

PIG INDUSTRY MATTERS

MAY 2013 A monthly update for the pig industry



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1. Danish supplies



Pig slaughtering in Denmark fell below the 5m mark during the first quarter of 2013, representing a drop of 8% on the previous year.

	2011	2012	2013
Pig slaughterings (m.head)	5.57	5.21	4.78

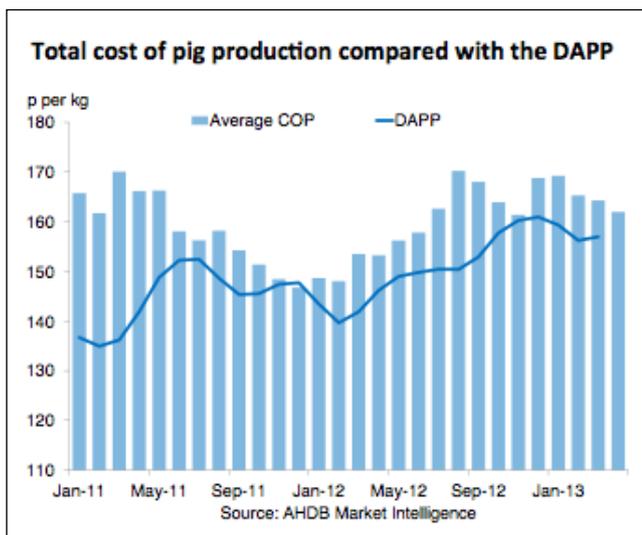
Weaner exports continued to grow strongly in the early weeks of 2013, but fell back during the last few weeks of March. The total export of live pigs, predominantly weaners for finishing in Germany and Poland, reached 2.37 million head during the first quarter, a similar figure to 2012.



	2011	2012	2013
Live pig exports (m.head)	2.16	2.38	2.37

The prospect of increased investment in the building of new pig finishing capacity in Denmark received a boost recently, with an announcement that the Danish government are to allocate a budget of DKK 150m (£17m) to support the building of new, environmentally friendly pig housing. More details will be available shortly.

2. UK market round-up



As pig prices across the EU faltered, the Deadweight Average Pig Price (DAPP) passed the 160p per kg mark in recent weeks, and the gap between market prices and the average 'cost of production' closed still further.

Despite the decline in the UK breeding herd numbers in the December census, improving productivity on farm will mean just a 1% decline in GB pig slaughtering in 2013, according to the latest BPEX forecasts. Heavier carcass weights will result in the quantity of pig meat produced being virtually unchanged from 2012.

Having exited pig production in 2005, **Cranswick** announced their acquisition of the East Anglian Pigs business, based on outdoor production and a long term supplier to the Bowes abattoir, which was taken over by the company in 2009.

Actual and forecast UK pig slaughterings

000 head	Clean pigs			Sows and boars		
	2012	2013	2014	2012	2013	2014
Quarter 1	2,480	2,500	2,465	66	66	66
Quarter 2	2,427	2,379	2,429	62	64	63
Quarter 3	2,525	2,469	2,582	71	63	64
Quarter 4	2,603	2,587	2,690	66	65	65
Year	10,035	9,935	10,166	265	257	258

Source: Defra, AHDB. Figures in bold are forecasts



3. Global outlook

Global pig meat production					
	2011	2012 (est)	% change	2013 (f)	% change
	000 tonnes				
Total	101,537	104,833	+3	106,362	+1
China	49,500	52,350	+6	53,800	+3
EU-27	22,388	21,944	-2	21,500	-2
United States	10,331	10,554	+2	10,669	+1
Brazil	3,227	3,330	+3	3,370	+1
Russia	2,000	2,075	+4	2,150	+4
Vietnam	1,960	2,000	+2	2,025	+1
Canada	1,797	1,820	+1	1,795	-1
Others	10,334	10,760	+4	11,053	+3

Source: USDA, AHDB

The [USDA Livestock and Poultry World Markets and Trade Report](#) predicted that global pork production would rise to a record 107.4 million tonnes in 2013, with increases recorded in all of the major importers (China, Japan, Mexico, Russia) and exporters (Brazil, Canada, US). The exception will be the EU, where production will decline following the introduction of the new pig welfare regulations banning the use of sow stalls. Demand in most of the major producing and consuming countries will also increase.

