Gira

Consultancy & Research
Prospective et Stratégie

Strategic
Trends in World Markets

for

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Menu

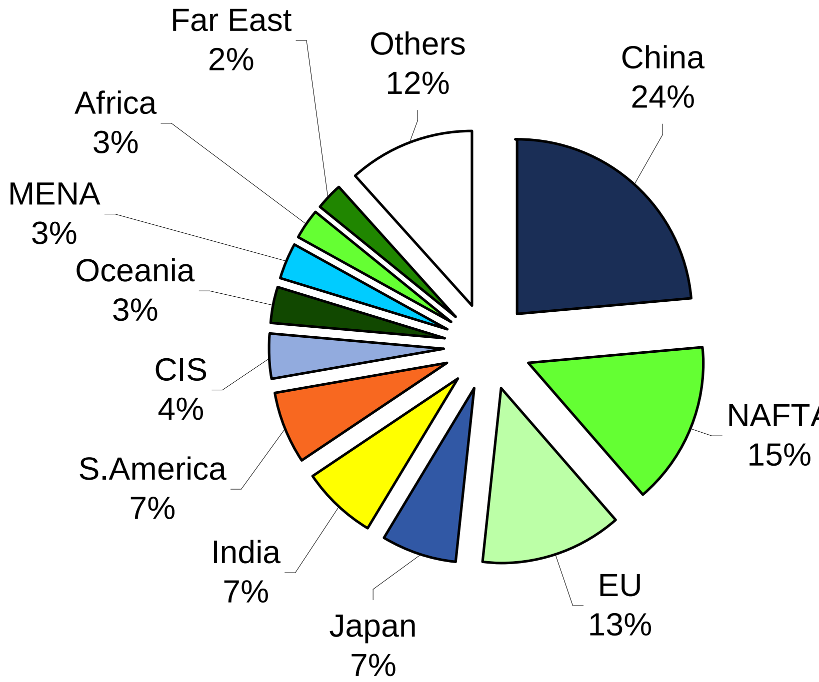
1. Long Term Global meat demand overview
2. Trends in pigmeat consumption and production
3. World trade and outlook
4. Pigmeat exporters and outlook
5. Pigmeat importers and outlook

Menu

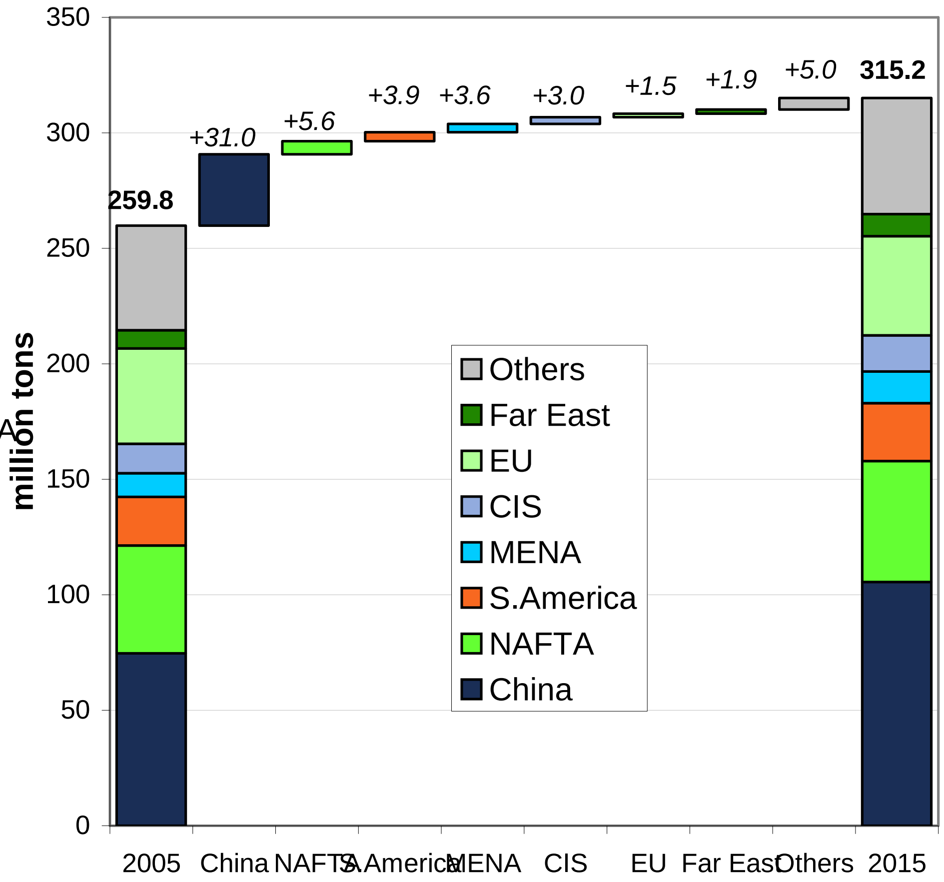
1. Long Term Global meat demand overview

A quarter of total meat consumption takes place in China – and that's where most growth will come from!

