NYHEDSKLIP 52

EU:

Wet weather benefits some EU crops but raises concerns for others

Monday June 03 2013

Rains across Europe last week came as a mixed blessing with some member state crops benefitting from a welcome increase in moisture levels, while others had concerns over excess wetness exacerbated. In the US, wet weather once again slowed the planting of key crops.

Rains increased across France, southern parts of the **UK**, **Germany**, **Poland**, northern **Italy** and northern **Romania** last week. While the rains in southern UK and northern Romania were beneficial in improving moisture, the rains in France, Germany, Italy, and Poland increased wetness concerns.
Additional rains across southern Germany and southern Poland this week will maintain wet conditions. The continued dry pattern in much of **Spain** will favour wheat harvesting there.
In the former Soviet Union, showers increased across northern and western **Ukraine**, **Belarus**and in the Central Region of **Russia** last week, which further improved moisture there for heading wheat. However, dryness does continue across far southern and eastern Ukraine and the North Caucasus.
Rains this week should further improve moisture in southwestern Volga Valley and will maintain moisture in northern and western Ukraine and Central Region. However, rains will remain quite limited in the drier areas.

MDA Earthsat Weather has adjusted its estimates for 2013/14 **US** maize production down 600 000 tonnes from last week to 338.6 million tonnes, due to acreage adjustments, with soyabean output up 120 000t to just shy of 85mt.
The recent rains were back again again last week, further delaying planting of the maize crop, in particular, which is still **running behind** the five-year average. Abundant rains early this week in west central areas of the country should keep planting slow and will increase wetness concerns. The wetness will maintain good moisture for early growth and germination of the crops already in the ground, however.
In **Canada**, rains increased across south central Alberta, far southern Saskatchewan and central Manitoba last week, which improved moisture there for spring wheat early growth. However, dryness continues across northern belt areas. Rains should continue in the same areas this week and dryness will continue across northern belt areas.
Rains were rather limited across **Australia** last week with a few scattered showers noted across western portions of Western Australia and southeastern Queensland. However, rains should pick

up this week across southern Western Australia, South Australia, Victoria and New South Wales. The upturn in rains will further improve moisture for winter wheat growth.
In **China**, showers have increased across North China Plain in the past seven days and also remained abundant across Yangtze Valley. The rains in North China Plain further eased dryness and improved moisture for maize and soyabean growth.
Rains should favour southern and western Yangtze Valley and western portions of Northeast China this week, but should return to northwestern North China Plain the following week. Maize and soya conditions should continue to improve.

Foto: Store oversvømmelse i bl.a. Tjekkiet

The wet weather increased across east central and southern areas of **Brazil** last week. The rains improved moisture for safrinha maize growth, but slowed first crop harvesting. Rains should remain abundant across central areas this week, which will slow first crop maize and soyabean harvesting, but will further improve moisture for late growth of safrinha corn. However, some wetness may develop across Sao Paulo.
Showers returned to eastern areas of **Argentina** last week but resulted in only minor harvest delays for the soyabean crop. Drier weather is expected in the region this week, which will allow harvesting to progress very well.
Showers also increased across central, eastern, and southeastern areas of **Mexico**, which improved moisture there for early maize crop growth. Rains in southeastern areas from Tropical Storm Barbara will improve moisture there for germination and early growth, although no notable damage is expected. Meanwhile, some dryness will linger in far western portions of the belt.

Source: Agrar Europe

OECD:

Big is better, OECD farm survey finds

Wednesday May 29 2013

An OECD survey of farm economic performance has found that larger output farms tend to be the best performers although other factors including farmer age and education are also important.

The OECD study, *Cross Country Analysis of Farm Economic Performance*, found that farm size is a key driver of high performance for most farm types in most countries with some exceptions. When examining farm size, the report adds that output scale rather than land area is crucial to performance.

Output value is particularly important to farm performance in the US, England and Australia, the report states.

In the US, the top 25% of farms account for more than half of production value.

Output value was less important in Australia and Estonia, however, where higher levels of cash expenditure were found to lower farm performance relative to smaller more efficient farms.

