transportation of pigs in the Gelderland Valley has temporarily been banned, pending the results of scientific research into the risks.

Newspaper *De Volkskrant* said the virus discovered among pigs is of the same aggressive virus type that has led to the slaughter of 14 million chickens since the beginning of March. The pigs have not yet actually fallen ill to the virus, but they are considered a potential spreading source, it

said.

The Agriculture Ministry does not know how great the chance is that the two viruses will mix and form a new, dangerous virus. The risk to humans is quite small, but has not been ruled out. People involved in the preventative slaughter of poultry have been vaccinated against the human flu and the avian bird flu.

A ministry spokesman said the danger that new viruses created inside pigs could jump to humans is not hypothetical. The inquiry is designed to identify the risks and the initial results are expected soon.

Besides the risks posed to public health, Veerman also wants to identify the extent to which pigs are infecting each other with the bird flu and possibly poultry farms.

The transport of pigs in affected areas in the Gelderland Valley, Limburg and parts of North Brabant was banned start-

ing from the night on 15 April, but the ministry could not estimate how many transport companies would be affected by the restrictions.

More than 200 poultry farms have been infected with the virus since the start of March, a further 25 farms are suspected to have been infected and 897 farms have had all their birds slaughtered to prevent the further spread of the virus.

Despite the preventative measures, Dutch associated press ANP said the virus is believed to have crossed the border into Belgian Limburg. One farm in Belgium is almost certainly infected with the virus, but further tests are being carried out, Belgian authorities said.

The initial outbreak of the bird flu has been narrowed down to three turkey farms in Dinteloord, near Roosendaal in the province of Brabant.

## Russian meat quota hurts Danish Crown

**Europe's biggest pork producer, Danish Crown, said (16 April) that Russia's quotas on meat imports, introduced at the beginning of April, were severely damaging its sales to the country.**

"For the two weeks in April we have had less than a quarter of normal sales," Danish Crown sales manager Jens Christiansen said.

"It is difficult to say what is due to the quotas and what is due to slow demand. The quotas are creating uncertainty among our customers and making them more reluctant to buy."

Moscow decided in January to restrict poultry meat, beef and pork imports by setting quotas, saying it wanted to enhance domestic production (see *Whole Hog* issues 78 and 79).

Quotas were set at 315,000 metric tons for beef imports and at 337,500 tons for pork in the nine months starting 1 April.

Danish Crown exports on average 100,000 tons of meat annually to Russia, of which 90% is pork. Russia is its No. 9 export market.

Russian importers have now been trying to source more of their meat from Ukraine and Belarus, which are not included in the quota system, Christiansen said. Danish Crown's sales to Russia have also been hit by a favourable tariff rate deal on pork that Moscow has struck with Brazil.

"It seems Russia has made a special agreement with Brazil and that's also affecting the market," he said.

If the export situation does not improve, Christiansen said pork prices, already low, would fall even further: "If this is going to last for long and if it results in a lower export level to Russia, then of course it will affect prices."

Moscow's move on meat has been seen as retaliation against the EU's tariff quotas on grain imports, which came into force on 1 January this year to hold back cheap grain from Russia and Ukraine. © THE WHOLE HOG

## EU introduces new rules on animal by-products

**The EU Standing Committee on the Food Chain and Animal Health adopted (22 April) a series of measures in preparation for the application of the Animal By-Products Regulation on 1 May this year.**

"The imminent entry into force of this Regulation is a major achievement that will help control deficiencies in the feed sector to prevent future feed-borne crises such as BSE or dioxin contamination" said David Byrne, Commissioner for Health and Consumer Protection. "The Regulation sets out a transparent, comprehensive and directly applicable legal framework. The transitional and permanent measures adopted will facilitate its swift implementation."

The key objective of the Regulation is to revamp veterinary legislation on animal by-products (i.e. parts of a slaughtered animal that are not consumed by humans), to ensure a high level of

protection of animal and public health throughout Europe. This includes rules on new disposal options such as transformation of the materials into biogas. Only material derived from animals declared fit for human consumption following veterinary inspection may be used for the production of animal feed. Swill feeding (catering waste) will be banned for farmed animals except for animals. The Regulation also prohibits "cannibalism" within species.

Sometimes burial and burning of animal carcasses, including those containing specified risk materials, cannot be avoided, particularly in remote areas or in emergency situations. Current EU rules allow this practice, if authorised and supervised by the competent authority. The Regulation maintains this but will limit the practice to the disposal of dead pet animals, and to remote areas and certain cases of disease outbreaks. In addition, the imple-

menting measures clarify safe methods of burning and burial to avoid any spread of risk material by for example ensuring that the animal by-products are completely burned to ash and in the case of burial that carnivores cannot eat them. Transitional arrangements have been made for small incinerators commonly used at hunt kennels, knackers' yards and poultry and pig farms to allow these to adapt to the new conditions placed upon them. The transitional period for small incinerators will last until 31 December 2004.

Other transitional measures that have been granted to a number of Member States cover composting and biogas standards, manure processing, the collection of wastewater, treatment of mammalian blood and separation standards in chemical plants, processing plants and intermediate plants, and the collection and disposal of former foodstuffs.



## Hungary slams Slovenia for raising tariff on pork

**Hungary's Foreign Ministry protested against a Slovenian decision on 15 April to raise customs tariffs, set in the Central European Free Trade Agreement (CEFTA), on Hungarian live hog and pork.**

Both countries are CEFTA members and held successful referendums recently on joining the European Union (EU) on May 1, 2004, together with eight mainly Eastern European states.

"The Foreign Ministry regards the Slovenian measure as unfounded, it demands its immediate withdrawal, and is

considering a counter-measure," the ministry said.

It said Hungary was Slovenia's second biggest hog and pork supplier after Austria.

Hungary's pork exports to Slovenia fell to 788 tonnes in the first two months of 2003, from 800 tonnes in January-February 2002, while live hog exports rose to 17 tonnes from zero. Pork exports fell in 2002, to 6,148 tonnes from 8,200 in 2001.

The move was the second indication of increased tension in the region's pork market.

Hungary's Foreign Ministry

said on 14 April that as of 1 May, Romania would withdraw a temporary preferential customs duty tariff of 20% on pork from EU and CEFTA members, two months ahead of the originally planned date.

Romania would thus introduce a 45% tariff on pork from EU-members and 25% on CEFTA members including Hungary.