Breakdown of total meat consumption 2005

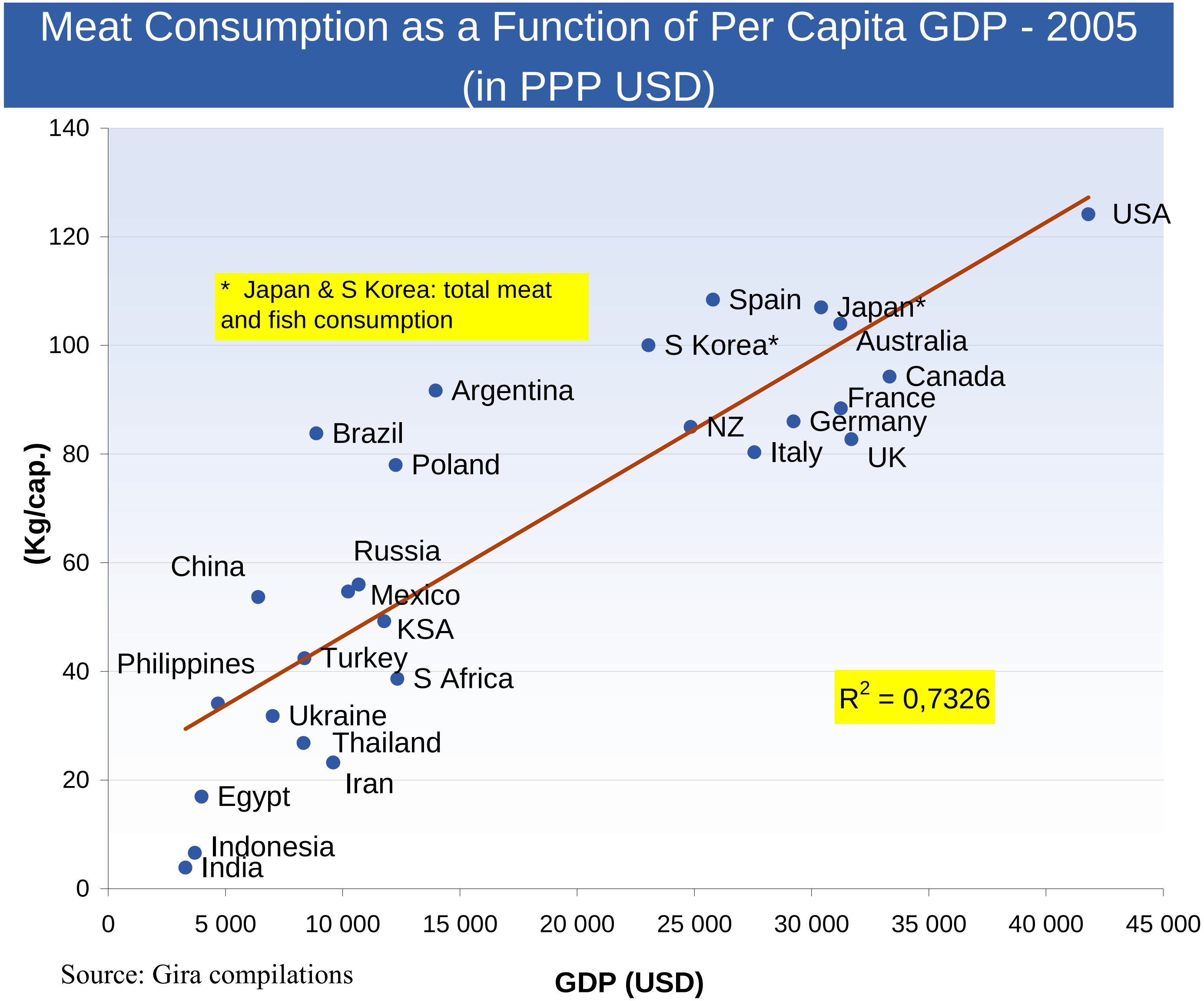


Total meat consumption bridge 2005/2015



Source: GIRA

Meat Consumption is a Function of Per Capita GDP measured in Purchasing Power Parity

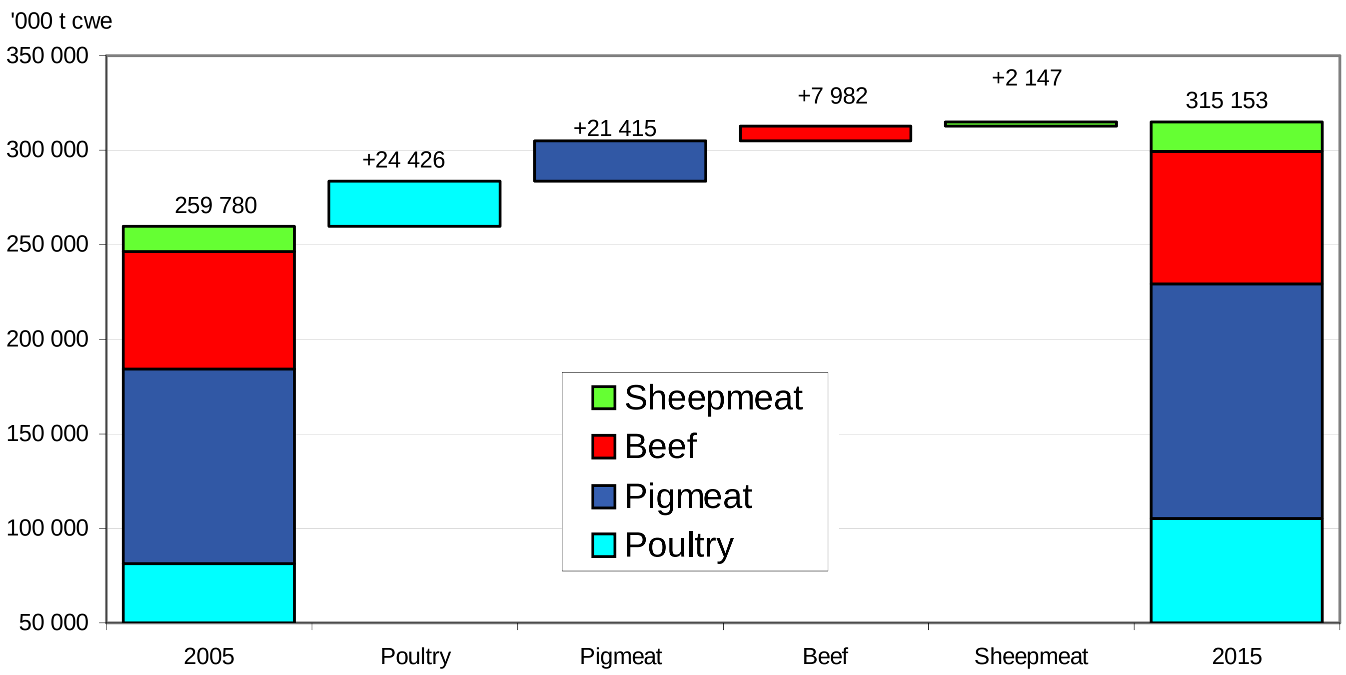


Source: Gira compilations

- PPP GDP growth is the basis for increased meat consumption in the future
- Production constraints are the real brake on growth

Global meat consumption will continue to rise strongly – especially poultry & pigmeat

Meat consumption by species - 2005/2015



Source: GIRA

Poultry will be the winner:

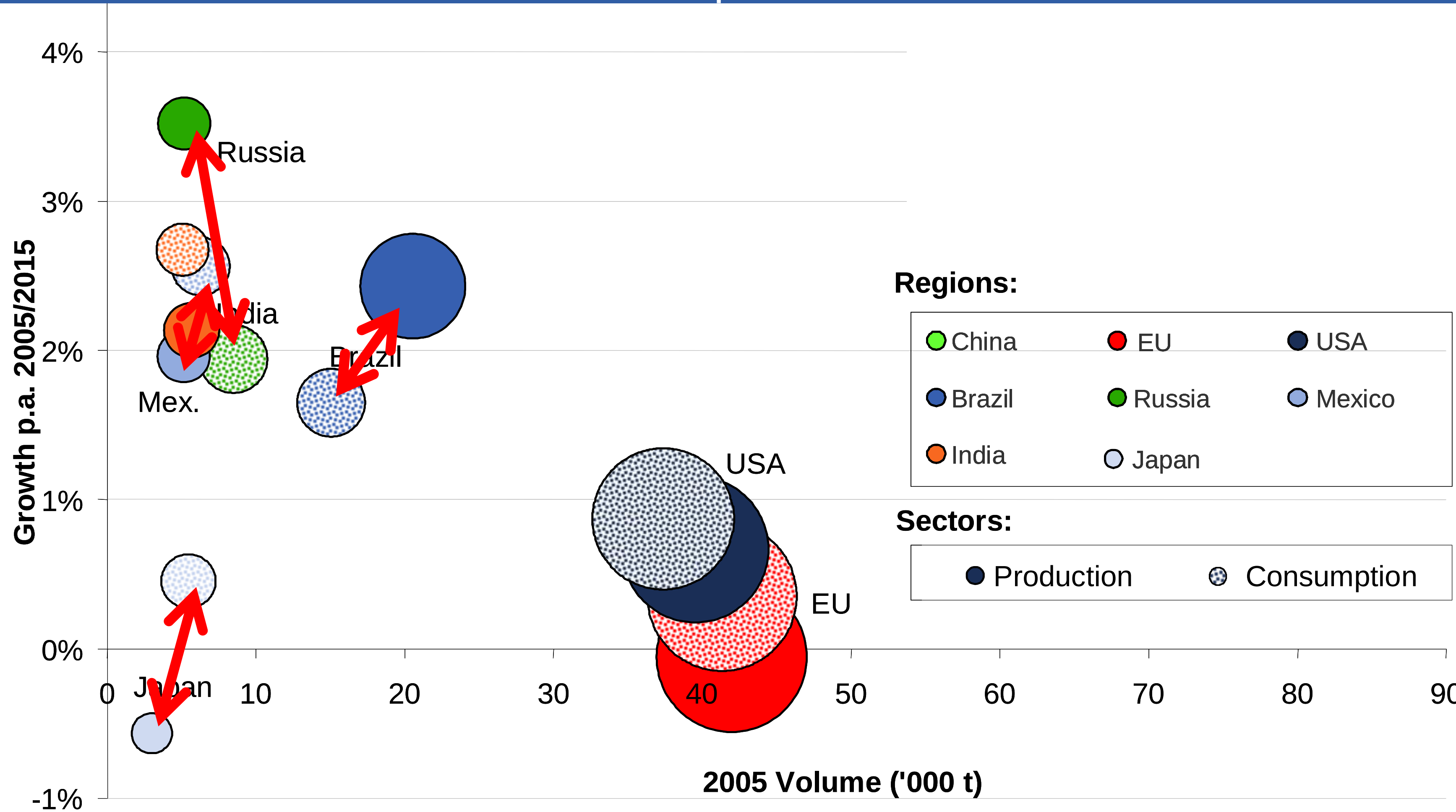
- Cheapest protein: the low price is definitely a key point in all markets
- Healthy reputation
- Easy use at household, industry and foodservice level
- No ethnic restrictions