The report adds that the highest performers do not necessarily use more land. "This implies that high performers generate higher output of land with similar sizes of land and labour input because of their higher maintenance capacity (eg efficient use of cash input, marketing skills and so on) rather than large input use. In many types of farms, low performers have a larger average land size than high performers," the report states.

Source: Agrar Europe

Spain:

Campofrio future uncertain after Smithfield deal

Monday June 03 2013

Spanish meat processor *Campofrio* has seen its share price rise sharply since last week's announcement that its biggest shareholder *Smithfield Foods* is to be taken over by China's*Shuanghui International.*
But Spanish unions say they are concerned by a 'lack of transparency' over the deal, suggesting it could pose a threat to jobs and working conditions.

If the Smithfield Foods takeover is approved by US authorities, its 37% stake in Campofrio would initially be transferred to Shuanghui.

The Chinese company has not yet indicated what it plans to do with this stake, but one potential outcome would involve a 100% buyout -either by Shuanghui itself or by another of the world's big meat industry players.

Smithfield itself ditched a bid to take full control of Campofrio in 2011 citing tough economic conditions in European markets.

Shares in the Spanish firm, one of Europe's largest meat processors, stood at €5.50 on June 3 - some 15% up on the level before the Smithfield/Shuanghui deal was announced.

If it were to end up under the control of Chinese owners, Campofrio could potentially benefit from new opportunities to export to China's fast growing market for meat products.

Source: Agrar Europe

Croatia:

Gavrilović, Croatia ready to cover the European market

June 3 - 2013

With Croatia estimated to join the European Union in mid-2013, it is interesting to have a look at what the country has to offer, pig-wise. Well known for its winter salami is the 320 year old family company Gavrilović. The company is in full speed of development.

Gavrilović headquarters, with a sausage on its roof, in Petrinja, Croatia.

There is plenty of history in the Gavrilović company. It was 1690 when the first ancestors of the Gavrilović family came from Bosnia to the area of current-day Petrinja, around 50 km south of the Croatian capital Zagreb. Daska Domljan, head of communications explains, “The first Gavrilović was a meat trader and the Gavrilović family is among the oldest families doing business in Europe.” Petrinja at that time was a strategic city, at the border of the Turkish and Austrian-Hungarian empires. The military forces in place at that time needed to be fed. The first factory was built in 1821 by Ivan Gavrilović. As it was not possible to find skilled workers in Croatia at that time, Gavrilović went to Udine in Italy and brought around 50 people to start the company. These Italian families stayed in the company for generations until 1967, bringing their knowledge and their know-how in producing winter salami, the flagship product of Gavrilović.

More than 150 products

Gavrilović has a ‘farm-to-fork’ organisation scheme, with production farms and a feed industry unit. Domljan explains, Winter salami has been the company’s flagship product since 1883. The name ‘winter salami’ is a reminder of times when fridges did not exist and when production could only be made in winter.

Included in the 150 plus products existing in the company’s range, they also count dry-cured salami, cured salami, pork liver pâtés, cooked sausages and Frankfurters, cooked hams and so on..

More exports
For the moment, Bosnia and Slovenia are the leading export markets for Gavrilović, says Stanojević. In Slovenia, the company has 30% of the pâté market.

The goal is to have an agent or an importer in each European country.” He points to markets such as Germany, Austria and Scandinavia, having large numbers of ethnic Croatians. Last November, the company received a thumbs up to export again to the European Union.

Source: Pig Progress

Czech Republic:

Czech Republic: Pig meat production marginally down on year in Jan. to Apr. 2013

June 04, 2013

The Czech national statistics office reports that pig meat production amounted to 78,000 t in January to April 2013 which is marginally down from the 80,000 t produced in the same period of last year. Poultry meat production remained unchanged at 47,000 (47,000) t as well as that of beef at 22,000 (22,000) t.

Source: Pig Progress

Russia + Ukraine:

Black Sea farmers shift acreage from sugar to grains

Friday May 31 2013

Russia's plan to be self-sufficient in sugar is facing setbacks as struggling farmers shift towards planting more profitable grains such as wheat. This means increased sugar imports are likely, much of it from Brazil.

