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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Situation in the pig meat market
- Information from the Polish delegation

Delegations will find in Annex a note from the Polish delegation on the above subject, concerning an item under "Any other business" at the Council ("Agriculture and Fisheries") on 18 June 2018.

Situation in the pig meat market

The analysis of the situation in the pig meat market in the European Union indicates the alarmingly low level of prices. Currently, the average price of pig carcasses in E class is by 10% lower compared to the average price of 2013-2017 and compared to the last year it is lower by 20%. In Poland, the average price of pig carcasses in E class in the first quarter of 2018 was by 10% lower compared to the same period in 2017. For many months, Polish pig producers have been struggling with the problem of low profitability of production and loss of income.

Current price situation in the pig meat market is influenced by the increased supply of pig meat in the Union market. One of the reasons is decreased exports from the European Union. In the first quarter of 2018, approx. 1 million tonnes of pig meat were exported outside the EU, i.e. almost 2% less than in the same period of 2017. At the same time increase of slaughterings is observed as well – in two first months of 2018 they were higher by 6.5% compared to last year.

Moreover, cereals prices which are higher than last year result in increased production costs. The fall in pigs prices and the increase in feed prices make the profitability of pig production worsen. Since several months it is clearly below the average.

A decrease in purchase prices of pigs in Poland lasts since the beginning of September 2017, with the exception of few weeks in February and March 2018 and Polish producers are also affected by results of restrictions connected with the occurrence of African swine fever. They results, among others, from closure of many destinations of pig meat exports outside of the European Union but also from lower prices obtained by producers in the areas affected by restrictions.

Taking the above into account Poland is of the opinion that the undertaking of efficient actions by the European Commission is necessary to improve situation in the pig meat market, including activation of private storage aid for pig meat and granting financial support for pig producers due to the lack of profitability of their production. Actions to open new markets for Union pig meat should not be neglected.