The exception was only CEFTA-member Poland, because Romania recently already imposed a 45% protective tariff on Polish pork until the end of 2003, the ministry said.

## Dutch model prevents the spread of swine fever

**Dutch epidemiologists have calculated that partial vaccination can stop outbreaks of swine fever. What's more, mother sows do not need to be vaccinated.**

The research was carried out at the Institute for Animal Science and Health, Lelystad, and Utrecht University. PhD student Don Klinkenberg calculated that partial vaccinations do not exceed the limit for the outbreak of an epidemic. If the mother sows are not vaccinated, the spread of the swine fever is limited to transfer to less than one pig production unit. Therefore a partial vaccination can successfully control an epidemic of swine fever.

An epidemic of swine fever is only possible if each pig production unit transfers the swine fever virus to an average of more than one other pig production unit. With complete vaccination

the transfer of the virus remains under the limit and the epidemic eventually dies out. A disadvantage of complete vaccination is that the spread of the virus cannot be properly monitored. Virus-carrying piglets continue to be born and these form an infection danger for nearby breeding units. These piglets are scarcely detectable because the virus obtained from the mother sow does not respond to normal detection methods.

One possibility for rendering the piglets infected via the mother 'visible', is not to vaccinate the mother sows. The piglets are then 'normally' ill and can therefore be detected.

The researcher's conclusions are based on the mathematical model he developed. That model is valid for areas with an average pig density, relatively many

breeding units and a virus of average virulence. The virus is comparable with that present during the epidemic of 1997 and 1998.

The model has calculated that the vaccination takes effect after about a week. Vaccination reduces the spread of the virus but does not completely prevent it.

As a result of this the epidemic can still persist for several months. This will partly depend upon how severe the epidemic is when the vaccination takes place.

The question remains as to whether large-scale vaccination will take place in a future epidemic without the need for preventive slaughtering. Risks such as the transfer of the virus from sows to unborn piglets and the fact that the infection can never be completely excluded in vaccinated animals will probably be seen as too big for the further spread of the virus.

## "Our government will drive pigkeeping out of Germany"

**A regional agriculture minister has promised to oppose attempts by the German government to "enhance" EU welfare regulations.**

The EU stipulates an area of 0.65 m<sup>2</sup> per fatterer up to 110kg but Germany is proposing an area of 1.10 m<sup>2</sup>.

Steffen Flath, Saxony minister for environment and agriculture,

has promised (25 April) to do everything in his power to prevent the German federal government loading unilateral welfare measures on German pig farms.

Flath said if German pig keepers have to comply with stricter space requirements than the rest of Europe it will mean production is transferred elsewhere, with a consequent loss of rural jobs.

*Whole Hog comment: Flath is likely to engage the sympathy of UK producers when he heaps scorn on a suggestion by federal government that the marketplace will appreciate the higher welfare measures.*

*Right now producers are less than enchanted with green federal minister of agriculture Renate Kunast.*

## EU orders tough new livestock export controls

**New tough welfare regulations controlling the export of livestock from the European Union have been ordered (16 April) by the European Commission.**

Coming into force from 1 October, they state that reinforced checks must be made on the health of animals in transit at their exit point from the EU and where they are initially unloaded in an importing country.

The rules also insist that exporters may lose all available export refunds if "a given percentage or number of the animals has died, given birth or aborted during transport, or falls otherwise short of inspection requirements."

"Experience has shown the need to reinforce existing requirements," said a Commission statement.

## Tulip UK to buy Hygrade's pork business

**Danish Crown's UK subsidiary, Tulip Ltd, is currently negotiating Tulip's acquisition of the British processing company, Hygrade Ltd's sausage and cooked meats business.**

A due diligence process will now commence during which Tulip will examine all aspects of Hygrade's business before the final negotiations are concluded.

A take-over of Hygrade will increase Tulip's annual turnover from DKK 3.6 billion (2001/02) to DKK 5 billion. The workforce will rise from 2,300 to 4,300.

Hygrade's sausage and cooked meat production complements Tulip Ltd's current production and will strengthen Tulip's position as a strong supplier of processed products in the strategically important UK market.

The acquisition of Hygrade's processing business is in line with Danish Crown's processing strategy. The UK is the most important single market for the Danish Crown Group.



## NFU urges support for fallen stock scheme

**The British NFU urged (30 April) all livestock producers in England and Wales to indicate their support of DEFRA's proposed fallen stock subscription scheme by the 6 May deadline.**

For the proposed scheme to become a reality, the government requires more than 50% of farmers to register their interest in joining up.

The scheme is DEFRA's response to the EU Animal By-products Regulation, which bans routine on-farm burial of animal carcasses.

The NFU successfully lobbied for the implementation of a national collection and disposal scheme to ensure farmers could comply with the new rules.

As a result, farmers will be able to pay a subscription that is heavily subsidised by the government to have fallen stock removed and disposed of in compliance with the regulation.

NFU Deputy President Tim Bennett said: "The NFU believes that the scheme is not only a good deal but the only deal farmers are going to see that controls the costs imposed by these regulations."

Under the proposed subscription scheme, there will be a three-tier payment system with small holdings paying £50 per year, medium sized farms paying £100/year and large farms £200.

## Irish signal

**Mr Liam Aylward TD, Minister of State at the Department of Agriculture and Food, said (30 April) that significant progress is being made in advancing the National Aujeszky's Disease Control and Eradication Programme.**

The objective of this programme is to eliminate Aujeszky's disease from the national pig herd.

Minister Aylward pointed out that progress on the Programme was made possible by the National Pig Identification and Tracing System introduced in

[www.porkinfo.com](http://www.porkinfo.com)

Bennett said it was important that the industry demonstrates support for the scheme.

"Livestock producers need to get behind this scheme. It's dependent on industry support and it is essential that farmers register their interest."

The NFU said the government's proposed scheme addressed the most pressing problems created by the EU regulation and the initial priority was to get it operational through the show of the necessary support.

Bennett said: "The NFU will be looking for DEFRA to provide longer-term guarantees that the scheme would operate with the subscription rates fixed at the initial levels for at least three years."

Considerable concern has been raised amongst farmers about the scheme. The East Anglian region has the largest percentage of pig and poultry farmers in the country, but does not have enough knackery yards and rendering plants needed to cope with demand.

Herd mortality rates are currently as high as 30% among some of the region's 1.3 million pigs, owing to a wasting disease and around 5% among 125 million poultry.