Pigmeat market is 65% larger than beef and growth to 2015 is more than 2.5 times stronger!

But pigmeat market growth is slightly slower than for poultry.

Most demand growth will be covered by local production. Brazil will develop its production for export.

Total Meat Consumption and Production 2005, and Growth p.a. 2005 – 2015



Source: Gira compilations and forecasts

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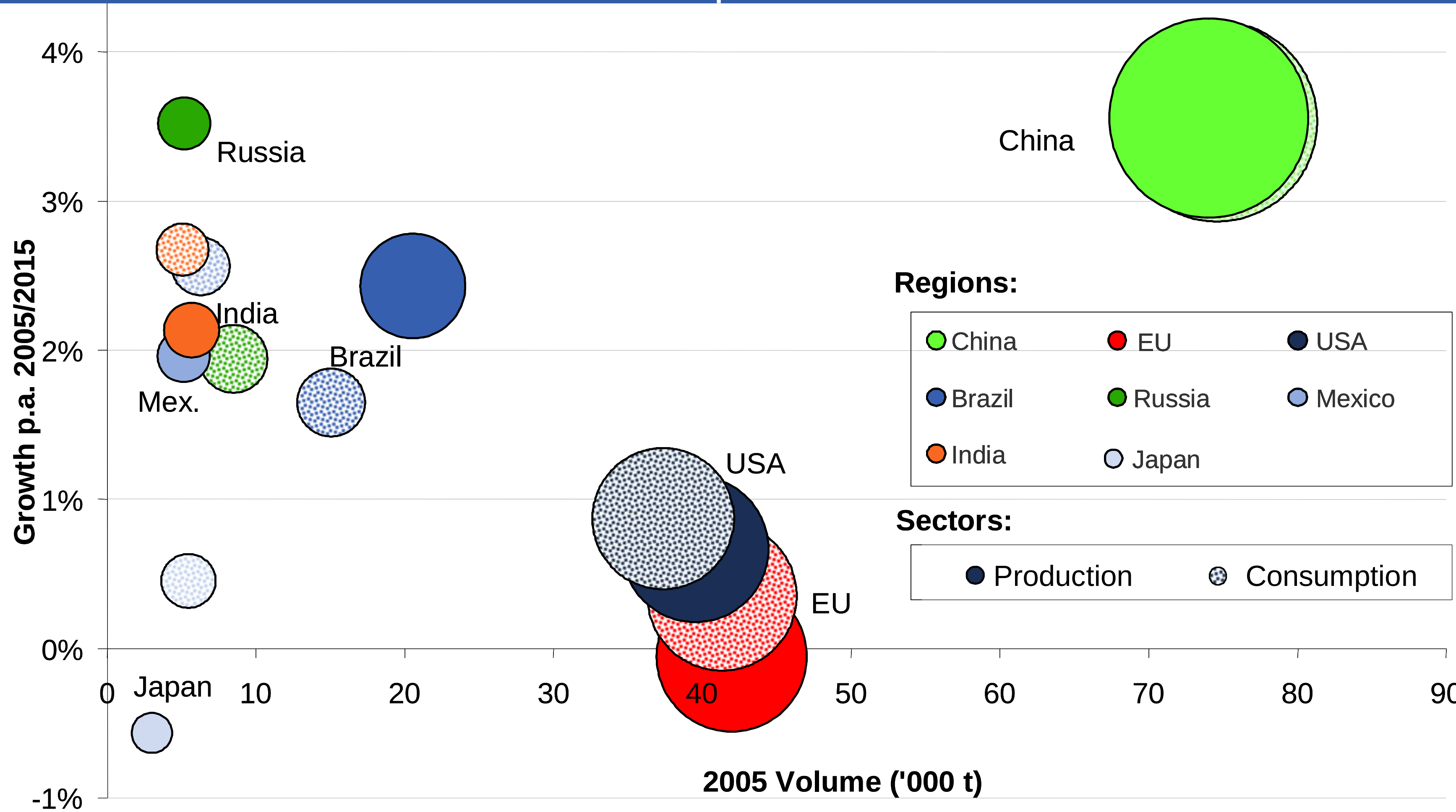
Total Meat Consumption and Production 2005, and Growth p.a. 2005 – 2015

