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Denmark

Livestock and Products

Annual

2000

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Report Highlights:
Danish pork production has consolidated after the 1998 and 1999 price crisis . Few changes are forecast for 2000 production and exports. Reductions in exports to Russia and South Korea are expected to help rebuild stocks. Production and export increases of two to three percent are forecast for 2001.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Copenhagen [DA1], DA

Executive Summary

Danish production increased in 1999. Production in 2000 is expected to be similar to 1999, with possible increases of 2 to 3 percent in 2001. Export markets remain almost unchanged with reductions for Russia and South Korea, slightly increasing exports for Japan and the rest of the markets unchanged.

Denmark's exports of live pigs are forecast to remain at 1999, almost 7 percent of total slaughterings. Apart from about 3,000 breeding stock, the balance is primarily piglets destined for Germany for fattening.

Consequences of the first (and so far only) case of BSE in Denmark February 27, 2000 (see DA0013) were minimal. After a substantial initial drop in consumption and exports the first weeks of March, the situation quickly normalized and the effects over the year seem negligible. Denmark raises relatively few beef cattle and slaughterings are mainly determined by the EU milk regime and adjustment to quotas.

In spite of increased domestic campaigns for beef and veal as well as pork, consumption remain almost unchanged.

U.S. export opportunities exist for minor quantities of beef. Possibilities for exports of U.S. pork for consumption in Denmark or import into Denmark for re-export depend entirely on U.S. prices relative to Danish domestic and export prices.

Exchange rate, average 1998: U.S.$1.00=DKK 6.70
1999: U.S.$1.00=DKK 6.98
July 2000: U.S.$1.00=DKK 7.85

Animal Numbers, Cattle

Production

PSD Table						
Country	Denmark					
Commodity	Animal Numbers, Cattle				(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Total Cattle Beg. Stks	1968	1968	1976	1976	0	1970
Dairy Cows Beg. Stocks	680	680	681	681	0	665
Beef Cows Beg. Stocks	124	124	136	136	0	140
Production (Calf Crop)	847	847	786	816	0	810
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	2815	2815	2762	2792	0	2780
Intra EC Exports	66	66	64	64	0	64
Other Exports	6	6	6	6	0	6
TOTAL Exports	72	72	70	70	0	70
Cow Slaughter	245	245	243	243	0	235
Calf Slaughter	30	30	30	30	0	30
Other Slaughter	365	365	362	362	0	370
Total Slaughter	640	640	635	635	0	635
Loss	127	127	117	117	0	115
Ending Inventories	1976	1976	1940	1970	0	1960
TOTAL DISTRIBUTION	2815	2815	2762	2792	0	2780
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

The number of Danish cattle is expected to continue to decline, following the trend of previous years. While the EU dairy quota scheme sets the limit for the dairy herd and dairy cattle slaughterings, calf and male animal production is determined by the EU slaughtering premiums and its different administration in member countries. Increasing milk production per cow leads to reduction in the dairy herd and slaughterings for this purpose are consequently increasing.

Continuously improved breeding material also leads to a steady increased change in the herd stock. In general, Danish dairy cows are slaughtered after two or three lactation periods or at an age of four to five years. While all this tend to increase slaughtering, reductions in the total herd, in the long run, will result in fewer slaughterings.

Differences in EU member countries' administration of EU slaughtering premiums result in a considerable transport of live calves from Denmark to the Netherlands. Premiums to Danish farmers are conditioned on slaughterings at a weight not exceeding 110 kg, while the allowed weight in the Netherlands is up to 138 kg. No market exists in Denmark for veal from calves with weight of only 110 kg.

The reason for the single BSE (mad cow disease) outbreak is still very uncertain. The animal hit by the disease was 3 ½ year old (where the disease normally breaks out much later), the animal has been raised in a closed herd with no animals from outside since 1976, and the animal was born after feed restrictions have been introduced. No signs in the herd (now slaughtered) indicated other BSE cases. Examinations seem to exclude feed as a source. The case has showed the EU that BSE can break out everywhere and precautions must be taken accordingly. Although no further outbreak in Denmark can be excluded, all expectations are that this will remain a single case.

EU Support

For 1999, EU premiums for suckler cows were unchanged from previous years' DKK 121 million. Premiums for male animals decreased from DKK 217 million to DKK 145 million.

