



Consultancy & Research
Prospective et Stratégie

Global Pork Market Outlook

for

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A summary of the presentation, which was sourced from Gira Meat Club
research

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Global meat outlook:

Demand growth: mainly favouring chicken, but also pork.

Currency changes which impact on international competitiveness.

Global pigmeat outlook:

Chinese import demand currently very positive for the RoW, but possibly somewhat more tempered in the longer term.

EU pig sector is in a strong 2nd position in the world ... but risks being marginalised as the demand growth and sector investment is elsewhere.

US hog industry in expansion mode now, and will be aggressive in export markets.

Context of sustainability ... and innovation

EU is at the forefront of sustainability issues and other societal demands ... but the European pig industry needs to innovate and invest in order to maintain its longstanding global position as a key geocentre of pigmeat developments.

CN import demand offsetting growth in US/CA; ASF in EU

Huge CN influence on the global Pk sector in 2016: With almost 50% of global pork production & consumption, CN weighs enormously on all aspects of the world pig/pork sector.

- CN faced a **1% production decline**: reflecting restructuring from backyard.
- **CN Import pull increased by >1 mio tonnes**, equivalent to about 11% of world pork trade.
- **CN producer prices rose strongly** (+14% in CNY terms/+8% in USD) which pulled the Gira world real price index upwards ... in spite of price pressures in many other countries.

Continued CN import pull in 2017f – in spite of some production recovery:

- Gira expects CN output to start recovering in 2H17 only, with new industrial farms getting into production.
- Hence, there should be further large import needs in 2017 and Gira only anticipates a small decline (-10%?).

US expansion (and also CA) following recent highly profitable years:

- Approx **10% capacity growth** in the US from 2016 to 2018: destined for **export push**.

EU facing further decline given serious challenges.

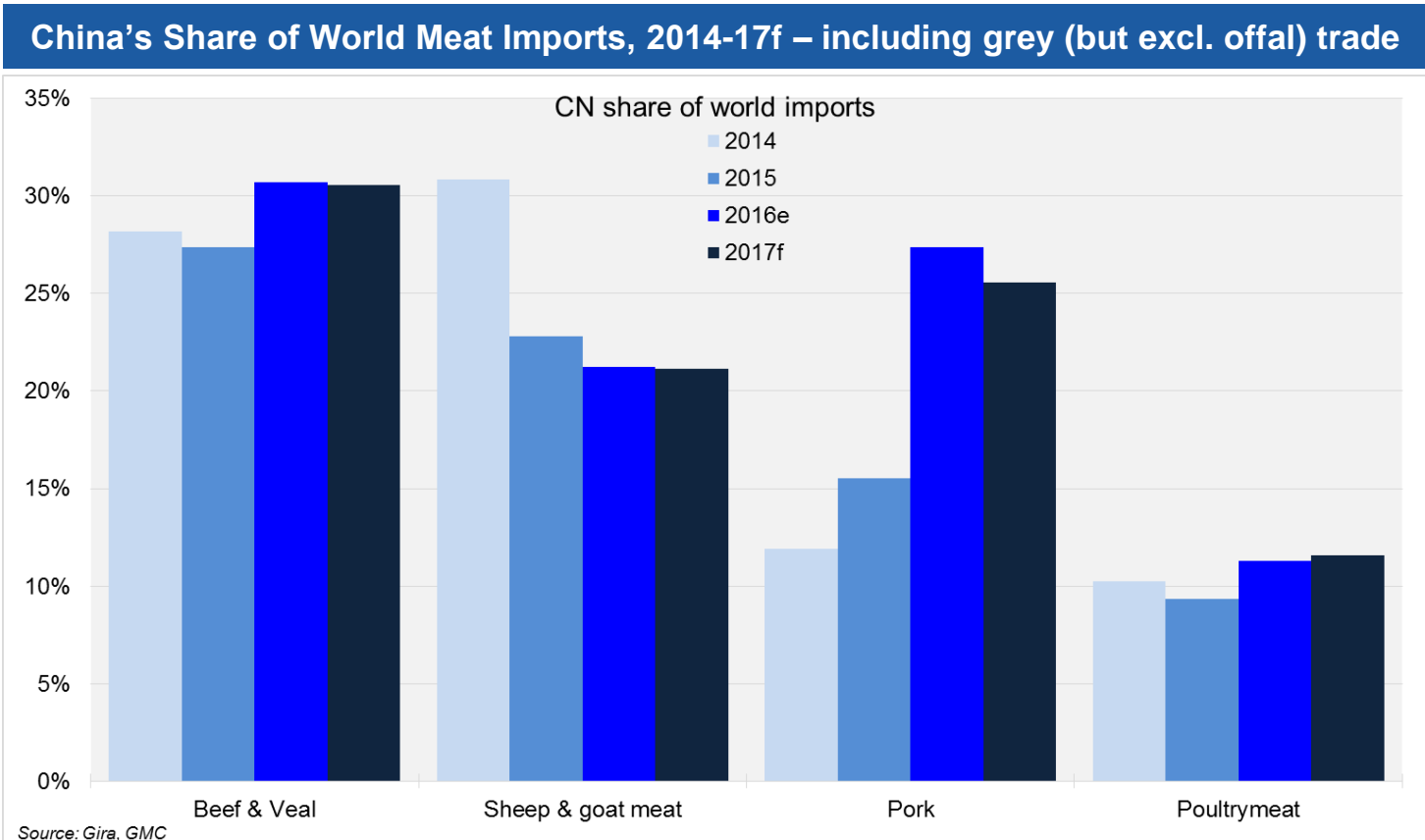
- Large – but mature domestic market ... but with ongoing ‘societal challenges’.
- Ongoing restructuring at different rates of change through EU28.
- Prolonged historic loss of ‘equity’, although moderate recent profitability.
- ASF threat is looming in the N-East: and little prospect of recovering export trade to RU.