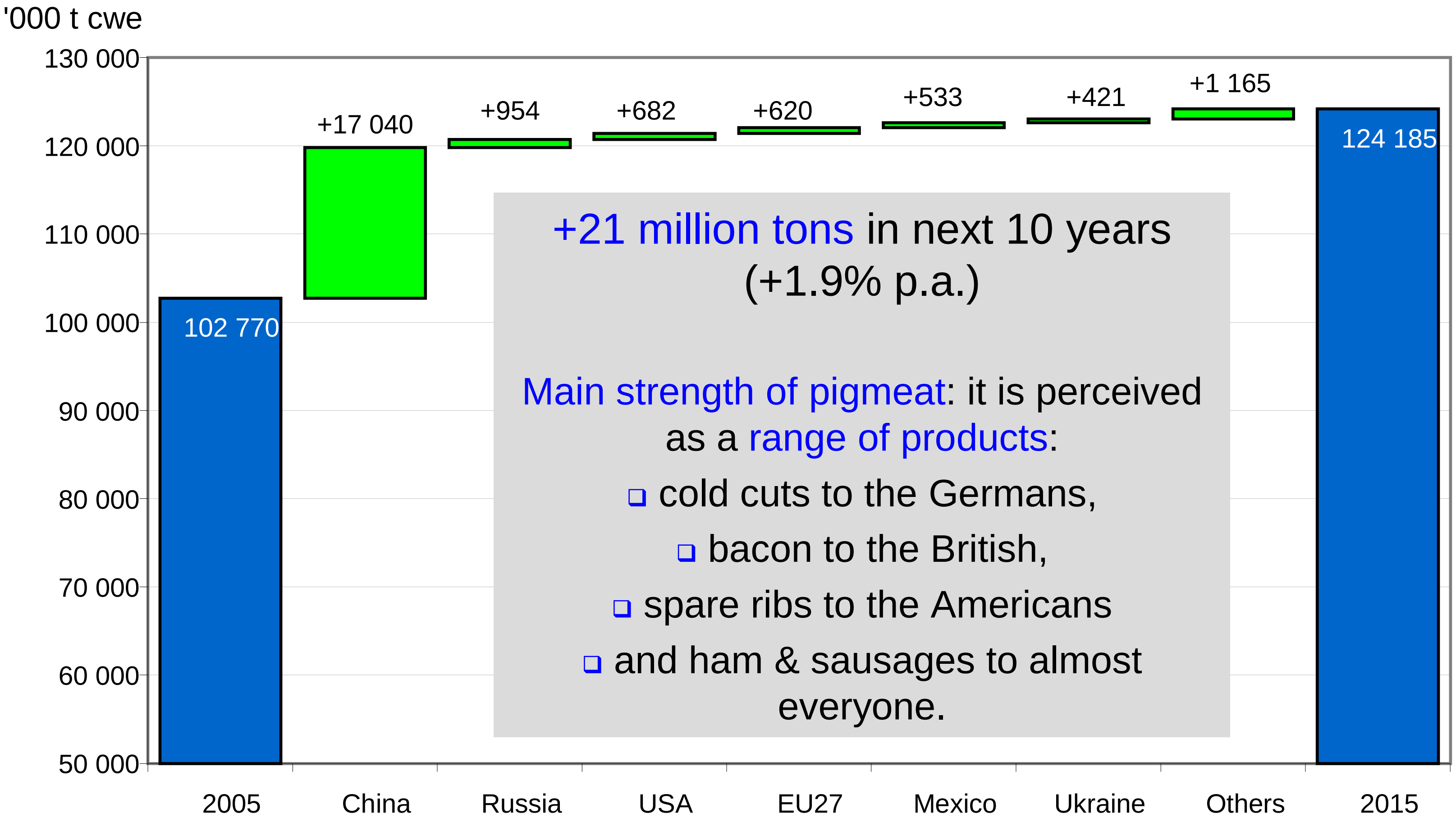


Source: Gira compilations and forecasts

2. Trends in pigmeat consumption and production

Despite its handicap in Muslim countries, pigmeat will remain the n°1 meat in the world

Pigmeat consumption by major contributing countries/regions - 2005/2015



+21 million tons in next 10 years (+1.9% p.a.)

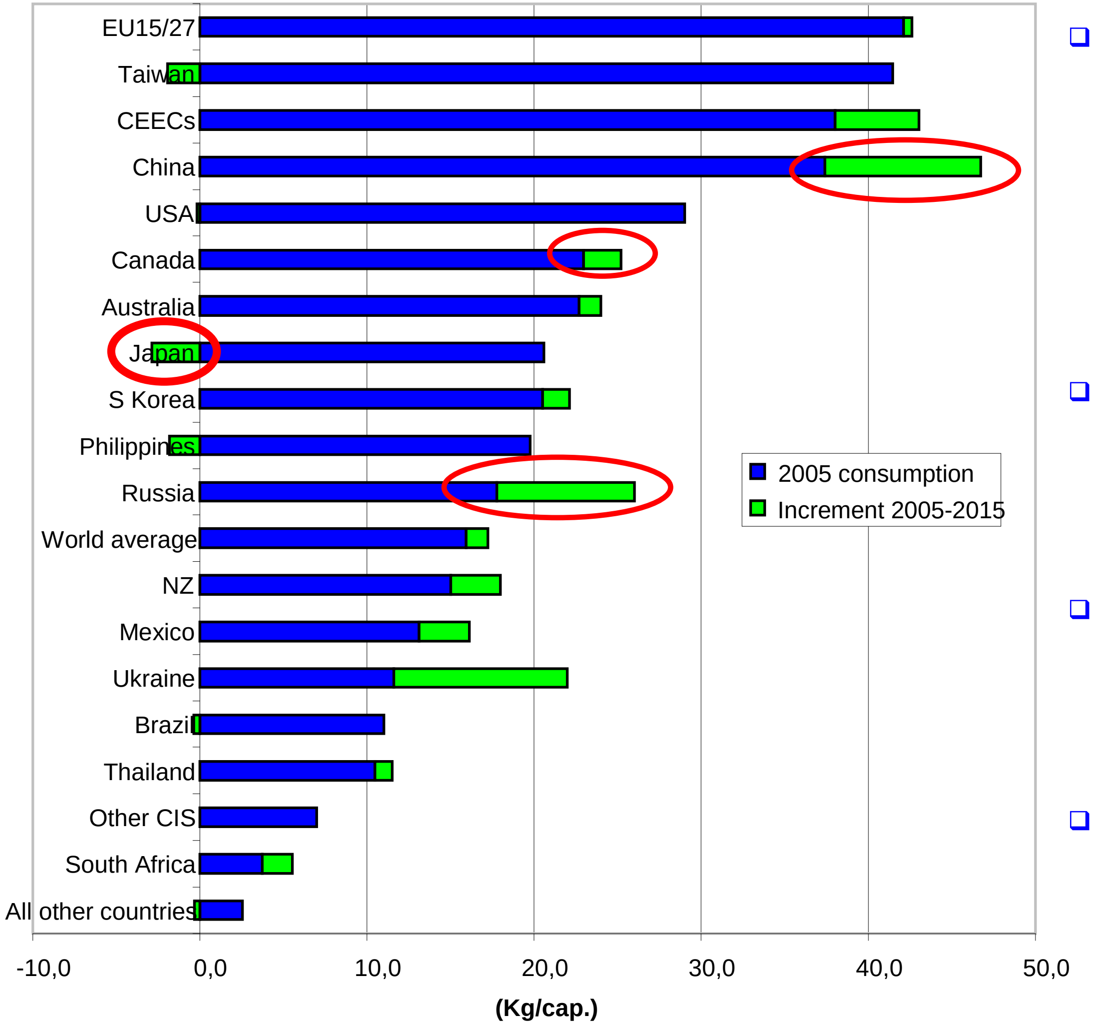
Main strength of pigmeat: it is perceived as a range of products:

- cold cuts to the Germans,
- bacon to the British,
- spare ribs to the Americans
- and ham & sausages to almost everyone.