The [Rabobank Pork Quarterly Report](#) broadly agreed with this assessment and predicted an improvement in prices in the second half of the year, with reduced availability of EU supplies for export being a key factor.



4. “Exercise Compliance”



In early April, the National Pig Association (NPA) announced that 100 companies in the UK pig supply chain had signed up to their 'Wall of Fame (or Shame)', pledging that "all of the pork we use has come from legal farms".

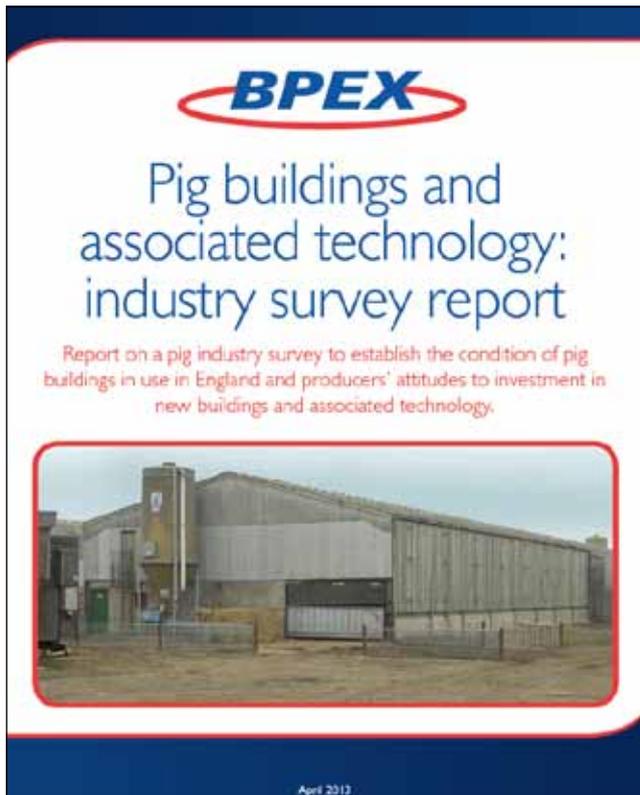
A new initiative announced by the NPA is aimed to put further pressure on processors and retailers to demonstrate that the pig meat they are processing or selling comes from farms, which comply with new EU pig welfare regulations. 'Exercise Compliance' will involve purchasing pig meat products from retail and then requesting the processor to provide documentation that the pig meat used can be traced back to a farm supplying 'compliant pork'.



Despite the recent request by the EU Commission for Denmark to demonstrate compliance with the new rules, the Danish industry continues to give assurances to its UK customers that the pig meat supplied to them comes from farms complying with EU regulations. These assurances are based on the independent auditing carried out under the requirements of the Danish Product Standard or the Contract for UK Production, backed by further independent checks undertaken by the Danish Veterinary and Food Administration. For further information on Danish Quality Assurance, visit the DAFC UK website.

McDonald's have just announced that all the pig meat based items on their menus will be processed from Freedom Food pork. The RSPCA applauded the move and stated that the number of pigs raised under the FF scheme had risen by 50% since 2009 and accounted for "nearly a third of all British farmed pigs".

5. New investment needed



The need to build new housing for finishing pigs has been a topic of major debate in Denmark in recent months. The industry has made a strong case to government on the need to encourage such a development, both on economic and environmental grounds. A reduction in the export of weaner pigs for finishing outside of Denmark would benefit local employment and economic growth. The use of new technologies will also assist in reducing the environmental impact of today's pig production still further. These efforts were rewarded by a recent announcement that the Danish government were to allocate a budget of DKK 150m (£17m) to supporting the building of new, environmentally friendly pig housing.

A new BPEX report (**"Pig buildings and associated technology: industry survey report"**) was based on responses from 60 pig businesses. The findings concluded that:

- 51% of pig buildings are more than 20 years old
- 90% of farms accept that their current facilities are not ideal and wished to make new investments
- Many producers have not made substantive investments in the last ten years
- Lack of confidence in a profitable business and concern about the cost of new buildings relative to anticipated returns were among the main reasons for not investing in new facilities