Stephen Rash, chairman of the Suffolk NFU, said: "There seems to be no real idea as to how people will be able to comply with

the regulations. The knackery yards will physically not be able to cope with the volume of dead animals this will create. There is a serious risk of farmers being left with carcasses they are unable to dispose of."

He added that the costs of the collection scheme would be far higher than for burial.

James Black, a National Pig Association board member said farmers had been cornered in a "Catch 22" situation which could see them forced to break the law.

"It is ironic that after all the problems we've had with foot-and-mouth and swine fever they are now imposing a ban on a safe disposal method," he said.

Black said farmers have to deal with up to four dead animals every week - more if infection blights a herd. He has farm incinerators, but said there was still some confusion as to whether incineration would be allowed to continue because of environmental concerns.

David Barker, a Suffolk pig farmer added: "It is a nightmare scenario for farmers. It's a case of bringing in rules and regulations without thinking them through or giving the industry time to adapt. We have been burying animals for time immemorial in Suffolk with no problems."

"The Department for Eradicating Farmers in Rural Areas strikes again," he added.

## EU to evaluate swine fever test

**The European Commission has given the go ahead (16 April) for the EU's Community Reference Laboratory to evaluate a new classical swine fever discriminatory test.**

The new test will enable pigs with a vaccine to be distinguished from those with the disease. If the checks are positive, the Commission should approve the tests for use across the European Union; results should be available by 30 June.

The problem with swine fever vaccines, said a Commission note, is that they are "hampered by a lack of a reliable discriminatory test able to distinguish between vaccinated animals and infected ones," restricting the trade in healthy animals and deterring the use of the medicine. An effective test would ensure "better regulation of classical swine fever" and "EU legislation of the disease."

**Whole Hog  
will have full reports  
from  
World Pork Expo  
and the  
World Pork Congress  
In June  
Issues 89 & 90**

## success in fight against Aujeszky's

mid-2002. Testing for Aujeszky's Disease was initiated in six phases, commencing in the north of the country and moving southwards. To date over 44,000 blood samples have been analysed from over 760 herds, drawn from 26 counties. When the Programme is completed, it will have encompassed more than 1,200 pig herds. The bulk of testing in the earlier phases has now been completed and testing has commenced in the final phase, Co Cork. To date a total of 21 herds have been found positive for the disease and full control plans, involving vaccination and compre-

hensive biosecurity measures, are being implemented for those herds.

"This Programme is important, both in terms of tackling a disease within the national pig herd and of protecting our access to certain export markets," the Minister said. "It is also a perfect example of how we are using an animal identification and traceability system, as a basis for carrying out activities which are of benefit to an entire sector. It is particularly noteworthy that the pig sector has agreed with the Department on the importance of herd owners having access to

the national database for informed decision-making on pig trading and this aspect is very valuable in terms of the control and eradication of Aujeszky's disease. I would like to see certain aspects of this approach being extended to other diseases and indeed to other sectors in the future to be used by farmers to assist in their decision-making as regards enhancing the breeding potential of their herds and flocks, protecting against diseases and better managing their entire livestock operations to their own benefit."

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## US-Canada food trade not hurt by SARS says US

The SARS virus has not hindered shipments of food and agriculture products between the United States and neighbouring Canada, Bush administration officials said (24 April).

Lester Crawford, the US Food and Drug Administration's deputy commissioner, said US borders remained open to Canada's products despite the spread of SARS in Toronto.

"We are at this time not blocking anything from Canada," Crawford said.

## Brazil's GM labelling plan draws fire

The Brazilian government decree (28 April) ordering labels to be put on all genetically modified foods drew criticism from both sides of the GM debate who said the decree was either confusing or insufficient.

Decree 4,680 mandates the labelling of foods or ingredients of foods with more than 1% genetically modified material. The decree is part of the broader government measure 113 that is aimed at ending Brazil's large black market in illegal GM soy planting.

But Leila Oda, the president of the National Biosecurity Association (ANBio), argued that the decree is unclear on what standards would be used to determine levels of GM content.

"The decree manages to be very incoherent with the provisional measure 113, aside from being confusing," Oda, said. She used to sit as a representative on the National Commission on Biosecurity (CTNBio) when it authorised the commercial planting of GM soy and corn in Brazil.

"No labeling norm is rational, given the current scenario in the country, if there is not certification of the (entire) production chain," said Oda.

Oda said there would be no way to detect GM in livestock that had been fed transgenic corn or soy.

[www.porkinfo.com](http://www.porkinfo.com)

## US pork exports stable year-on-year

According to official data released by the USDA Foreign Agricultural Service (FAS), US exports of pork cuts and pork variety meats during February 2003 totalled 53,225 MT. This was down 1.7% from January but was nearly unchanged from February 2002.

Fresh, chilled pork exports totaled 16,772 MT, 6.3% lower than the previous month and 22.6% lower than February 2002. Conversely, frozen pork exports rose 8.6% from the previous month to 23,242 MT. This was also 30.3% higher than February 2002.

Meanwhile, exports of pork variety meats fell 7% from January and 20.5% from February 2002 to 8,811 MT.

Pork exports to Japan, the largest market for US pork with 43.4% of the total, increased 2.2% from the previous month to 23,096 MT. This was also 8.1% greater than February 2002. Furthermore, year-to-date US pork exports to Japan were 3% greater than a year ago, totalling 45,684 MT. On the other hand, pork ex-

## Governor calls for NC moratorium extension

North Carolina Governor Mike Easley said (16 April) he wants to extend a moratorium on the expansion of the state's hog industry for four years.

The moratorium, which has banned the expansion of existing hog farms or the construction of new large farms since 1997, is set to expire on 1 September. Easley said four years are needed to give researchers time to test alternatives to hog lagoons and spray fields and to give pork producers time to phase out lagoons.

"We must make certain that this is the last time that North Carolina extends its moratorium," Easley said. "It's time to make real progress and move away from this antiquated system. We need to develop new technologies that will allow the pork industry in North Carolina to continue to prosper without posing a threat to public health and the environment."