Last year's drought in Russia led many farmers to switch away from sugar, hampering progress towards Moscow's stated aim of producing 80% of domestic consumption.

A decade ago, Russia was the world's biggest raw sugar importer, but has steadily reduced its requirement.

The ISO expects Russia's net raw sugar imports to reach more than 1m tonnes in 2013/14, up from net imports of some 700 000 tonnes in 2012/13.

Russia is expected to import no more than 200 000t of duty-free white sugar from Belarus under Customs Union rules in 2012/13. However, analysts said Belarus does not tend to stick to its annual quota and was likely to supply more than this.

Ukraine shift
Ukrainian farmers, facing huge sugar stocks and low profits in the domestic industry, are also switching out of sugar sowings into grains, but Ukraine will not require sugar imports.

Ukraine's Farm Minister Mykola Prysyazhnyuk said last week that white sugar output was likely to fall to around 1.45mt in 2013 from 2.23mt due to a drop in the planted area, caused by overproduction in 2011 and 2012.

According to the ministry's data, farms have sown a bit more than 300 000 hectares of sugar beet this year versus 450 000ha in 2012 and 516 000ha in 2011.

Source: Black Sea News

Ukraine:

Farmers have finished spring sowing

June 05, 2013

Domestic farmers have finally finished the spring field works. Thus, they have planted 8.189 million hectares. The total area of 2013 harvest is 27.6 million hectares that is 0.4% more than last year. 16.2 million hectares or 58,8% are under grain, so farmers can expect a high yield. .

This year weather conditions led farmers to carry out sowing in a short time. However, farmers completed the spring field works in the agro technical terms. As of today, the sowing has been finished in all regions of the country.

Current condition of crops is mostly good and satisfactory. However, the high temperatures and lack of rains, especially in the southern regions, have a negative impact on growth and development of the plants.

Source: Black Sea News

Rabobank: Russian meat industry to change

June 3 - 2013

Over the last ten years, the Russian meat industry has grown at an extremely fast rate. However, according to a new report by Rabobank, fundamental changes including lower projected domestic consumption growth and Russia's recently acquired World Trade Organisation (WTO) membership will drive the industry towards a phase of lower growth over the next ten years.

These developments are likely to compel Russian and international companies with exposure in Russia to alter their strategies. Attractive opportunities for companies exist, but action is required to capitalise on them. In the coming decade, the industry's market focus will shift from volume to value. Rabobank expects value chain models to change and the importance of achieving improved efficiency to grow.

Source: Pig Progress

Africa:

Algeria invites foreign farming investment

Friday May 31 2013

Algeria is opening its farm sector to foreign investors in a bid to diversify its economy and reduce its reliance on food imports.

Kamel Chadi, chairman of government agency *SGP-Proda*, said 16 pilot farms schemes focused on grains, vegetables, fruit trees and cattle breeding would be offered to investors, *Reuters*reported.
"This tender is intended for both Algerian private investors and foreigners," Chadi said.

"The invitation stipulates creating joint ventures for managing and operating farms. The land is not for sale."

Foreign investors are currently limited to a 49% minority stake in agricultural joint ventures with food imports accounting for around 20% of an annual US$45 billion (€35bn) import bill.

Algeria's main food imports include wheat, barley, milk and meat due to a lack of domestic production. Algeria was the world's third largest importer of wheat in 2012 with 6.3 million tonnes, according to customs data.

The North African country accounts for around one quarter of **EU wheat shipments** in revenue terms.
Source: Agrar Europe

Australia:

Robot tractors lead Australian high tech revolution

Wednesday May 29 2013

Australia is aiming to launch driverless robot tractors on its farms as part of a high tech revolution designed to boost the country's global competitiveness.

Australia sees high-tech innovation as key to increasing efficiency as it targets a 45% hike in farm exports by 2025 as part of its ***National Food Plan***.
Paul Meibusch, manager of commercial farm technology for the *Grains Research and Development Corporation*, told *ABC News*: "If you look at what it costs at the moment to have a skilled driver sit in that machine day in day out when you probably only want it for eight weeks of the year, you're paying a lot to get casual labour in to do those jobs, so the savings could be phenomenal."
The robot tractor revolution looks set to get into full swing in 2014 with US developer *Autonomous Tractor Corporation* and Germany's *Fendt* hoping to begin production
Research developments include developing multi-functional tractors capable of complex tasks such as watering and harvesting crops.
In another development unmanned air vehicles are being developed at the *University of Sydney*to use satellite positioning software to allow farmers to map out land and soil to optimise inputs.

