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Re: Assistance to Danish pig meat producers

From the European Commission's site locate the market-organisation regime:

http://europa.eu.int/comm/agriculture/markets/pig/index_en.htm

- Danish pig production has been growing relative to EU as a whole for several years.
- EU has not granted export refunds to fresh and frozen pig meat to assist exporters since the summer 2000, except for some few weeks in the spring 2004.
- From time to time EU has granted export refunds to assist grain exporters

From these facts we will suggest that Danish pig production is competitive and work on world market condition – from time to time with higher internal grain prices than world market prices. The Danish pig production has been competitive for many years. Earlier, when grain prices in EU were higher, pig meat was granted export refunds only to make up for higher internal grain prices (higher feed costs).

As already mentioned, from time to time EU has granted export refunds to assist grain exporters. Therefore internal grain prices are not lower than world market prices (page 48, 49, 189, 192).

It is complicated and difficult to compare prices on different markets, because of the various pig cuts and different qualities. However, we believe, that the Danish pig meat industry is capable to find those markets, where they get the highest benefits. As a result benefits obtained on third markets must be at least as high as benefits obtained on the internal market (p. 50). It is accordingly hard to believe, when Danish pig meat compete on world market condition, that EU average industry may differ to the degree that OECD suggest (table C.4).

If this was the case, Denmark was supposed to sell all pig meat on EU markets. It is OECD's market support estimate we question. EU is a net exporter of pig meat.

Pig production in EU has not received coupled assistance. There will therefore be no trend towards decoupling (p. 51, 52, 189, 192). The trend in EU towards decoupling in the beef and dairy sector is expected to make the pig sector relative more competitive.

Yours sincerely

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