Source: GIRA

Pigmeat per capita consumption will rise by an average of 0.9% p.a. to 2010, then 0.7% p.a. to 2015

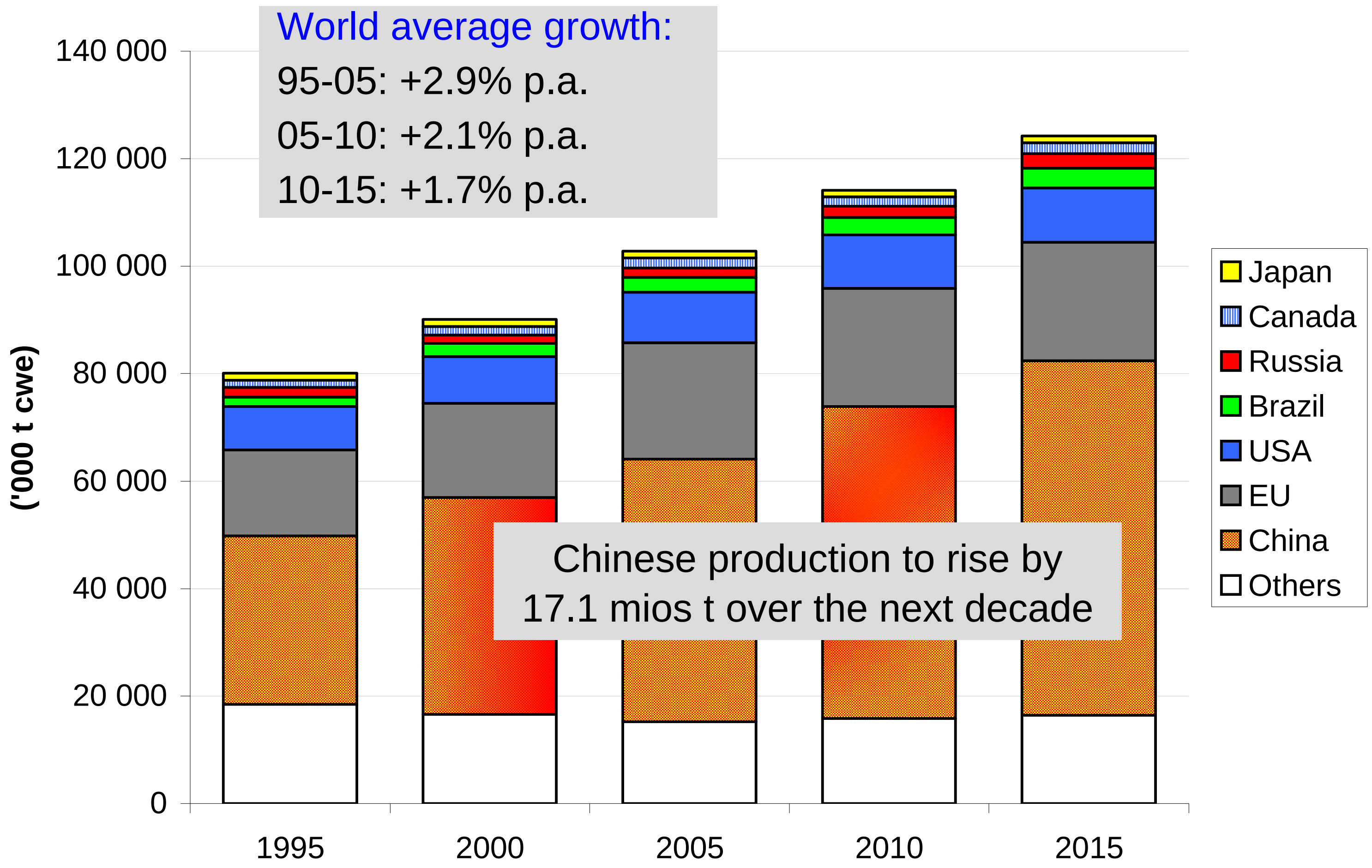
Pigmeat per capita consumption - 2005/2015



- World average: from 15.9 kg in 2005 to 17.2 kg in 2015
- EU 27: from 42.1 kg in 2005 to 42.6 kg in 2015
  - consumption per cap. already the highest in the world
  - pigmeat benefits from its multiple aspects: the bulk is processed meats.
- China: from 37.4 kg in 2005 to 46.7 kg in 2015
  - the rise in demand will essentially be supplied by local production
- Russia: from 17.8 kg in 2005 to 26.0 kg in 2015
  - strong growth of demand in a context of declining beef availability.
- Japan: A come-back for beef after ban on US and CA means that there will be a shift from pigmeat to beef consumption….

80% of the world pigmeat production *increase* will come from China!