US pigmeat exports, Jan.-Feb 2003

(metric tonnes)	2003	2002	% Change
Japan	45,684	44,343	3%
South Korea	5,278	2,409	119.1%
Hong Kong	2,881	5,075	-43.2%
Mexico	27,030	34,449	-21.5%
Canada	12,063	12,724	-5.2%
Russia	1,653	2,861	-42.2%
Taiwan	3,797	1,780	113.3%
Others	8,966	7,554	18.7%
<b>Total</b>	<b>107,352</b>	<b>111,194</b>	<b>-3.5%</b>

Source: US Department of Commerce

ports to Mexico during February fell 13.4% from January to 12,541 MT. Year-to-date pork exports to Mexico totalled 27,030 MT, down 21.5% from a year ago as the result of Mexico's weak economic growth and a weaker peso.

Overall, total U.S. pork and pork variety meat exports for the year-to-date were 3.5% lower than the same period last year, amounting to 107,352 MT, driven mostly by lower exports to Mexico.

At issue is the way hog manure is treated. Now, waste from the state's nearly 10 million hogs is washed into open maure lagoons. The excess liquid from those lagoons is sprayed on farm fields. Bacteria break down the solids.

During periods of heavy rain, however, the lagoons can get too full and leak or break. When that happens, the waste runs into streams or other bodies of water.

"Let me be perfectly clear," Easley said. "This moratorium is not just about no more lagoons. It is about providing the time to convert the existing lagoon and spray system to a new, more environmentally sustainable system."

Researchers at N.C. State University have been working for nearly three years to build and test technologies that could substitute for the current waste-disposal system.

An agreement between the state Attorney General's Office and Smithfield Foods in 2000 launched the research. Smithfield provided US\$15 million to the effort and agreed to spend US\$50 million over 25 years to help finance environmental enhancement projects.

State Senator Charlie Albertson introduced a bill in March to extend the moratorium for two years. Albertson and other legislators approved a four-year extension in a meeting of the Senate Committee on Agriculture, Environment and Natural Resources on 15 April.

"We will extend it for four years," said Albertson, the chairman of that committee, "with somewhat of an understanding it is time now to get on with the work and make sure we have something in place at the end of that time."



## AMI calls for COOL clarification amid growing fears

**The American Meat Institute (AMI) has called on the US government (14 April) to clarify draft guidelines on how to operate a new country-of-origin labelling (COOL) law, which will require the declaration of the name of the country where a food item originated.**

While processed meat products will not be subject to these country-of-origin rules, the AMI said Washington's proposals have badly defined what actually constitutes a processed product. They allow regulators to rely on their own subjectivity in deciding whether products have been "materially changed," says the trade group.

Because many meat companies add seasonings, marinated products, and engage in other processing steps to many products, it is unclear, says the AMI, which of those products would be exempt.

AMI president J. Patrick Boyle presenting testimony to a Senate Subcommittee on Marketing, Inspection and Product Promotion on the 22 April said that a voluntary US meat certification program is a far better alternative to a mandatory scheme.

Boyle noted that AMI and several other associations one year ago petitioned USDA to create a new, voluntary, fee for service US beef certification program administered by the Agricultural Marketing Service. "Under this system, the market would provide for what country-of-origin proponents profess to be the case - that the American consumer will prefer and pay more for meat products from animals born and raised

in the United States," he said. "Under this program, those who believe that to be true could enter the market with those products and, if the benefits outweigh the costs, succeed."

He also said that contrary to proponents of country-of-origin labelling, this was not a consumer right-to-know issue, because it applies only to food purchased at retail (not at foodservice) and to some red meat products (not poultry), fruits and vegetables and peanuts (not walnuts, almonds or any other nut).

"It is ironic that proponents assert that the consumer has a right to know the country-of-origin regarding the hamburger he purchases at a retail store, but does not have the same right regarding the hamburger he ate at a restaurant just before going grocery shopping - even though both hamburgers could have come from the same animal. Where's the logic?" Boyle asked.

Proponents have argued that consumers will be willing to pay more for products that are marketed as "Made in the USA." Boyle said it is unclear whether in practice, consumers actually will pay more. Assuming they were to do so, he questioned whether additional revenues to retailers would be sufficient to offset the costs of this program and whether those additional revenues would be passed on to producers.

"AMI shares the goal of those who seek to promote U.S. products, but we oppose the goal of those who seek to discriminate against imported products," he said. "In our view, mandatory

country-of-origin labelling will create untenable barriers to imported meats, damage our ability export U.S. meats and mandate significant costs throughout our industry."

In a separate development, the National Pork Producers Council said (16 April) that Congress must take action now to repeal the law, even if it means "reopening" the US\$51.7 billion, six-year farm law passed last year.

"We really need to look at repealing it now," said Jon Caspers, the NPPC President. "There's starting to be changes in production, starting to be costs incurred by the industry already."

The NPPC did not specify how much the costs were.

Despite discussions with lawmakers, Caspers said he could not speculate on the chances of Congress repealing the program. House Agriculture Committee Chairman Bob Goodlatte and other farm state lawmakers have expressed concern about the program, he said.

For retailers to comply by the deadline, US hog producers must raise pigs born this year under the new program, Caspers said.

The US Agriculture Department has estimated the record-keeping will cost US\$2 billion a year. The NPPC said the program could raise production costs by US\$10 per hog.

Farm activists support the law as a way to distinguish US products on the store shelf. Consumer groups endorse it as an additional bit of information for shoppers. Processors say it will be costly and disruptive.

## Czar favours US livestock ID system

**The US governments homeland security "czar" endorsed (28 April) an ambitious concept for nationwide identification of all commercial livestock.**

"Some of these thoughts are certainly preliminary in nature, but given the economic significance of the livestock industry ... it seems to us to be a very good initiative to undertake," said Tom Ridge, secretary of the Department of Homeland Security.

Ridge's support is the latest sign of progress toward a national animal identification plan. Spurred partly by post-Sept. 11 fears of bioterrorism, industry and government officials are speeding up work on the proposals.

"Eventually, something is going to get mandated," predicted Bob Frost, president of the US Animal Health Association. "There is movement in the past year that has exceeded all the movement in the past five years combined."

Supporters of a scheme speak of a "gate-to-plate" system tagging individual swine, cattle and dairy cows from their birth to their ultimate culinary destination.

Ideally, the system would enable tracking of a specific animal within 48 hours of a public health problem. Useful even in peacetime, this proposal has gained special resonance because of what Ridge described as "references that we pick up in the intelligence community" that the US food supply could be a terrorist target.

Agriculture Department officials are meeting with livestock industry representatives in hopes of completing specific plans and timetables to present at October's convention of the U.S. Animal Health Association.