RU output continues to grow ... with a new export objective:

- Longstanding Government production support: through historic subsidy, pricing and import controls.
- Facing risks of oversupply in the absence of export developments.
- Negotiating market access with several Asian countries...incl. CN.



CN becomes an even more important destination for exports



CN increases its share of world meat imports – except in sheepmeat:

- welcome price support for exporting countries, especially in pork (and especially for EU exporters).
- risks associated to such import share ... Farming concentration and "industrialisation" in CN is inevitable and will raise productivity. What impact on future import demand?



EU meat sector in the world meat context

EU is overtaken in production & trade: but is at the forefront of retailer, consumer & political demand developments

- **Production: important, but declining EU share of world production:**
 - Pigmeat: 21% global share.
 - Poultrymeat: 13% global share.
 - Beef: 14% global share.
 - Sheepmeat: 9% global share.
- **Consumption: the EU is a major market ... but:**
 - The growth and dynamism is elsewhere ... and increasingly complex EU societal demands.
- **Trade: important share of world pigmeat trade, but:**
 - US (and CA), Brazilian (and CL, MX) ... and Russian competition.
 - Threat of greater EU import penetration should FTAs be realised, in the longer term.
- **Prices: EU no longer such a high price meat market:**
 - Asian meat prices have overtaken the EU.
 - Cyclical trough in commodity prices.
- **Meat processors: fragmented ... and confined to EU operations:**
 - Fragmented EU processing industry (and EU farm structure).
 - Global concentration through M&A and organic growth: which does not much include the EU firms.
 - Tougher regulations and standards of sustainability etc. for the EU than elsewhere.
- **Risk of more competition: from larger scale and more integrated meat supply chains:**
 - Domestic & in export. With much easier access to new technologies & developments.
- **Risk of being marginalised in a changing world.**
- **Need for innovation & sector vision, as part of the foundations for greater sector confidence.**

Gira's key characteristics

Gira is a specialist food advisor

- Specialist in **food**.
 - especially in meat, dairy, bakery, fish, etc.
 - full supply-chain analysis covering dynamics and key success factors of each stage in the chain, and their inter-relationships
 - from inputs to producer, to processor, and on to retailer and end-users
- **Global** coverage.
 - Global meat market coverage.
 - Head office close to Geneva.
 - Staff and associates located throughout the world.
- **Cost effective**.
- **Multi-format**:
 - detailed, published research reports (cost syndicated)
 - strategic consultancy: markets, customers, competitors, etc.
- **Strong record** with most 'blue chip' food companies
- **>45 years of quality research, neutrality & client-service**



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