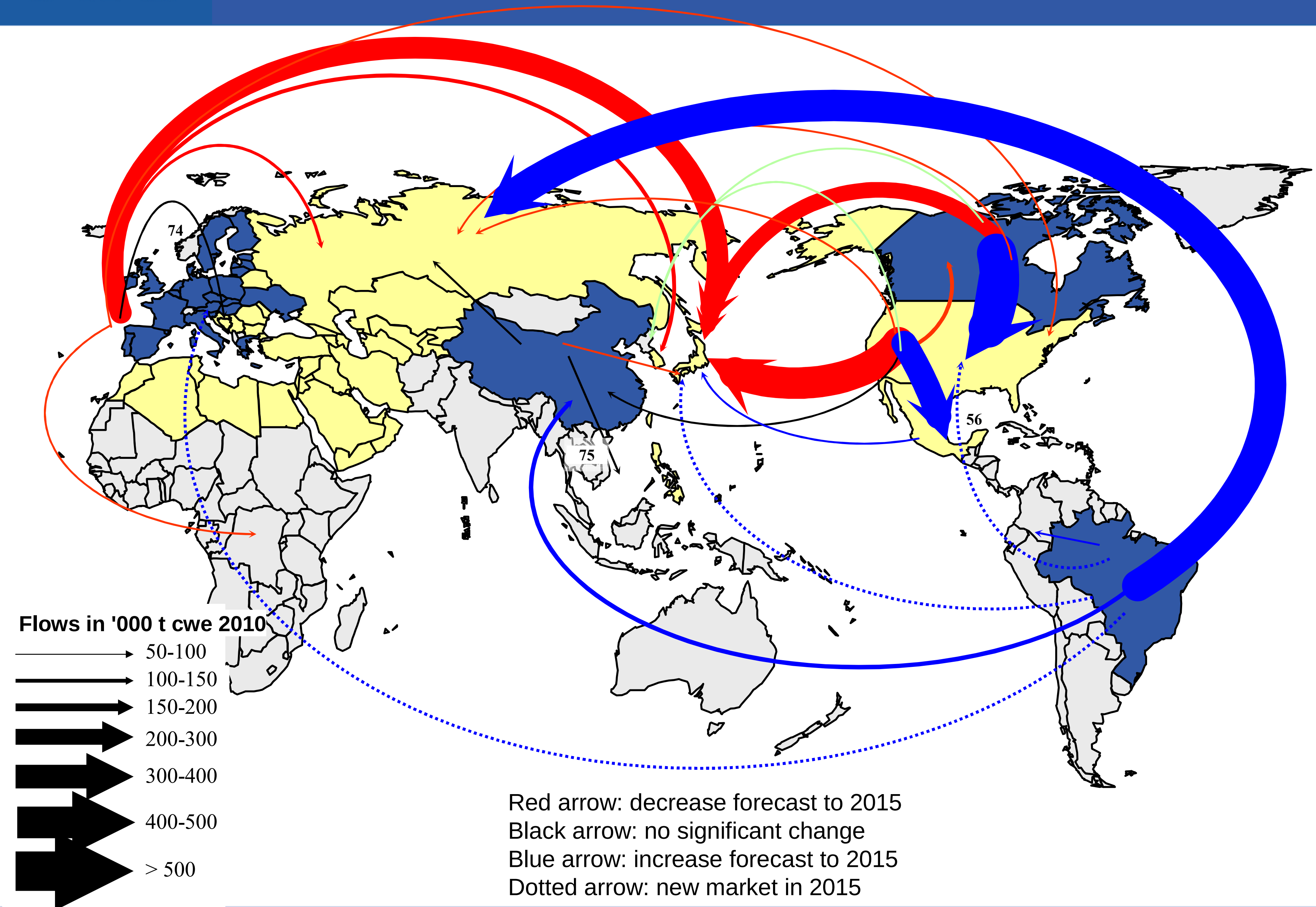
Pigmeat production by area - 2005/2015



Source: GIRA, FAO for world total

3. World trade and outlook

Pigmeat Tradeflows, 2010 (trend through 2015)

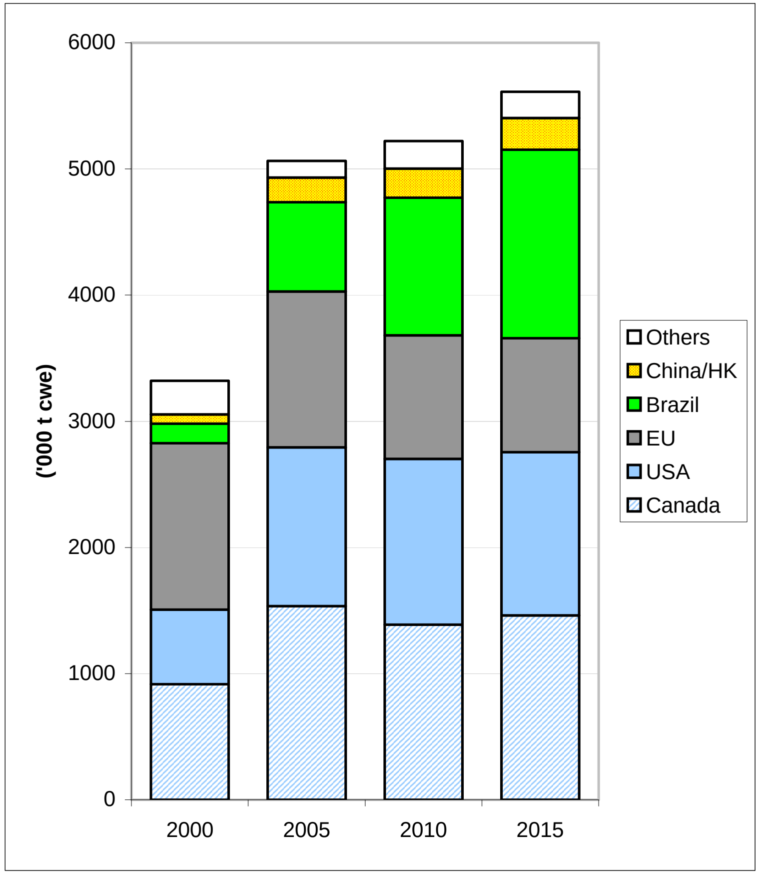


Red arrow: decrease forecast to 2015
Black arrow: no significant change
Blue arrow: increase forecast to 2015
Dotted arrow: new market in 2015

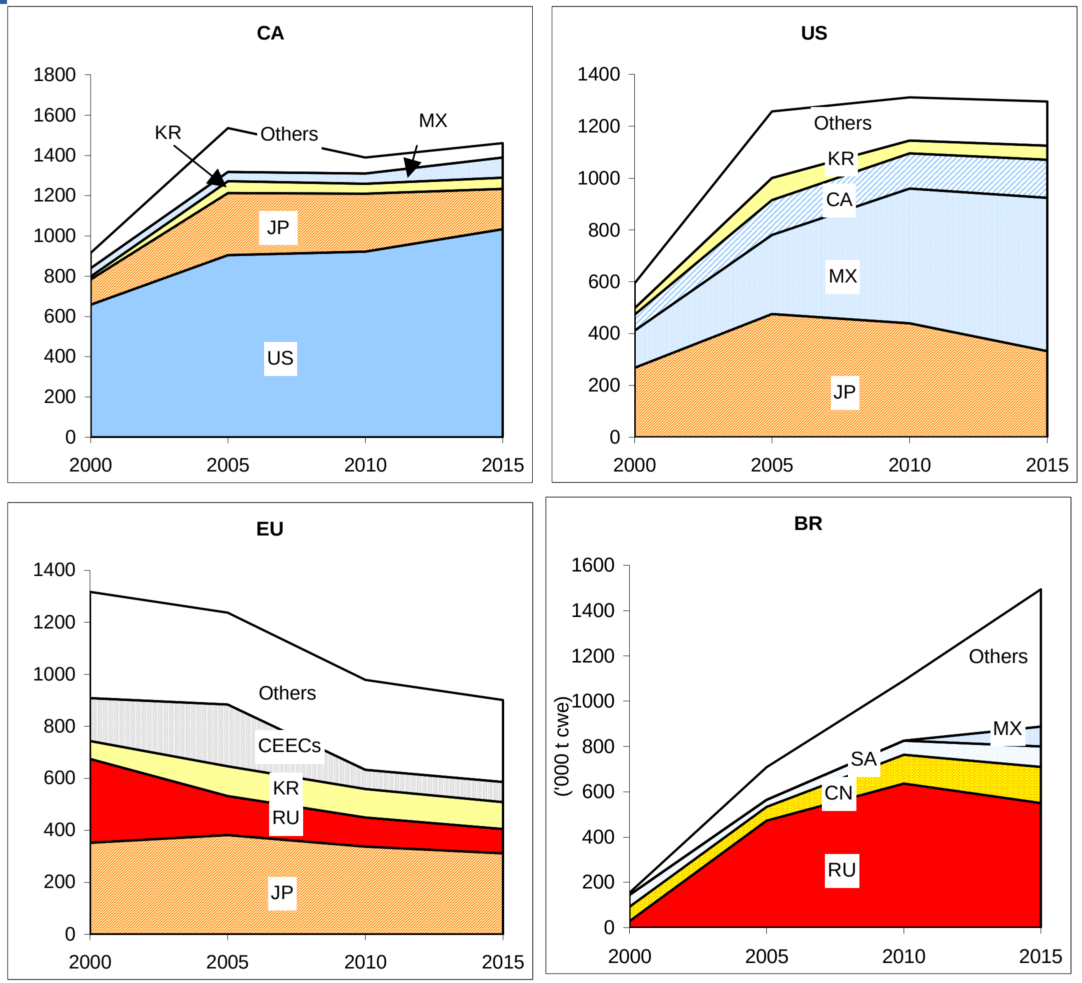
4. Pigmeat exporters and outlook

Pigmeat Exports: the growth will be driven by Brazil, whose objective is to turn toward added value markets