"We have been looking at all facets of the food chain to see where our vulnerabilities are," Agriculture Secretary Ann Veneman said.

Details of the scheme, including who will bear the cost of it, remain undetermined.

## Nebraska declared free of Pseudorabies

**Nebraska Department of Agriculture Director Merlyn Carlson has announced (23 April) that Nebraska is now officially free of Pseudorabies (Aujeszky's Disease).**

"This is wonderful news for Nebraska and the swine industry to be declared pseudorabies free.

Nebraska has been battling this extremely contagious swine disease for 22 years," said Carlson.

This designation means that every swine herd in Nebraska is now considered negative for Pseudorabies.

State Veterinarian Dr. Larry Williams said, "This designation

is something that we have worked hard to achieve. While pseudorabies vaccinations are not mandatory, we still encourage producers to voluntarily vaccinate high risk animals to help ensure that Nebraska remains Pseudorabies free."



## Drought contributes to crisis in Alberta pork industry

**A recent analysis of the state of Alberta pork production (11 April) shows that Prairie drought conditions have been the most significant factor in a massive industry loss of C\$78 million in the past eight months.**

The study's results show that low hog returns are placing considerable hardship on producers and their suppliers, particularly the feed manufacturing sector, says Jack Moerman, Vice Chair of Alberta Pork. This could inhibit further investment in Alberta and limit Alberta pork producers' ability to compete.

"Each pig marketed since July 15, 2002, has represented a considerable loss for pork producers," says Moerman. "Average weekly losses to the industry are C\$2.16 million and losses per hog have averaged C\$41.65. These findings illustrate the crisis in our industry."

The study, completed by Toma and Bouma Management Consultants, is part of Alberta Pork's ongoing analysis of industry competitiveness. The Alberta pork industry last experienced a significant market price drop in 1998 and early 1999. Total loss

at that time was estimated to be almost C\$65 million over a nine-month period. Moerman says the current situation is even more serious.

"Alberta pork producers just came through a third straight year of drought and they're not emerging unscathed," says Moerman. "The drought has driven feed costs up and required significant feed imports, which have subsequently led to lower returns for Alberta producers. In some cases, not only are producers not making profit, they're not even able to cover the basic costs of production."

Feed is the major cost in pork production. That's why high feed grain prices, brought about by ongoing drought, have such a serious impact on producers. At present, in Alberta, feed costs are the highest in North America.

"During five of the 36 weeks included in the analysis, returns per hog were not even enough to cover feed costs," says Moerman. "The rest of the time, producers may have covered their feed costs, but in many cases, were unable to cover the other costs associated with hog production,

such as labour and utilities."

On a larger scale, the current industry crisis is seriously diminishing the ability of Alberta producers to compete as cost competitive suppliers of hogs, he says. Other provinces, such as Saskatchewan, have programs that provide interest-at-prime financing, in some cases as much as C\$50 per hog. Quebec also provides considerable financial support to its producers and producers in the mid-west US have access to significantly cheaper feed grains.

"On the basis of market forces alone, we're confident that Alberta pork producers would be competitive with producers in any region of Canada and the US," says Moerman. "Unfortunately, because of the drought and the added support producers elsewhere are receiving, it's more than market forces at work here."

With the uncertainty of when a price improvement might occur, and the possibility that drought effects may continue in the current year, pork producer prosperity is unlikely to happen in the coming months, says Moerman.

## Tyson posts rise in 2nd Qtr earnings

**Tyson Foods has reported (28 April) an increase in second-quarter earnings compared to a year earlier, helped by a US\$94m gain related to vitamin antitrust litigation.**

Tyson reported earnings of \$72m, or 20 cents a share, for the quarter to 29 March, compared with \$65m, or 18 cents a share, a year earlier.

The company had warned in March that results would be around the breakeven level.

## Salmonella infection falling in US meat

**Data released (18 April) by USDA's Food Safety and Inspection Service (FSIS) show that overall Salmonella in raw meat and poultry continues to decrease.**

In calendar year 2002, FSIS took 58,085 Salmonella samples compared to 45,941 in 2001, a 26.4% increase in the number of samples taken. However, the percentage of samples testing positive for Salmonella across all commodities dropped from 5% to 4.3%.

"These data tell us that we are making steady and sustained progress in reducing the incidence of Salmonella in raw meat and poultry products," said USDA Under Secretary for Food Safety Dr. Elsa Murano. "This positive trend in regulatory samples will hopefully translate into fewer cases of Salmonellosis due to meat and poultry."

## Pharmcia and Pfizer combine operations

Pfizer Inc and Pharmacia Corporation combined operations on 16 April. The new Pfizer would have a broadened product base, and greater research and development capacity, according to the company.

## Iowa restricts hog-lot emissions

**State environmental regulators (21 April) approved Iowa's first limits on air pollution from large animal units or other sources.**

The rules address air emissions but not odours from units in Iowa.

The state could end up pressuring farmers to change their operations, just as power plants and industrial complexes have had to do when they violated the general air regulations. That could include covering manure lagoons or regulating how manure is applied to fields.

Enforcement of the new limits won't come until 2007 because the standards are based on three-year averages that start on 1 December, 2004, as required by law.

The rules passed on a 6-2 vote. A panel of state lawmakers will review the rules in June.

Representatives of several industries called the rules legally questionable, hinting at a court challenge.

The rules were drafted after a pressure group Citizens for Community Improvement (CCI) formally petitioned two years ago

to force the state to act. Last year, state lawmakers overhauled the whole confinement law, calling for a monitoring system and what is called "ambient" standards, limits on what can be in the air, but not specific restrictions on what comes off each confinement, factory or plant.

The rules are more lenient than what was urged by a joint recommendation of Iowa State University and University of Iowa scientists called on by Gov. Tom Vilsack to help respond to CCI's demand for action.

**Make sure your company web address is at [www.porkinfo.com](http://www.porkinfo.com)**



## Smithfield warns of poor 4th Qtr

**Smithfield Foods Inc. warned (25 April) that pressure on fresh pork prices would cause its fiscal fourth-quarter earnings to fall far short of Wall Street's current estimates.**

For the quarter ending 27 April, the company said it sees earnings at 3 cents to 5 cents per diluted share, as the combination of low hog prices and weak fresh meat prices continue to depress profitability. Wall Street analysts' consensus estimate had been for earnings of 10 cents a share, a company spokesman said.

