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Report Name: COVID-19 Will Change German Livestock Industry

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Report Highlights:

COVID-19 infections among workers in German slaughterhouses is expected to not only have short term impacts on the hog market and global pork trade but also result in fundamental changes for German pork production. Currently, Europe's biggest pork slaughterhouse is closed due to numerous workers testing positive for COVID-19. This resulted in market distortions for European hog farmers and a Chinese ban on pork imports from this company. In the long run, the infections also exposed tough labor conditions for slaughterhouse workers, so that the German Government will enforce higher labor standards which may reduce competitiveness of the German livestock industry. COVID-19 also renewed discussions about animal welfare; Germany hence included the topic on the agenda of its current EU presidency.

Europe's biggest pork slaughterhouse stopped production on June 19, 2020 after over 1,500 of its workers tested positive for COVID-19. The company commands a market share of nearly one-third of Germany's pork production. The affected slaughterhouse is also Europe's biggest slaughter facility, responsible for nearly half of the company's pork production with an annual slaughter of over 7 million hogs at this location.

The immediate impact on the German market was not as severe due to the general oversupply of pork in Germany and the ability to increase slaughter in other operations. So, hog transports had to be rerouted to other slaughterhouses. There was more of an effect for farmers in Belgium and Netherlands who sent roundabout 60,000 hogs for slaughter to Germany every week. Also, Irish farmers were effected by the closure since up to 50 percent of sows slaughtered in Ireland are sent to this factory for processing into products such as frankfurters (sausage) and salami.

China bans pork imports from Germany's leading pork producer

The slaughterhouse operator was also hit hard by the decision of China to ban pork imports from this company. German pork is one of the main competitors for U.S. pork in China and the company is responsible for a large share of German pork exports to China. In 2019, Germany exported 0.4 million tons of pork to China valued at nearly \$0.9 billion USD. German pork exports in 2020 were on track to double 2019 trade with an oversupply in Germany and high demand in China due to the impact of the African Swine Fever disease. The company and the German pork market is very dependent on the Chinese market.

COVID-19 Cases in Slaughterhouses Continue

At the same time, there is immense uncertainty in the German livestock and meat market since COVID-19 cases in slaughterhouses and meat processing facilities continue. So far, no other major operation did shut down since number of infections was low. But authorities have announced to start mass testing of workers from now on. A cluster of cases in slaughterhouses and/or processing facilities could mean shutting down operations for a longer time which would heavily impact the market.

Cooling system linked to COVID-19 outbreaks

The air cooling system at Europe's largest pork slaughter facility is likely responsible for the quick spread of COVID-19. The center of the coronavirus outbreak tied to over 1,600 infections in the slaughterhouse was in the meat cutting section where workspace is tight, temperatures are low, and work is physically demanding: the perfect climate for coronavirus transmissions. Researchers at the University of Bonn identified that the plant's air cooling system did not have adequate filtration and likely facilitated the virus' spread. The slaughterhouse's overall design and air cooling system is reportedly typical of most slaughterhouses. UV radiation and high-quality filters could reduce the risk for coronavirus transmissions.

Infections in slaughterhouses expose tough labor conditions

The first COVID-19 infections among slaughterhouse workers in Mid May 2020 publicly exposed tough labor conditions. The German Government decided to more strictly enforce existing labor standards and implement new, higher labor standards by January 2021. With the market leader now in the spotlight and further mass testing underway, labor conditions in slaughterhouses are back on the political agenda. The slaughter industry already committed to improving labor conditions before the end of the year. This means higher costs and limited competitiveness of the German livestock industry in the long-term.

Animal Welfare on the German Agenda

Animal welfare has long been high on the agenda of German agricultural ministers and there have been several initiatives to improve animal welfare, without much effect. The problem is, that the implementation of national

standards prior to the development of a higher EU standard puts German farmers at a cost disadvantage, compared to their Spanish or Polish counterparts, for instance . And, the industry's ability to mitigate costs while still meeting new standards poses a challenge. Still, Germany has long been a vocal leader on this issue on European level. However, there was never a majority in favor of stricter animal welfare standards.

Now that COVID-19 has put the slaughter industry in the spotlight and Germany holds the EU presidency from July 1 to December 31, Germany again wants to move forward on this issue and introduce a single, consumer-facing animal welfare logo, along the lines of that already in place for organic food. For the German Government, such an animal welfare label would enable EU consumers to make better informed purchasing decisions. While the success of this initiative is uncertain on EU level, it is quite likely that Germany will implement stricter animal welfare regulations at home. Currently, there is just too much pressure on the German livestock industry and especially the pork market.

For more information please see: [Federal Voluntary Label for Pork to Promote Animal Welfare](#)

Attachments:

No Attachments.