Trade

Export Trade Matrix				
Country	Denmark		Units:	Heads
Commodity	Animal Numbers, Cattle		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.				
Others				
Netherlands	66479	67133	17635	24333
Morocco	2346	1787		
Portugal	2092	2989		
Spain	2270			
Total for Others	73187	71909	17635	24333
Others not Listed	9314		2543	
Grand Total	82501	71909	20178	24333

Meat, Beef and Veal

Production

PSD Table						
Country	Denmark					
Commodity	Meat, Beef and Veal				(1000 MT CWE)(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	640	639	635	635	0	635
Beginning Stocks	29	29	16	34	0	46
Production	157	157	156	160	0	159
Intra EC Imports	76	73	78	73	0	74
Other Imports	1	1	1	1	0	1
TOTAL Imports	77	74	79	74	0	75
TOTAL SUPPLY	263	260	251	268	0	280
Intra EC Exports	116	86	106	85	0	85
Other Exports	17	26	16	25	0	35
TOTAL Exports	133	112	122	110	0	120
Human Dom. Consumption	114	114	114	112	0	114
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	114	114	114	112	0	114
Ending Stocks	16	34	15	46	0	46
TOTAL DISTRIBUTION	263	260	251	268	0	280
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

In line with the above mentioned fall in cattle slaughterings, meat production is expected to continue to decline slightly in 2000 and 2001.

Consumption

Animal welfare organizations, in cooperation with the Danish slaughterhouses, were successful in increasing consumption of veal corresponding to a total calf slaughtering of 60,000 against previous 35,000 per year. This has reportedly saved 25,000 calves from the trip to the Netherlands for production of white veal and Danish consumption of "welfare friendly" veal doubled from one to two kilo per capita.

On the other hand, the Ministry of Food organized and financed a campaign to have the Danes consume special welfare raised and slaughtered beef, but this was unsuccessful. The consumers have not been properly informed and seem not to be willing to pay an additional price for a welfare quality of which they are unaware. One reason might also be, that better welfare in animal raising does not improve other quality parameters such as taste.

Over the year, the BSE case is estimated to reduce Danish consumption by only 1 percent.

Danish imports of beef and veal account for about 66 percent of total consumption. One of the reasons is that the Danish production does not completely produce the cuts and quality demanded by consumers.

Trade

Export Trade Matrix				
Country	Denmark		Units:	Metric Tons
Commodity	Meat, Beef and Veal		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	95	40		
Others				
Russia	15980	17140	3215	1211
Italy	24109	23743	5597	2564
Germany	15316	28438	5065	3737
Spain	12813	13864	3248	3066
Sweden	7189	4574		1589
Portugal	2691	1715		343
France	5167	3094		844
UK	591	4606		1375
Total for Others	83856	97174	17125	14729
Others not Listed	21513	14760	8445	3112
Grand Total	105464	111974	25570	17841

The Spanish market is increasing, because the largest beef producer and exporter in Denmark, Danish Crown, has established a marketing office in Barcelona. Danish beef and veal are now available in three of the largest supermarket chains in Spain as the only foreign beef. Danish Crown expects to export about 5,000 tons of beef and veal, mainly tenderloins, to Spain in 2000.

Denmark imports two thirds of its beef consumption, mostly from other EU countries, and exports 70 percent of its production.

Denmark mainly exports its lower quality dairy cow meat to be used as ground meat, and imports higher quality meats intended for more regular meat dishes.

Import Trade Matrix				
Country	Denmark		Units:	Metric Tons
Commodity	Meat, Beef and Veal		Partial Begin	January
			Partial End	March
Imports from:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	95	8	17	0
Others				
Germany	34327	34433		8634
Netherlands	19760	21094		5921
Ireland	4674	8073		1429
Italy	1297	4770		1198
Finland		1265		484
Spain		1025		
Austria		842		77
New Zealand		339		
Norway		264		61
Total for Others	60058	72105	0	17804
Others not Listed		1881	15199	501
Grand Total	60153	73994	15216	18305

Export Subsidies

EU restitutions (export subsidies) paid in 1999 amounted to 112 million DKK, compared with 169 million DKK in 1998.

Marketing

Market Development Opportunities

The market in Denmark for U.S. meat produced without any hormones is still limited, although selected importers have demonstrated an interest in developing the market. While the quality of such meat finds ready consumer acceptance, price differentials between U.S. and EU-produced beef and the inherent limitations on U.S. supplies likely will keep frozen and/or fresh/chilled hormone-free meat to niche markets (restaurants/catering outlets).