Smithfield said its hog production group has been unprofitable throughout the quarter as live hog prices remained below break-even levels longer than expected. The company also said that while processed meats and beef operations are healthy, they do not offset hog production losses and an extremely poor fresh pork environment.

Smithfield said hog production operations are expected to return to profitability in the first quarter of fiscal 2004, as market conditions slowly improve and a significant reduction of the US hog-breeding herd continues.

## Maple Leaf's 1st Qtr profits fall, sales rise

**Maple Leaf Foods has reported (1 May) a lower quarterly net profit due to surplus of beef, pork and poultry products on the North American market.**

For the first quarter to 31 March, Maple Leaf reported a net profit of C\$6.0m (US\$4.22), or 4 cents a share, compared with C\$16.9m, or 14 cents a share, a year earlier.

Maple Leaf posted sales of C\$1.3bn for the quarter, compared with C\$1.2bn in the year-ago period. Meat sales slid slightly in the quarter, while food and bakery revenues rose.

## Pork set to save Farmland's bacon

**Bankrupt Farmland Industries Inc. reported (14 April) a substantial improvement in its second-quarter results, citing strength in its pork business, tight cost controls and a gain resulting from the settlement of vitamin litigation.**

Overall, the company showed net income of US \$28.9 million in the quarter ending on 28 February. This compared with a net loss of US\$49.7 million in the same period a year ago.

The largest swing came in the feed segment, where Farmland

recorded income of US\$42.4 million for the quarter, up from US\$2 million the previous year.

The gain was primarily related to settlement of vitamin supplement litigation stemming from price-fixing allegations tied to Farmland's purchase of vitamins from BASF and other companies.

Year-to-date income was US\$36.3 million. That compared with a loss of US\$46.5 million during the same period last year.

Farmland officials, who are trying to bring the company out

of bankruptcy primarily as a meat company, said the pork marketing business, known as Farmland Foods, reported income of US\$8.7 million, up from US\$2.0 million in the year-ago period.

Farmland said it cut selling, general and administrative expenses by \$17.5 million, or 24%, from the year-ago period.

It said that since it filed for bankruptcy protection last May, it has reduced its borrowings by more than US\$130 million.

## Premium Pork watch Iowa packer-feeder bill closely

**Supporters of Iowa Premium Pork Company's bid to buy two Iowa Packing Company slaughter plants in Des Moines and a further processing plant in Missouri are closely watching what happens to Senate File 341, a bill that makes changes to Iowa's Packer-Feeder Law.**

During an equity meeting pork project attorney Jim Long explained (15 April) how current law and potential changes in the law will affect company plans to acquire select assets of the Pinnacle Food Group.

Shareholders of Iowa Premium Pork Company and its subsidiary Majestic Food Group LLC must comply with Iowa's limitations on the ability of pork producers to own processing companies or

participate in their management, Long said.

This law formally known as Iowa Code Section 9H.2 and commonly referred to as the Packer-Feeder Law has been ruled unconstitutional and is currently unenforceable.

"But the Iowa Premium Pork Company board has decided to comply with this law to avoid the risk of noncompliance if the ruling is reversed on appeal by the Federal Eight Circuit Court of Appeals or the U.S. Supreme Court," Long said.

Senate File 341 would change the law so that Majestic Food Group would be able to become a "qualified processor" under the law.

Long said that if the proposed

changes become effective by 2 June, pork producers will be able to serve on Majestic's board of managers and the maximum purchase would be increased from less than 1% of shares to less than 10% of shares, which would be 180,000 if all shares are purchased.

Senate File 341 passed the Senate in March and last week passed out of the House Agriculture Committee. The bill is expected to be debated in the House in the shortly.

The bill provides an exception for swine producers who hold a threshold interest in a qualified processor like Majestic Food Group as long as the swine producer owns less than 10% of the business, and the swine producer is not engaged in processing.

## Cargill reports rise in 3rd Qtr earnings

**Cargill reported (15 April) US\$241 million in earnings from operations for the 2003 third quarter ended 28 February, compared with US\$151 million a year ago. The company also realised US\$3 million from nonoperating items, which brought net earnings to US\$244 million in the third quarter.**

For the first nine months of fiscal 2003, earnings from operations were US\$891 million, compared with US\$670 million a year ago. These operating results included payments received

from litigation settlements. Cargill also realised an additional US\$258 million from nonoperating items, including the sale of North Star Steel's tubular division and the adoption of new rules for goodwill accounting in the first quarter. That brought Cargill's net earnings to US\$1.15 billion for the first nine months.

"Cargill delivered solid results in often difficult circumstances during the third quarter," said Warren Staley, chairman and chief executive officer. "In the months ahead, we must manage

through the uncertainty in the global outlook. But, we also must continue building the more collaborative relationships and distinctive customer solutions that are essential to our long-term success."

Cargill says as expected, many of their food, meat, oilseed processing and agricultural services business units reported more moderate operating results in the third quarter due to seasonal changes in supply and demand and the more difficult global economic environment. "



## Australia challenges EU on food description rules

**Australia launched a challenge (24 April) to European Union rules preventing the use of geographic names of food and rural products, sparking another World Trade Organisation (WTO) dispute between the two sides.**

The challenge is the latest in a series of increasingly bitter battles between Australia and the EU in the WTO, with Canberra already questioning the EU's sugar regime and the EU complaining about Australia's strict quarantine rules.

In the latest dispute, Australian Trade Minister Mark Vaile said Australia had requested consultations on EU rules over registering and protecting "geographical indications" on products like Italy's Parma ham.

"The EU rules impact on the way that Australian producers

can use geographical indications when marketing their products in the EU," Vaile said in a statement.

The United States has already asked the EU for consultations on this issue, arguing the EU is violating WTO rules by treating imported products such as Florida orange and Idaho potatoes in a less favourable manner than EU products.

Australia and the United States have been fierce critics of EU farm subsidies.

EU farm ministers had agreed (8 April) to alter rules on protecting geographic names of food so producers could apply for recognition of their sole right to make branded products in a specific region if they could argue this was needed for quality (see *Whole Hog* issue 85).

Under WTO rules for dispute settlement, there is a mandatory

consultation period of at least 60 days, meaning Australia can request establishing a dispute settlement panel after 16 June.

Trade relations between Australia and the EU have become increasingly bitter during the WTO Doha round of talks which are aiming to free up world trade by cutting subsidies and tariffs.

