

Pork industry will see growth in the long-term: Rabobank

Contributed by Administrator
Tuesday, 19 May 2009
Last Updated Tuesday, 19 May 2009

GENEVA, SWITZERLAND — The global pork industry has been slammed financially because of the AH1N1 influenza virus, but the industry will rebound to the tune of 50% growth over the next 20 years, according to Rabobank analysts. Nan-Dirk Mulder, a Rabobank animal protein analyst for food and agribusiness, said that the outbreak was having an unreasonable impact on the pork industry in the short term.

Despite the fact that there is no scientific link between pork consumption and influenza AH1N1, consumer confidence has been undermined, he said, as news sources initially incorrectly referenced the outbreak as swine flu. In addition, falling demand, falling prices and export bans have also negatively impacted the industry. "Even if the virus had a relationship to pigs, pork is still considered a safe product for consumption. The pork industry can be affected anywhere from a few weeks to two years depending on the intensiveness of the crisis," Mr. Mulder said. Mr. Mulder said that for many years Rabobank has advised companies to look at the value and risk management of being a multi-species player. "Having a multi-product line with beef, chicken and pork is a way to mitigate risks," Mr. Mulder said. "As demand decreases for one protein, it will usually increase in the other product lines." He cited the avian flu outbreak as an example. Pork and beef demand increased during that outbreak. Also, during the bovine spongiform encephalopathy outbreak, chicken and pork demand increased, he said. Countries with known flu cases would suffer the most decrease in supply and demand, Mr. Mulder said. "At the moment, the countries that will probably benefit are Denmark and Brazil, who are both large pork producers and have yet to be banned," he added. Even if the virus is inappropriately referred to as swine flu, pork consumption is considered safe by organizations such as World Organization for Animal Health (O.I.E.) and the Food and Agriculture Organization of the United Nations (F.A.O.), Mr. Mulder continued. He noted that in times of crisis, consumers and governments are not always rational in their decisions and tend to make decisions based on emotional grounds. "Taking into account that no outbreaks until now seems to have originated from farms, we should follow the international organizations in using the name Influenza A H1N1. By continuing to use the name 'swine flu', puts unfair pressure on the pork industry," he said.