Source: Agrar Europe

South America:

Brazil:

Tougher forestry rules to boost Brazilian trade with EU
Thursday May 23 2013

Brazilian farmers are now subject to stricter rules designed to ensure long-term sustainability and avoid destruction of the valuable Amazonian rainforests and Cerrado (savannah lands).

In recent years, livestock farming, soya and grains production and logging have been the main drivers of illegal clearing of the forests, *writes Alan Bullion*.

Agricultural production has expanded rapidly over the past 20 years in Brazil, with grains output alone expected to reach a bumper 183 million tonnes in 2013, including 81.5mt of soybeans, 78mt of maize, and 5.14mt of wheat, according to state agency *Conab*.
Both Brazilian Senators Jorge Viana and Luiz Henrique da Silveira played an instrumental role in framing and passing the path-breaking legislation last year, formally known as Law No.12 651.

As a result, this revised law specifies much clearer rules for land use in both urban and rural areas. Brazilian farmers have long pushed for changes, more particularly since the Rio Summit on climate change in June 2012, arguing that uncertainty over the legislation has undermined investment in the agriculture sector, which accounts for more than 5% of domestic GDP.

Some 61% of Brazil's land area is occupied by forestry, equivalent to 519.7 million hectares.

Source: Agrar Europe

Noth America:

USA:
World Pork Expo expects 20,000 visitors

June 1 - 2013

Organisers of the upcoming World Pork Expo expect in the region of 20,000 pork producers and industry representatives from 39 countries to attend the trade show.

The doors of the world's largest pork-specific trade show will open on the 5 of June until the 7th at the Iowa State Fairgrounds, with over 400 commercial exhibits.

The trade show now celebrating its 25th anniversary will feature 310,000 square feet of exhibits, an increase on 2012 show.

New this year is the addition of the Agriculture Building to the exhibit space, which will feature the International Visitors Center and the America's Best Genetics display, as well as a display of World Pork Expo memorabilia from the past 25 years.

Source: Pig Progress

Shuanghui International acquires Smithfield Foods

June 1 - 2013

One of the largest pork producers in the US, Smithfield Foods, agreed to be bought for $4.72 (without debt) billion by Shuanghui International Holdings Ltd, China’s biggest meat processor . This will be the largest Chinese takeover of a US company.

Smithfield Foods, Inc. and Shuanghui International Holdings Limited announced that they have entered into a definitive merger agreement that values Smithfield at approximately US$7.1 billion, including the assumption of Smithfield's net debt. With 138.8 million outstanding shares, the value of the takeover, without debt, is $4.7 billion.

Shuanghui International is the majority shareholder of Henan Shuanghui Investment & Development Co. which is China's largest meat processing enterprise and China's largest publicly traded meat products company as measured by market capitalization.

Under the terms of the agreement, which has been unanimously approved by the boards of directors of both companies, Shuanghui will acquire all of the outstanding shares of Smithfield for US$34.00 per share in cash. The purchase price represents a premium of approximately 31% over Smithfield's closing stock price on May 28, 2013, the last trading day prior to today's announcement.

Source: Pig Progress

How will Smithfield Foods Sale Impact the U.S. Pork Industry?

Jun. 3, 2013 ***By Steve Meyer, Paragon Economics, Inc., Adel, IA***

It was quite a shock, first due to its enormity and second due to its surprise. When the largest company, by far, in any industry sells, it is news. When it sells to a foreign company, it is big news. When the company is from China, it is really big news. And when word of the transaction is successfully kept under wraps, it qualifies as shocking. All of those descriptions apply to last week's news that Smithfield Foods will be purchased by Henan Shuanghui of China.