On 31 March, the EU challenged Australia's quarantine rules on imported rural goods, arguing they acted as a trade barrier for products ranging from fruit to pig meat despite Australia's "claims to be the only beacon of free agricultural trade".

But Australia hit back, accusing the EU of using the challenge as a "distraction" after Europe blocked agreement in the WTO on guidelines for agricultural trade reform by a 31 March deadline.

## Pork and SARS not connected

**Singapore's Deputy Prime Minister Lee Hsien Loong moved to quash rumours (1 May) circulating the state that abstaining from eating pork would reduce consumers risk of catching SARS.**

The pork tale, along with more concerning the supposed preventative properties of beer and tobacco had been circulating the country.

The Deputy Prime Minister reminded Singaporeans that those found guilty of transmitting false messages are liable to a fine not exceeding S\$10,000 or a jail term not exceeding three years, or both.

**The next issue of Whole Hog will be available on 19 May**

## Vietnamese pork exports down 30%

**For the first quarter of 2003, Vietnamese foodstuff firms exported only 2,000 tons of pork worth US\$2.3 million in the first three months, down 30% in volume compared to the same period last year, according to the Ministry of Agriculture and Rural Development (MARD).**

Firms were able to ship only 100 tons of pork to Russia, their traditional market, during the period, the ministry said (10 April) without providing comparative figures for the previous year.

Pig raising costs in Vietnam are too high, according to Head of the Husbandry Department of the Agricultural Expansion Department, Nguyen Thi Kim Anh. Production costs are US\$750 per ton of pork in the Red River Delta and US\$900 - \$1,000 per ton in the Mekong Delta, compared to US\$650 per ton in China and US\$600 - US\$800 in the US. Meanwhile, the average lean meat content in those countries is 1.5 times higher than found in Vietnam. The cost of animal feed has also contributed

to high production costs for raisers and now accounts for 70%-77% of production costs.

Many raisers are unable to afford expensive industrial products and feed their pigs with left-overs, which reduces pork quality and fails to meet customer requirements for higher lean meat content, said Nguyen Thi Kim Anh.

Pork export in 2002 was also estimated to be 12,000 tons, far short of the country's target of 42,000 tons set for the whole year.

## CP Foods sees 2003 sales growth below 10%

**Charoen Pokphand Foods, Thailand's biggest meat exporter, said (16 April) its 2003 sales growth was likely to be lower than the 10% it projected earlier.**

Chief Operating Officer Adirek Sripratak told reporters the lower forecast was due to declines in the prices of its main products, especially chicken.

The company had sales of 75 billion baht (US\$1.75 billion) in 2002. Adirek gave no specific forecast for 2003.

## Philippines may ban imported meat on SARS fears

Local livestock industry leaders have reiterated their appeal (25 April) to the government to ban the entry of imported meats and other food products coming from countries affected by the Severe Acute Respiratory Syndrome (SARS) virus into the country.

Lito Hizon, president of the Livestock Raisers Association of

Pandi (LRAP) and Nick Briones, president of the Agricultural Sector Alliance of the Philippines (ASAP) also sought for an immediate congressional inquiry over the alleged statements of Bureau of Animal Industry (BAI) director Jose Q. Molina that "there is no need to ban meat imports from countries seriously affected by

the killer SARs virus."

Hizon and Briones said that Molina's statement is a direct challenge to the directive of President Gloria Macapagal-Arroyo who earlier instructed the Department of Agriculture to temporarily suspend the importation of meat from China as a safeguard to the spread of the

disease.

The Chief Executive issued the directive in view of a World Health Organization report that the SARS virus may have emanated from diseased livestock from China.

**I say, I say -**

**Editorial comment : 12**



## Nippon Meat Packers forecast full-year profit

Japanese meat processor Nippon Meat Packers has said (1 May) it now expects a group net profit of Yen 4.4bn (US\$121.4m) for the fiscal year to March, compared with a previous forecast for a loss of Yen1bn.

The revision was made possible by a fall in the company's marketing costs after it halted active marketing operations in the wake of a beef mislabelling scandal last summer, reported Jiji Press.

Nippon Meat Packers also forecast consolidated sales for the year of Yen 910bn, compared to a previous forecast of Yen 900bn.

## New Swine Fever outbreak in Korea

The provincial government announced (12 April) 20 pigs at a farm at Ichon, in South Korea's Kyonggi Province in the region tested positive for swine fever.

The National Veterinary Research & Quarantine Service has cordoned off the region within 3 kilometer radius of the outbreak point and put down a total of 1800 pigs raised at the farm.

The farm is reported to have purchased pigs from a breeding centre in Kimpo, Kyonggi Province, which has been identified as the center of a recent series of outbreaks countrywide.

## CIS countries to adopt common vet regulations

CIS countries plan to introduce common rules of veterinary control in international transportations of livestock-origin loads, according to the First Deputy Minister of Agriculture of Russian Federation Sergey Dankvert (18 April).

Dankvert said that CIS members were discussing epizootic situation in the CIS countries and a common CIS approach to GMO's.

# Japan's pork imports stable, year-on-year

Japan's total pork imports during January 2003 rose 6.2% over the previous month 63,413 MT, according to figures released by Japan's Agriculture & Livestock Industries Corporation. This was relatively unchanged from January 2002.

Japan's fresh and chilled pork imports amounted to 12,800 MT, down 27.2% from the previous month and down 20.9% from January 2002. During 2002, Japan imported 205,498 of fresh, chilled pork, which was up 2.5% from 2001.

Japan's frozen pork imports during January rose 20.1% from the previous month, totalling 50,585 MT. However, this was down 3.6% from January 2002.

Total 2002 frozen pork imports amounted to 571,328 MT, up 12.6% from 2001.

The US was Japan's largest supplier of pork during January, providing 20,565 MT. This was up 8.2% from the previous month and was up 1.1% from January 2002. Japan's fresh, chilled pork imports from the US in 2002 equalled 137,569 MT, 1.9% greater than 2001, while Japan's frozen pork imports from the US were 1.3% higher than 2001, totalling 111,206 MT.