Animal Numbers, Swine

Production

PSD Table						
Country	Denmark					
Commodity	Animal Numbers, Swine				(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
TOTAL Beginning Stocks	11991	11991	11914	11914	0	12000
Sow Beginning Stocks	1140	1152	1148	1148	0	1150
Production (Pig Crop)	22944	22868	23586	22528	0	22975
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	34935	34859	35500	34442	0	34975
Intra EC Exports	1548	1566	1600	1500	0	1500
Other Exports	2	2	2	2	0	2
TOTAL Exports	1550	1568	1602	1502	0	1502
Sow Slaughter	450	411	450	400	0	400
OTHER SLAUGHTER	20896	20822	20823	20400	0	20700
Total Slaughter	21346	21233	21273	20800	0	21100
Loss	125	144	125	140	0	140
Ending Inventories	11914	11914	12500	12000	0	12233
TOTAL DISTRIBUTION	34935	34859	35500	34442	0	34975
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

While the 1998/99 price crisis did not have any negative effect on production, the present situation with relatively high prices encourage smaller and less effective farmers to sell their farms and production facilities. 3,000 out of the total of 20,000 pig producers are estimated to turn over their production to more efficient producers. This process will go on during 2000 and production is forecast to decrease slightly this year and then increase in 2001.

Environmentalists want a ceiling at present production level for ammonia evaporation reasons but this is not likely for the coming years. Most political parties are against such limitations and want to decrease evaporation by legislation such as demands for lids on manure tanks.

Danish production of organic pigs for exports is planned to increase by more than five times within the next five years to 250,000 per year. Increased production will be for the export markets, mainly UK.

Trade

Export Trade Matrix				
Country	Denmark		Units:	Live Pigs
Commodity	Animal Numbers, Swine		Partial Begin	January
			Partial End	April
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	160			
Others				
Germany	1633676	1533414		
Netherlands	80457	44475		
Italy	29618	4762		
Total for Others	1743751	1582651	0	0

Others not Listed	26775		598152	470796
Grand Total	1770686	1582651	598152	470796

Exports to the U.S. are only breeding stock. Total breeding stock exports amount to 2,937 pigs.

Due to environmental restrictions on pig production, exports of live piglets have increased significantly in recent years, mainly to neighboring Germany. Exports to Germany declined by 10 percent in 1999 and is forecast to remain at that level for 2000 and 2001 in spite of more pronounced reductions during the first four months of 2000.

In order to encourage Danish producers to increase production of so-called welfare pigs for the UK market, Danish slaughterhouses have prolonged the increased payments of DKK 0.40 per kilo to producers of such pigs. Welfare pig production is mainly characterized by having the sows going loose.

Price

Prices Table			
Country	Denmark		
Commodity	Animal Numbers, Swine		
Prices in	DKK	per uom	Kilo Slaughter Weight. Prices paid to producers
Year	1999	2000	% Change
Jan	6.66	8.25	23.87%
Feb	6.5	8.21	26.31%
Mar	6.95	8.81	26.76%
Apr	7.08	9.48	33.90%
May	7.01	10.35	47.65%
Jun	7.87	10.62	34.94%
Jul	8.6		-100.00%
Aug	8.39		-100.00%
Sep	8.61		-100.00%
Oct	8.61		-100.00%
Nov	8.5		-100.00%
Dec	8.47		-100.00%

Exchange Rate	7.75	Local currency/US $	

Prices to producers have during June and July stayed at the relatively high level of DKK 10.70 per kilo slaughtered weight. After the high summer season, prices are expected traditionally to decline but still be acceptable to the producers.

Meat, Swine

Production

PSD Table						
Country	Denmark					
Commodity	Meat, Swine				(1000 MT CWE)(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	21346	21233	125	20800	0	21100
Beginning Stocks	50	50	33	25	0	40
Production	1658	1626	1658	1650	0	1680
Intra EC Imports	49	45	39	49	0	49
Other Imports	1	1	1	1	0	1
TOTAL Imports	50	46	40	50	0	50
TOTAL SUPPLY	1758	1722	1731	1725	0	1770
Intra EC Exports	800	776	790	770	0	800
Other Exports	530	518	525	515	0	535
TOTAL Exports	1330	1294	1315	1285	0	1335
Human Dom. Consumption	395	403	396	400	0	400
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	395	403	396	400	0	400
Ending Stocks	33	25	20	40	0	35
TOTAL DISTRIBUTION	1758	1722	1731	1725	0	1770
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	55	54	60	60	0	60

In spite of reductions in slaughterings, pork production is forecast to increase in 2000 as a result of heavier pigs at slaughtering.

Danish Crown, responsible for 80 percent of total Danish slaughterings and exports, are planning to invest DKK 1.5 billion ($200 million) in a new slaughterhouse replacing 15 elderly establishments. This investment should reduce production costs.