Pigmeat Exporters 2000-2015
(incl. Live)



The biggest exporters, with a breakdown of their destinations

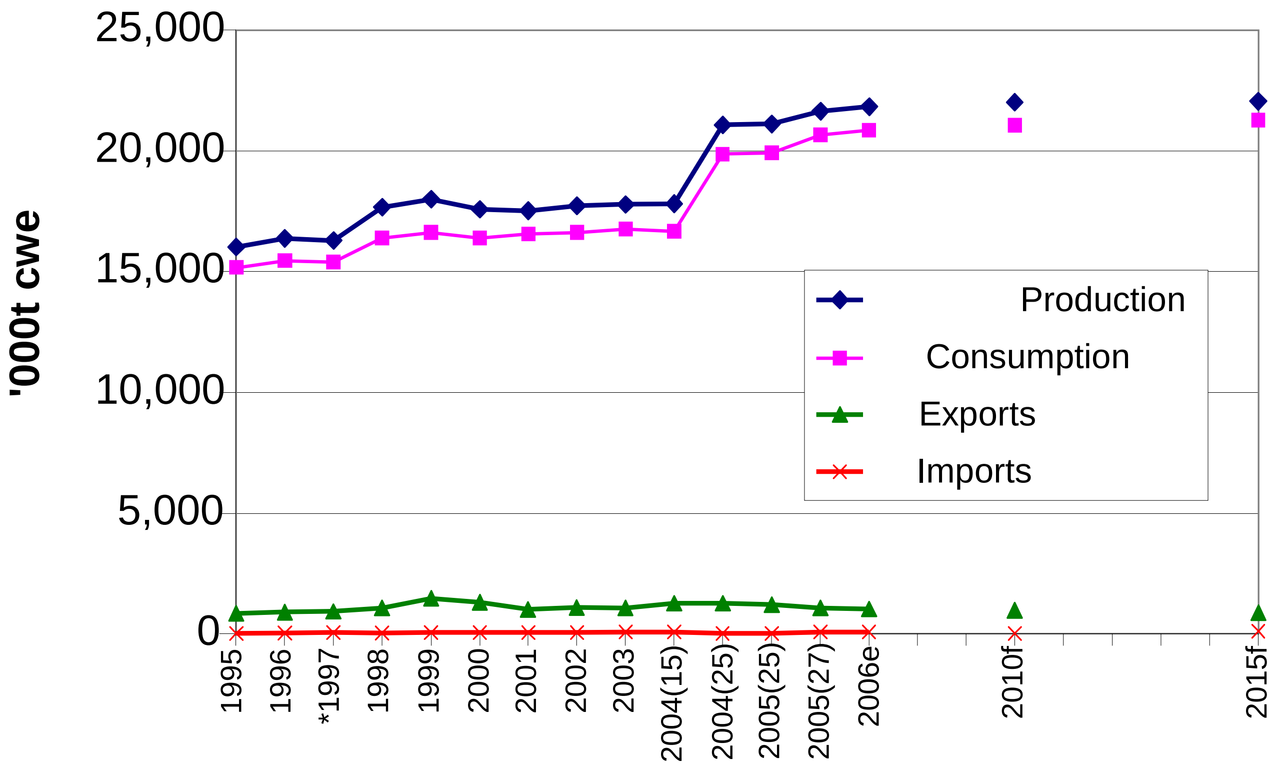


Source: Gira compilations and forecasts

Highlight: EU pigmeat

EU Pigmeat production: minor growth in the EU

Summary EU Pigmeat Balance – 1995 -2015(f)



Source: Gira (LTM)

- Little or no scope for increasing production (except in Germany)
- Pig productivity will continue to increase but at a smaller rate than in the past
- Farm concentration
- Declining exports due to global competition
- Rising imports – from a tiny base

EU pigmeat conclusions:
Growing import share of stable consumption

- EU pigmeat exports to the world market will decline:
  - especially to the key market of the Far East where EU product is less competitive against competition from north and south America

- Unlike the other meat sectors, the EU pig industry has yet to be subject to competition from imports from the world market … with high European farm productivity and SPS issues being the major defence

  - imports only account for 0.1% of consumption and this seems likely to continue at least in the medium term

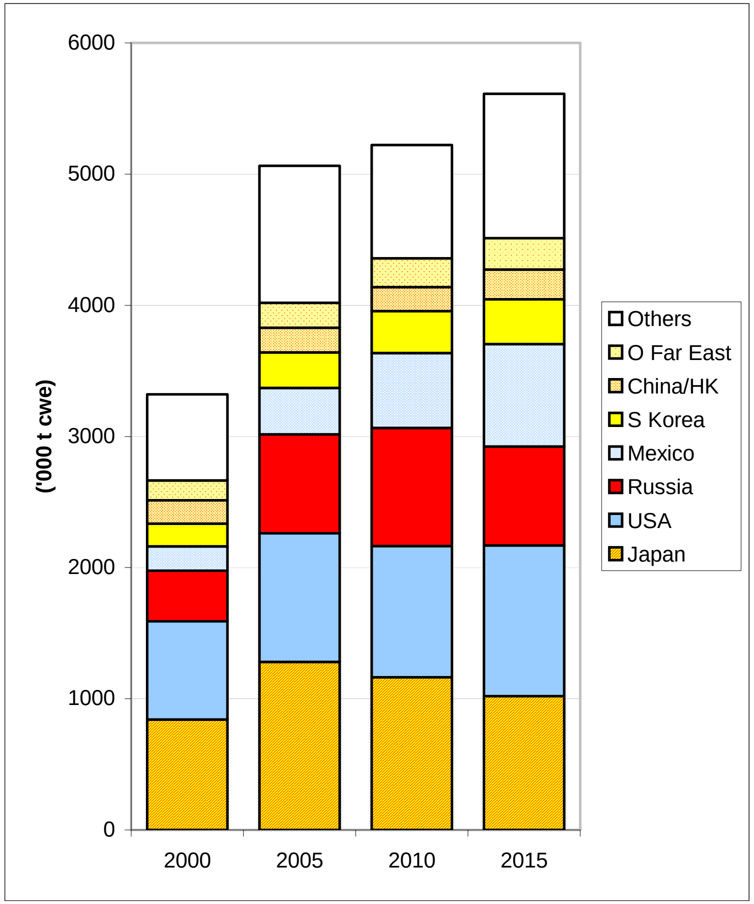
  - the main threat would be from Brazil, but it is currently banned from supplying the EU market on sanitary grounds