Japan's pork imports from Denmark during January totalled 20,518 MT, of which consisted almost entirely of frozen product. This was 13.1% higher than the previous month but 13.9% lower than January 2002. During 2002, Japan imported 239,301 MT of frozen pork from Denmark, which was 12.2 % more than 2001. Denmark was the largest

Japan's pigmeat imports, Jan. 2003

(metric tonnes)	Jan 2003	Dec 2002	YTD 2003	YTD 2002	YTD % change
<b>Fresh &amp; chilled pigmeat</b>					
US	8,643	11,885	8,643	10,960	-21.1%
Canada	2,751	3,649	2,751	3,392	-18.9%
Total	12,800	17,575	12,800	16,182	-20.9%
<b>Frozen pigmeat</b>					
US	11,899	7,123	11,899	9,331	27.5%
Denmark	20,504	18,108	20,504	23,826	-13.9%
Canada	10,281	10,524	10,281	23,826	-12.0%
Total	50,585	42,128	50,585	52,469	-3.6%
<b>Total Pigmeat</b>	<b>63,413</b>	<b>59,703</b>	<b>63,413</b>	<b>68,739</b>	<b>-7.7%</b>

Source: Japan's Agriculture & Livestock Industries Corporation

supplier of frozen pork to Japan during 2002 with 41.9% of the total frozen pork imports.

Japan's frozen pork imports from Canada during January totalled 10,281 MT, down 2.3% from the previous month and 12.0% from January 2002. Japan's total 2002 frozen pork imports from Canada were 24.5% higher than 2001, amounting to 134,478 MT.

Overall, Japan's total pork imports during 2002 equalled 777,541 MT, up 9.8% from 2001. The increase was the result of a decline in domestic pork production and an increase in consumption as consumers switched from beef to pork because of BSE fears.

Japan's total pork marketings during January were 14.% lower than the previous month, amounting to 125,467 MT. Specifically, imported pork marketings totalled 50,041 MT, down 24.1% from the previous month, while domestic pork marketings totalled 75,426 MT, down 6.3% from the previous month. Total pork stocks at the end of January rose 10.4% from the previous month, amounting to 147,262 MT. Japan's stocks of imported pork totalled 127,391 MT, up 11.7 % from the previous month. Additionally, stocks of domestic pork totalled 19,871 MT, 2.5% higher than the previous month, and the highest volume since April 2001.

## FMD outbreak confirmed in Hong Kong

Hong Kong has confirmed (15 April) an outbreak of foot-and-mouth disease (FMD) among pigs in at least three local farms.

The Agriculture, Fisheries and Conservation Department (AFCD) reported that FMD had

been an ongoing problem for the past 40 years, particularly during the winter months.

The Agriculture Department said it was working closely with international experts to protect pigs from the disease.

Hong Kong imported 1.7 mil-

lion live pigs, 50,000 live cattle and 4,000 live goats from the mainland last year.

In response to the FMD outbreak in Hong Kong Indonesia had imposed a ban on Chinese corn.



## I say, I say....

It's not just the airlines that SARS is affecting as investors and managers at People's Food Holdings can now testify. Singapore based analysts took the view that the group's profits could be down by as much as 20% after the group announced that slaughtering pigs would be suspended at three of its plants. On the Singapore Stock Exchange People's Food's shares dropped by 20% (May 6<sup>th</sup>) on the news that the abattoirs would close due to "worries over SARS". This drop in the share price took the stock to a level some 40% below its position a month ago. Regardless of the impact on equities the action by People's Food could cause significant disruption in production and trade in pigs and pigmeat within China and Asia.

At this moment, we can only guess at the scale of the impact of the actions by People's Food. But United Food Holdings has seen its share price drop by almost 10% on SARS-related concerns. Who else could get caught in the backwash from SARS? And who might profit from it - apart from the manufacturers of face masks and SARS-fighting drugs?

The pattern of trade in pigmeat across Asia needs a careful re-examination before we can be sure of the impact of this latest SARS effect on pork demand and pork prices. My initial thoughts, however, are that the problems of people's Food Holdings may create trading opportunities for others. What is clear is that, yet again, the pig industry is affected by the outbreak of a disease - in this case a human not an animal infection - which critically constrains the actions of the supply chain. If roadblocks in China prevent easy movement of live pigs and consumers are suspicious that pigs supplied from SARS-affected areas are a threat to human health then SARS moves from being a problem for WHO to being a problem for us. It's a small world....

## PRODUCER PRICES FOR PIGMEAT FROM AROUND THE WORLD

### WHOLE HOG Price Monitor

**Date: 6 May 2003**

	National currency	% Change previous week	UK £ (pence/kg dw)	US \$ (cent/kg dw)	Euro (euro/kg dw)	Week ending
<b>European Union</b>						
Belgium	1.17	0	81.89	130.11	1.17	13-Apr-03
Denmark	7.90	0	74.48	118.33	1.07	13-Apr-03
France	1.16	-2.5	81.12	128.89	1.16	13-Apr-03
Germany	1.22	-0.5	85.55	135.93	1.22	13-Apr-03
Ireland	0.98	0.1	87.14	138.46	1.25	13-Apr-03
Italy	1.43	-1.4	99.68	158.38	1.43	13-Apr-03
Netherlands	1.11	0	77.63	123.34	1.11	13-Apr-03
Spain	1.27	-0.4	88.94	141.32	1.27	13-Apr-03
United Kingdom	1.06	-3.2	105.6	168.96	1.51	12-Apr-03
<b>EU Applicants</b>						
Hungary (liveweight)	281.10	n.a.	79.86	127.77	1.15	February
Poland (liveweight)	3.03	n.a.	49.84	79.53	0.72	March
<b>The Americas</b>						
USA	0.98	10.0	61.21	97.94	0.88	26-Apr-03
Canada	1.32	-1.5	57.64	92.31	0.83	26-Apr-03
Mexico	10.26	-0.8	62.56	99.71	0.90	21-Apr-03
<b>Australasia</b>						
Australia	2.28	-1.3	89.41	142.50	1.28	11-Apr-03

**Source: Whole Hog (www.porkinfo.com)**

### EXCHANGE RATES 30 April, 2003

	per US\$	per UK£	per Euro
Australian \$	1.60	2.55	1.78
UK £	0.63	1.00	0.70
Canadian \$	1.43	2.29	1.60
Japanese Yen	119	191	133
US\$	1.00	1.60	1.12
Euro	0.90	1.43	1.00
Danish Kroner	6.66	10.6	7.42

**Next issue: 19 May 2003**

Details of each price source in *Whole Hog Price Monitor* are available at [www.porkinfo.com](http://www.porkinfo.com) or by email from [wholehog@porkinfo.com](mailto:wholehog@porkinfo.com)

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