Consumption

Due to increased prices, 2000 consumption is forecast to decrease slightly.

Trade

Export Trade Matrix				
Country	Denmark		Units:	Metric Tons
Commodity	Meat, Swine		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	55018	53804	15096	17484
Others				
Germany	213138	203922	47398	46448
UK	221072	207136	57707	52920
Japan	136411	201057	52412	57594
France	91467	82388	19844	18372
Russia	96462	95210	24889	15843
South Korea	27356	57439	9995	6580
Sweden	36788	38521	8174	8393
Italy	106495	106707	28578	27398
Other EU Count	68846	61788	14455	19262
Other 3rd Count	110008	105004	19329	26756
Total for Others	1108043	1159172	282781	279566
Others not Listed	93000	81000		
Grand Total	1256061	1293976	297877	297050

Danish exports to Japan reached 200,000 tons for 1999, a level which is expected to be maintained for 2000. Exports to Japan increased about 10 percent during the first months of 2000, mainly for safeguard clause reasons, but exports for March to May were at a considerably lower level for the same reasons.

Exports to South Korea are expected to be halved to about 30,000 tons as South Korea has to self-consume what previously was produced for exports to Japan.

New markets are Australia and Singapore. Australian exports to Singapore, in lieu of Malaysian exports, have left room for Danish pork. Exports in 1999 reached 12,000 tons and are forecast to exceed that level in 2000. Exports to Singapore, in competition with Australia, reached 6,000 tons in 1999. The Philippines will be the next market targeted for Danish pork exports.

China looks promising after the signing of a veterinary agreement. Cuts for the processing industry and the catering sector seem most promising. Sales are planned via agents in Hong Kong.

Exports to Russia are forecast to be at a reduced level. As other EU exporting countries face the same situation it is considered difficult to increase exports to EU countries in spite of reduced EU production. Surplus production is forecast to rebuild stocks at normal level.

The composition of Danish 1999 pork export (in percent) is reflected in the figures provided below (1998 figures into brackets):

Live pigs and sows	6.0	(6.0)
Bacon	7.8	(9.0)
Carcases, fresh/frozen	3.6	(4.1)
Cuts	61.3	(57.0)
By-products	11.7	(11.7)
Canned meat	6.6	(8.3)
Other processed food (sausages)	3.1	(3.9)
Total	100.0	

Import Trade Matrix				
Country	Denmark		Units:	Metric Tons
Commodity	Meat, Swine		Partial Begin	January
			Partial End	March
Imports from	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	95	0	0	
Others				
Germany	34327	16934		5574
Netherlands	19760	5201		1546
Ireland	4674	1500		559
Italy	1297	1032		150
France		5449		1572

UK		5030		2217
Spain		1950		542
Sweden		4576		1052
Finland		1938		542
Total for Others	60058	43610	0	13754
Others not Listed	4099	1734	15199	353
Grand Total	64252	45344	15199	14107

EU export restitutions amounted in 1999 to DKK 698 million (U.S.$100) compared to DKK 126 million in 1998. The increased restitutions were mainly for exports to Russia and other East European countries. The drastic increase is a result of a much more active application of restitutions in 1999 and not an increase in the rates. With the decline and final discontinuation of restitutions for exports of fresh/frozen pork in the first six months of 2000, total amount of restitutions for 2000 will decline considerably.

Policy

U.S. Hormone Beef Retaliation

On June 19, the Danish Minister of Food, Ritt Bjerregaard proposed to the EU an increase of non-hormone U.S. beef quotas to help resolve the US/EU trade dispute. To which extent such a quota would be utilized is uncertain. It is also uncertain which cuts (and most certainly not all) of special raised animals for the EU markets would be demanded. On June 27, the Minister declared that she does not want hormone beef in Europe. Denmark wholeheartedly supports the EU line. She added that clearly she is not interested in a situation where Danish exports are affected. To this end, the minister is under severe pressure from the Danish pork organization to find solutions to the dispute. Until now, the Ministry is only discussing compensation, not opening the market for beef from cattle treated with hormones, which is contrary to what all Danish agricultural organizations advocate for.

Antibiotics

The use of antibiotics as a growth promoter was stopped by a voluntary agreement with the Ministry of Food and the agricultural organizations. Antibiotics are still allowed for therapeutic use.

Marketing

The market in Denmark for U.S. meat produced without any hormones is still limited, although selected importers have demonstrated an interest in developing the market.

Although Danish retailers publicly express their opposition to meat from hormone treated animals, realities might easily change that position. The hotel, restaurant and catering sectors are certainly interested in serving their customers U.S. beef.