Belgian exports stable despite price hikes

Belgium exported 673,357 tonnes of pork (including offal and fat, excluding meat products) during the first eleven months of 2012. This is stable when compared to 2011. Nevertheless, the average price per kilo of exported meat rose by 9%, which was good for an increase in export turnover of 118.4 million Euros.

Belgian exports did well within the European Union, both in volume and value. Germany remained Belgium's most important partner, taking 39% of its volume. Poland increased their volume by 43%, meaning Poland now consumes 15% of Belgium's total traded volume. Our exports to the Czech Republic also did well, growing in volume by 23.3%.

Expatriates outside of Europe decreased in volume by 11.7%, but this is down to increased meat prices - exports rose in terms of value by 2.4%. Exports to China/Hong Kong and South Korea dropped sharply, which is a setback after a record-breaking 2011. South Korea recovered after its foot and mouth disease outbreak, China recovered from PRRS-V. Russia imported 23% less meat from Europe. Belgian exports to Russia remained the same and Russia retained the title of Belgium's most important consumer outside of the European Union.

More than 95% of Belgian beef and veal exports stayed within European Union borders. Belgium's neighbouring countries - the Netherlands, France, and Germany consumed 74.4% of the volume. This concentration use continued - volume in the Netherlands and France grew by 6%. The volume that Germany consumed decreased by 2,695 tonnes. The United Kingdom also provided some interesting figures. The UK imported 21% more Belgian beef. Italy imported traditional Belgian veal, they imported 12,782 tonnes in the first eleven months of the previous year. That is almost 10% of the total export volume of beef and almost a third of Belgium's veal production. This tradition has lasted a decade.

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Belgian pork exports in value (Euros)

Belgian pork exports to destination (2012(1-11))

Belgian beef and veal export destinations (based on volume 2012(1-11))

Belgian Meat Office Manager

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IS MEAT ONCE AGAIN A LUXURY?

A few decades ago, Europeans saved roast chickens for celebratory meals or a Sunday lunch. People served beef or veal at large family feasts. During the week, people ate pork chops and sausages. In the morning, they’d wake to a plate of bacon and eggs.

O tempora, o mores. This applies to our meat diet too. Our fast-evolving society has thrown our eating patterns into complete disarray. We’re reaching ever more often for fast food, snacks, and convenience foods. We have expanded our palates with exotic products: we have globalised our eating patterns, as it were. Europe consumes 60% of its pork as modern processed products and cold cuts. Chicken is no longer a luxury. Beef is more popular than ever and very expensive. Europeans are consuming a little less meat every year, and in an entirely different way to how they used to. Cooking and nutrition are trendy in Belgium. Whereas the Bible used to be the most prolifically read book, cookbooks by chefs such as Jamie Oliver or Nigella Lawson are now topping the charts. And strangely enough, Belgians have never spent so much on equipping their kitchens, while simultaneously spending so little time cooking in them. An amusing contradiction, but a little contradiction never hurt anyone.

In such places as the BREC countries (Brazil, Russia, India and China), their economic growth is making Europeans blush. The old continent (should we still exclude the United States and Canada from this group?) isn’t managing to get its economy back on track. The up-and-coming economies are increasing their animal protein consumption year by year. Thanks to European exports to these countries, we are still players on this global market. Meanwhile, India has also become one of the world’s biggest beef exporters: they export buffalo meat in particular to the West. In such places as the BRIC countries, business is as brisk as ever. The old continent used to. Cooking and nutrition are trendy in Belgium. Whereas the Bible used to be the most prolifically read book, cookbooks by chefs such as Jamie Oliver or Nigella Lawson are now topping the charts. And strangely enough, Belgians have never spent so much on equipping their kitchens, while simultaneously spending so little time cooking in them. An amusing contradiction, but a little contradiction never hurt anyone.

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Developments on the global market

The Belgian Meat Office follows developments on the global market very closely so it can be on the right markets with the right products. The Gira Meat Club findings form an important foundation for this purpose.

What is happening on the global market?

High feed costs versus consumption

High feed costs will play a role in world meat trade until at least the middle of 2013. This is when we will more insight into the new harvest and will be in a better position to assess how feed costs shall evolve: European demand is currently not strong enough to keep meat consumption stable in the face of elevated prices. This applies to all varieties of meat, but the effect is more pronounced in the more expensive meats. The global demand for meat is, however, stable enough. And so, the meat trade was still able to profit in the first half of 2012 from a highly demanding Chinese market and a still-recovering South Korean market. The situation for 2013 is different, given that both markets are expected to require fewer imports.

Global economic growth versus the European crisis

While we in Europe still have difficulty in shaking off the crisis, Gira is anticipating global economic growth. Growth in 2012 was slower than expected, but chiefly the Chinese, Indian, and Indonesian markets are expected to grow stronger in 2013.

