



Know-how

RUNGIS INTERNATIONAL MARKET
annual report **2010**

The French route
for **quality**  **Rungis**

Meat, poultry and offal

Demand bounced back in poultry and stabilized in fresh meats. After a reassuring year in 2010, Rungis meat Market is preparing for a 2011 backed by the opening of the new poultry pavilion.

1,497,415 K€

Turnover 2009

Forecasted variation 2010/2009: -1.7%



89% Wholesalers

Turnover 2009: 1,329,143 K€
Forecasted variation 10/09: -1.6%

54% Carcasses

Turnover 2009: 712,080 K€
Forecasted variation 10/09: -5.6%

18% Poultry and game

Turnover 2009: 239,505 K€
Forecasted variation 10/09: +3.7%

11% Pork

Turnover 2009: 147,255 K€
Forecasted variation 10/09: -4.0%

17% Offal

Turnover 2009: 230,303 K€
Forecasted variation 10/09: +6.6%

11% Traders, brokers and import-export companies

Turnover 2009: 168,272 K€
Forecasted variation 10/09: -2.2%



The opening of the new poultry pavilion in 2011 should create renewed interest among Market buyers and attract new ones

Rungis meat Market ended 2010 with a very minor 0.9% decrease in volumes to just under 300,000 tons. While French products stayed on a downward trend (-4.8%) for structural reasons (smaller herd, mostly dairy), imported meats filled the gap created by a steady demand, increasing deliveries by 5.9%. Imports now represent a good third of all volumes handled in the sector. Moreover, in at least some cases, they have the advantage of being more competitive in terms of prices. It must be noted that this primarily involves intra European community trade.

Contrasting developments in fresh meats

One encouraging fact is that, as in the previous year, beef stayed on an upward trend with a 2.2% rise to almost 63,500 tons, despite a supposedly unfavourable consumption context. Veal in turn managed to stabilize at 17,800 tons, without recovering the loss of almost 5% in 2009. On the other hand, mutton and lamb continued to decline, although the 2.3% drop in 2010 was less than half that of the previous year. High prices and limited imports undoubtedly explain part of this phenomenon. After several dynamic years, tripe products levelled off in 2010, stabilizing at 27,500 tons.

This was not the case for pork, which continued to record the sharpest drop (-7.2%) in 2010. In half a decade the sector has lost about 30,000 tons in this product, which now represents just over 67,500 tons. Pork notably suffers from competition with poultry, which is both cheaper and more appreciated in nutritional terms.

Poultry wakes up

Poultry had a good year in 2010 on the whole, with a 2.2% growth to almost 86,500 tons. However, it must be noted that the phenomenon exclusively benefited imported products (mainly from Belgium), where volumes leapt up 55% in 2010, to over 14,000 tons. The moral of the story is that French productions still have an undeniable edge in top-of-the-range products, but struggle to meet bottom-of-the-range demands. This is why the year-end festivities are generally profitable for them and 2010 was no exception to the rule. For example, stocks of Bresse capons were sold out by Christmas Day.

Lastly, it should be noted that the miscellaneous grew by 6.3% in 2010. This primarily refers to exotic meats, like kangaroo, zebu or bison, which benefit from a niche effect. Their consumption frequency remains low however, particularly as the prices are generally high, which explains why this category only represents about 3,800 tons (only 1.3% of the trade) in meat products at the Market.

Great expectations for 2011

Actually, it should be a year for stability, after two less favourable years. Deliveries seem to have stayed at a level that might even increase again. The opening of the new poultry pavilion in 2011 should create renewed interest among Market buyers and attract new ones, particularly public-service catering. As a result, Rungis could increase market share, particularly as some wholesalers have chosen to make their business policy more dynamic by strengthening customer relations with

sales representatives. The first to adopt this strategy clearly reaped the benefits of this policy and many of their colleagues are following suit. To recover volumes and value-added, some are also turning to new outlets like e-commerce or packaged products, taking another step, after cutting and thanks to major investments, towards the integration of transformation until the consumer sale unit. All these efforts also reveal a potential that is still only partly exploited. In short, the meat products sector can look to the future at Rungis more serenely.

MARKET WATCH

BEEF HOLDS UP QUITE WELL

Meat products encompass different families with diverse trends. Poultry was still the most dynamic in 2010.

"Consumption increased by 5.4%, backed by a drop in prices," explains Yves Trégaro, head of the unit in charge of animal, fish and aquaculture products at FranceAgriMer; "furthermore, exports recovered due to the demand from other countries, primarily in the Middle East,

with a 6.8% rise."

Finally, beef also enjoyed a more favourable climate than in previous years, according to Yves Trégaro: "Production rose by 3.9% and consumption by 2.1%, probably driven by the restaurant and catering trade." The latter is a large consumer of minced beef, preferring cheaper meat from culled cows or the forequarters. Similarly, veal

had a "balanced" year in 2010, with a slight 1.4% rise in consumption, "driven by events organized by the profession," according to Yves Trégaro.

This was not the case with lamb and mutton. While the decline in French production appears to have stopped, consumption fell by 7.9% due to the sharp drop-off in imports from New Zealand in particular. Finally, for pork,

"French prices are linked to the European market," notes Yves Trégaro. As a result, the European supply, which is growing, experienced lower prices, while French production struggles to limit imports in a stabilized market.

91

companies

of whom:

67 wholesalers: 31 in carcasses, 17 in poultry and game, 7 in pork, 12 in offal.

24 traders brokers and import-export companies.

1,496

employees

of whom:

1,428 at the wholesalers: 716 in carcasses, 270 in poultry and game, 241 in pork, 201 in offal.

68 at the traders brokers and import-export companies.



VOLUMES

	(in tons)	Variation 2010/2009
Meat, poultry and offal	298,933	-0.9%
Carcasses	117,439	+0.8%
Poultry and game	86,354	+2.2%
Pork	67,662	-7.2%
Offal	27,478	-1.0%

NB: The volumes in tons disclosed in this report, as well as the comparison with the previous year, concern the wholesale business of the Market. They include the volumes reported by the wholesalers as well as the tenant producers, but they do not include the volumes coming through the warehouses.

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