

EU pork exports to Asia help offset loss of Russian trade

With European pig and pork prices lower than those in US, Asian countries are taking advantage of lower costs

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By Roy Graber, Staff Reporter

The European pork industry may have lost a major trade partner when Russia suspended imports from the European Union (EU) on January, but that has not had as huge of an impact on the industry as some may have thought. EU pork exports worldwide are down only about 2 percent from where they were in 2013 as pork shipments to Asian markets have largely increased.

Russia had previously accounted for about 25 percent of Europe's pork exports.

EU maintains price advantage over US

Erin Borrer, an economist for the U.S. Meat Export Federation (USMEF) said that key Asian markets, have increased their reliance on European pork significantly in 2014. In turn, those markets are relying less on pork from the United States as U.S. pork prices are higher.

"Europe has benefited from the fact that pork supplies have actually been historically tight this year, due mainly to the PED (porcine epidemic diarrhea) virus, so they've been able to offset their loss of Russia by exporting more into the Asian markets. Exports through May were actually down just about 2 percent as they were able to ship more into Hong Kong, Japan, and Korea and the Philippines -- most of the regions where we compete," said Borrer.

According to Borrer, Europe's hog prices are still just over a dollar a pound on a carcass basis, down about 10 percent from last year. European hog prices, she added, are about 20 percent less than those in the U.S.

"We're at a historic difference and anomaly in that Europe's hog prices have been lower than the U.S. in the last several months. Our key import markets, especially in the Asian region, are buying more European pork, just purely based on this price differential," she said.

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