Who will pay the increased prices?

Rising general and feed costs were covered for a long time by the producers themselves, with a strong crisis in the livestock sector as a result. Producers are meanwhile facing increased prices, and they are not passing on the price increases to the end client. Food distribution parties are after all reluctant to pass increased prices on to the consumer, because the range of fresh food is and remains a way to lure customers in.

Pork

The world produces almost 100 million tonnes of pork. Belgium represents 1% of this amount. Almost all Belgian pork production is localised to just two northern Belgian provinces. The result: a highly specialised region.

The importance of China

It is striking to see just how strongly China influences the global market. In 2012, China accounted for no less than 52% of the world’s pork consumption. China also represents 18% of the world’s poultry consumption and 11% of its beef and veal use. A small shift in the Chinese market therefore has a great impact on the global market. Last year we noticed a price drop on the global market, fully attributable to a price drop on the Chinese market. The global market showed a price increase in pork, even without China’s influence.

Belgium complies with a strict Australian standard

In September 2012, Australia opened their doors to Belgian pork that satisfied their strict risk analyses. USA, Denmark, and Canada were traditionally the largest suppliers of pork to the Australian market, together producing almost 100% of their pork imports. Australia has allowed entry to more countries since 2011, and these new suppliers already make up more than 10% of the volume. Australia imports a total of around 150,000 tonnes of pork per year. The anti-cyclic movement on this market forms an interesting addition to the traditional markets.
African swine fever dominates trade with Customs Union

Russian general consumption and pork consumption has followed the same linear growth curve since the start of the millennium. The pork shortage and pork imports remain stable at a high level. This year, Gira expects an import requirement of 880,000 tonnes of pork, and this does not count by-products and similar which are good for another 450,000 tonnes. The Russian pork market is highly fragmented: the top 15 representatives 44% of the volume. In Belgium, the top 4 provides more than 50% of the supply.

The Russian Federation does not keep a check on African swine fever and so this disease strongly affects the pork market. As the Russians fear further expansion after the Winter, they are slaughtering more pigs, with fully stocked shelves as a result. This is why they are blocking some imports from Europe. These measures the Russian Government has taken are having a huge impact on EU prices.

Growth markets in the Far East recover from animal diseases

The Asian countries are highly populated, they are still growing, as are their incomes, so they are eating more meat. The Asian market is of the most importance to the fifth quarter, as Asia is an important destination for valorising the whole pig. And yet there is a growing demand for muscle meat, the prices of which are even approaching Western prices.

In China, the demand for beef runs parallel to their population growth. Their domestic production cannot keep up as, just as in Russia, there are very few investors. And yet the Belgian Meat Office has noticed that Chinese industry is developing more quickly and cattle numbers are continuing to grow.

Brazil is looking to diversify and will rely on its domestic market.

Brazil produces a lot of pork, but has a smaller role to play in the international trade scene, as they do in the beef trade. Brazil is after all struggling with an unavourable animal disease status, which limits their imports to such countries as Russia and Argentina. They are managing to offload part of their surplus onto Belarus, but it is the USA that have managed to fill the void that Brazil has left. American exports to Russia have climbed by no less than 30%. The high feed prices, especially in the second half of 2012, made times difficult for producers. Domestic pork consumption is growing and keeps the market in relative balance.

North America focuses on export

Product growth and a drop in consumption resulted in larger volumes for the USA. American exports have seen solid growth in various markets: Japan, Mexico, China, South Korea, and Russia. Australia too is showing fast growth and is becoming an important market. However, producers have a challenge to face; drought is causing high grain prices and the domestic market is weak. The growing independence of some erratic markets can quickly have a disruptive effect.

The Canadian market is similar in many ways to the Belgian one. Their production level is double that of their domestic market. High prices pushed consumption down, and retailers do not want to accept or pass on any higher prices. After the USA, and the EU, Canada is the world’s third largest pork exporter. Feed costs and domestic demand will be the main themes for 2013.

Is export to third countries Europe’s salvation?

The meat trade reflects Europe’s continuing recession. This difficult situation is predicted to continue in 2013, with high feed price figures in many member states. Meat consumption will continue to drop, whereas poultry will gain a little ground but the pork and beef market share in particular will lose out. And yet, Gira has noted higher spending in all meat varieties, which can be put down to more expensive raw materials which translate into higher consumer prices. Moreover, export to third countries last year was notably good and the third quarter saw fewer slaughters than expected. That is why the price of pork rose higher than predicted in the second half of 2012.