I'm reasonably well connected, and I know some people who are much better connected in the finance world than I am, but I haven't talked to anyone who saw this coming. The rumblings from Continental Grain, one of Smithfield's largest stockholders, to break up the company to capture more value for shareholders, were certainly a pain in the neck for Smithfield management. Most thought that the pressure would cause changes, but sell to a foreign company?

Smithfield's zeal for removing ractopamine from its company-owned farms has struck me as odd all spring. Perhaps this explains it. What better way to position the company positively for a Chinese suitor than to get as much of the product as you can in a position to serve that market?

Now that nearly a week has passed, we can look at this bombshell with a bit more detachment. The reactions of a few U.S. lawmakers, anti-meat groups and food safety zealots were predictable. After bashing the U.S. meat industry in general and the pork industry in particular, they now decry that a foreign firm would buy such an "important" U.S. company.

I'm not sure why it is a surprise that someone else might find more value in Smithfield than do domestic investors given how those same groups have vilified the industry and the company at every opportunity. These actions and the press coverage that have followed them have negatively impacted animal protein company values for many years, in my opinion. There is an absolutely certain way to prevent foreign companies or investors from buying U.S. companies: Pay more for them! If anyone wants this company to remain American-owned, gather up your pennies and put in a bid. My guess is that Smithfield CEO Larry Pope and the other directors at Smithfield would be glad to talk to you provided you actually have that many pennies!

How will this affect the U.S. pork industry?

First, it changes nothing in terms of industry structure. Smithfield/Henan Shuanghui will have the exact same market share as did Smithfield Foods. The total market share held by the top four or top eight firms will be the same after this sale is completed. There will be exactly the same number of packer buyers in the U.S. market after the sale as there was before the sale. If you want to argue that that number is too small, you can, but this sale doesn't change it!

S**econd**, the amount of vertical integration in the U.S. pork industry does not change. There is simply someone else who owns Smithfield's sows (970,000 or so) to go along with its eight packing plants.

Third, I see no reason that this sale will compromise anything about the U.S. pork industry's impeccable food safety record. China's situation is indeed abysmal, but this merger is not about bringing Chinese pork to the United States. The purchase does not change the fact that the United States has a comparative advantage in pork production. Larry Pope's characterization of Chinese pork to the United States being the same as "shipping ice to Eskimos" is absolutely correct. And the purchase does not change the fact that China has pretty much every swine disease known to man, including foot-and-mouth disease and classical swine fever – two biggies on the list of trade-restricting diseases. We aren't taking any pork from China that is not cooked, regardless of a Chinese company owning Smithfield or any other U.S. meat company. Further, the acquisition is in the United States and will remain here. Smithfield's operations, even if owned by a Chinese firm, will still be subject to U.S. laws, regulations, inspections, etc.

Fourth, I see no risks to long-term food supply or costs as a result of this merger, provided laws and regulations do not preclude U.S. pork producers and processors from growing. If all of Smithfield's production eventually goes to China, prices will rise and other producers will capitalize on them by increasing output. The same holds for packers. And should Shuanghui decide that every Smithfield pig should be exported as a half-carcass instead of value-added product, other U.S. processors will expand processing to go along with the expanded production in order to supply Americans with the value-added products we want. Pork prices will rise only if input costs rise as a result of more hogs being raised – and input costs will rise only if production of inputs like grain, steel and cement do not rise. Bottom line: Let the markets work and we'll be fine.

Two Key Questions

There are two legitimate questions: Is it a bad thing that our largest pork company is owned by a foreign investor? Is it worse since that investor is Chinese? The latter question is probably politically incorrect, but it is a question nonetheless. The answers to those must be arrived at collectively as a country. This is really nothing new. Many feared the Arabs were going to own the country in the '70s. Same for the Japanese in the '80s. They actually bought Pebble Beach!

Cooler heads appear to be prevailing. That's a good thing. The deal is not done yet, though, as some other suitors have been rumored. Let's all take deep breaths and consider the facts, unless, of course, a Chinese company makes a play for Pebble Beach or Augusta National. Some things are indeed sacred.

Source: Jun. 3, 2013 By Steve Meyer, Paragon Economics, Inc., Adel, IA

Danish Farmers ABROAD
- på hjemmebane overalt ...