    - Access to the EU market is a strategic priority for the Brazilians

5. Pigmeat importers and outlook

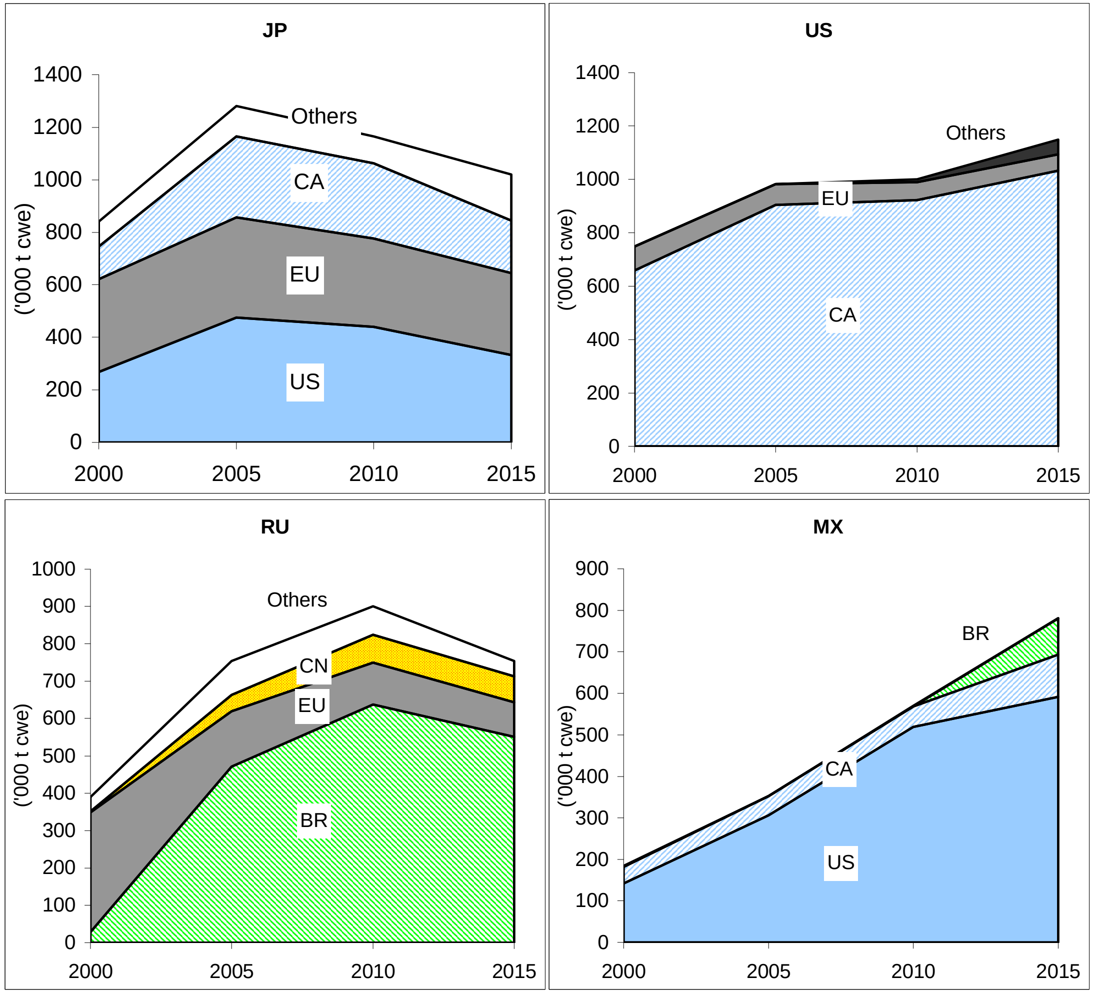
Pigmeat Imports: Mexico will be the fastest growing importer

Pigmeat Importers 2000-2015
(incl. live)

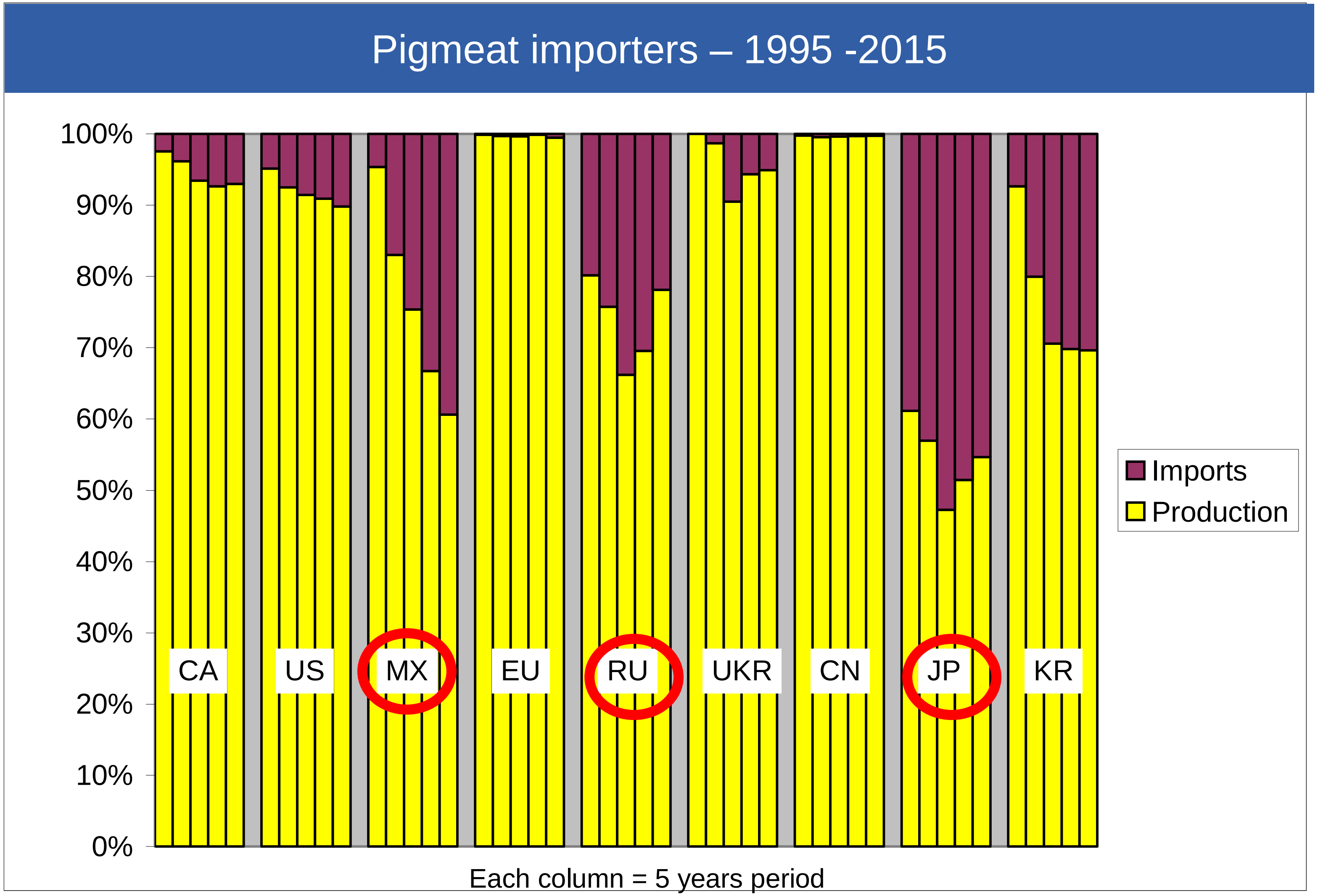


Source: Gira compilations and forecasts

The biggest importers, with a breakdown of their suppliers



The share of imports on many of the main markets will continue to at high levels



Source: Gira compilations and forecasts