Russia, a topsy-turvy world

Russian beef production comes chiefly from the dairy sector and is woefully inadequate to meet domestic demand. Moreover, investors are slow to invest, given the dairy sector has a much slower ROI than alternatives such as the poultry and pork sectors, where the government has worked hard to support production. Russia is the only country in the world where beef is cheaper than pork. The reason: Russia hardly uses any fresh beef but processes the lion’s share of it, mostly in the form of cold cuts. Russian suppliers of fat-free White-Blue cows find this market uninteresting at the muscle meat level. When it comes to valorising shoulders and other parts for processing, Russia is an important global player, with a total import of 1 million tonnes of beef per year. It is striking to note that the whole world works to supply this specific Russian market.

Asian borders relax for American beef

After the BSE outbreak in 2003, the USA and Canada struggled with issues on the Asian market. Asia has gradually re-opened its borders since 2006 and North American is once again gaining ground in Asia. It is important to note that from February 2013, animals aged up to 30 months will be admitted, whereas this used to be just 21 months. The Belgian Meat Office calculated that this relaxation has increased American beef availability on Asian markets by 20 to 90%. American beef is very popular in such countries as Japan and South Korea, and so it can easily win back lost ground, at Australia’s expense. Canada, however, had to deal with a Large E.Coli crisis in 2012 and saw its credibility decline in countries with strict hygiene requirements such as Japan.

Japan is the biggest Asian market for beef and it depends highly on imports. Their beef consumption is highly stable, but has a noticeable seasonal trend. The high Yen is a inhibitory factor to Japanese domestic growth. Politicians are taking measures to devalue the Yen, which will stimulate their exports. Allowing American beef greater entry will soundly influence the market situation.

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Australia is number one

The biggest issue for Australia was drought. This lead in the short term to more slaughters of younger animals and an increased meat supply in 2012. In the longer term it has meant a crimp in breeding stock and an estimated 3% less supply than previous years. The drought has brought higher prices with it, which has put pressure on consumption. While the American domestic market has struggled with higher prices, its export story is a positive one. The country has almost entirely recovered from their BSE crisis, and exports have returned to normal even though production declines mean that less beef is available for export.

Canada also wrestled with a large E.Coli crisis in 2012 with massive recalls. The market should recover well but this crisis will perhaps linger on for years to come.

Europe still in the clutches of a recession

European beef consumption was under pressure in 2012 through a combination of decreased supply and higher prices - it dropped by 3.3%. This is expected to drop further in 2013. Belgium is the exception within Europe because the higher cost price did not translate into a higher meat price. Despite decreased consumption, last year’s higher meat prices led to greater spending on meat consumption, last year’s higher meat price. Despite decreased supply and lower prices, the European beef consumption was under pressure in 2012. In the longer term it has meant a crimp in breeding stock and an estimated 3% less supply than previous years. The drought has brought higher prices with it, which has put pressure on consumption. While the American domestic market has struggled with higher prices, its export story is a positive one. The country has almost entirely recovered from their BSE crisis, and exports have returned to normal even though production declines mean that less beef is available for export.

The University of Ghent, together with Belpork, the Belgian standard bearer for Certus seal of quality for pork, and the Belgian Farmers’ Association, initiated the project to reduce the use of antibiotics (Red AB) in animal husbandry. In the First phase, the quadrilateral website www.abcheck.ugent.be was developed by Professor Jeroen Dewulf, Dr Davy Persoons and Merel Postma, a veterinarian. Use of the site is freely accessible and free of charge.

In addition to background information on the topic of antibiotics, visitors are made aware of the “Defined Daily Dose Animal”, the dose of the therapeutic agent that is prescribed to a specific indication per day on average, and the antimicrobial resistance. Currently, the “AB calculator” is used only for the pork, poultry and turkey product groups but it will soon be expanded to cattle.

How does the check work in practice? The keeper of porkers, for example, is prompted to update the following information: the type of therapy, the name, quantity and way in which the antibiotic is administered, the duration of treatment, indication, and the weight and number of animals. The treatment incidence is calculated based on the Timmermans formula. The analysis of the data shows whether an animal has been treated correctly, or whether under- or overdosing has taken place. It goes without saying that the data are only available to registered users. Data protection is guaranteed at all stages.

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Within a timeframe of 12 to 18 months, livestock owners participating in the voluntary project received a total of four visits by veterinarians based at the University of Ghent. Scientists are working on the principle of “check, improve and reduce”. Once the use of antibiotics has been examined management and biosecurity can be optimised and the quantities of antibiotic therapy can be reduced. The fact is that the website is an important benchmarking tool available to the livestock owner and veterinarian.

So far, 64 Belgian pig farmers have participated in the Red AB project and the University has presented the first results:

• Biosecurity improved by 4.5 per cent between the first and third visits.
• On average, the number of piglets weaned per sow per year has risen by 1.0 piglets.

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