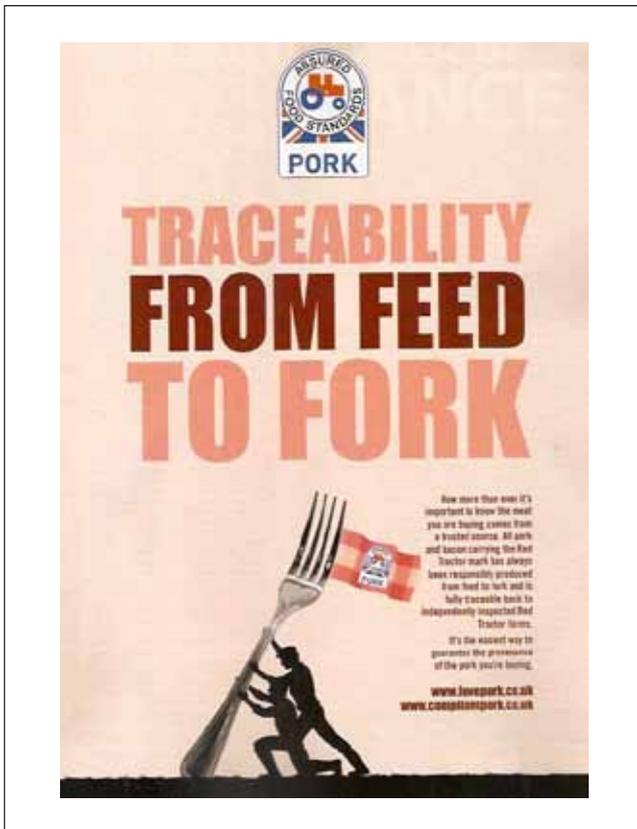
This lack of investment in new facilities and its impact on efficiency, is a major contributor to the relatively high cost of production in GB in relation to many EU competitors.

Significant media coverage followed a decision to withdraw an application for the development of an enterprise housing 8,000 pigs on the Earl of Devon's Powderham Estate, where **CIWF** had been active in objecting to the proposals:

- **BBC News**
- **Daily Mail**
- **Exeter Daily**

The **NPA** recently issued a challenge to the numerous NGOs, who were seeking to obstruct quite legitimate and much needed investments in the infrastructure of the British pig industry. Recent examples of such activity, included **CIWF**, the Soil Association '**Not in my banger**' campaign and the '**Raw**' campaign, which has attracted a lot of NGO support.

6. 'Horsegate' update



With news that the performance of the **Food Standards Agency** in relation to the contamination of processed beef products with horsemeat would be subject to an independent review, the media fascination with every 'twist and turn' in the 'Horsegate' saga seemed to diminish.

The **Soil Association** reported that sales of organic foods were at their highest level for nine months after three years of continuous decline.

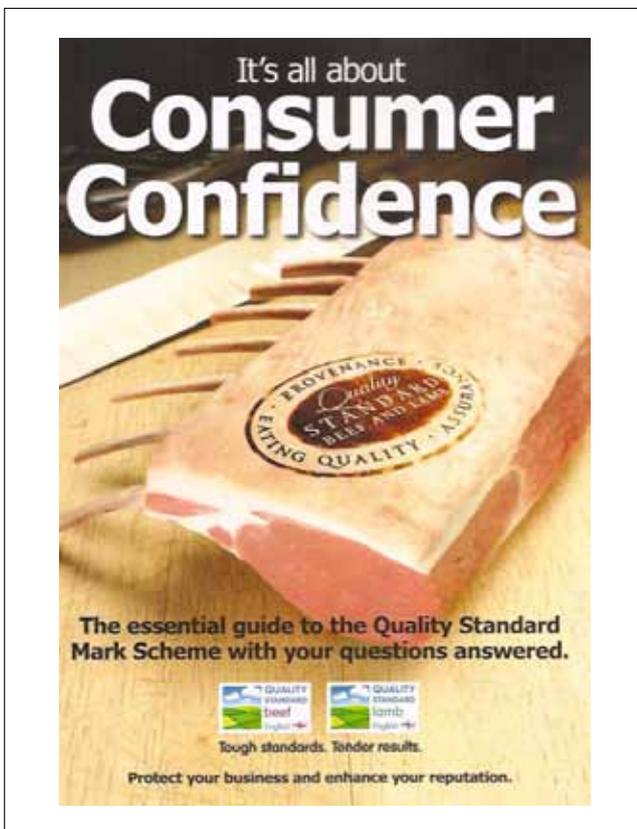
The Consumer Association launched a new report, entitled the '**Future of Food**', which made the following conclusion:

"The recent horsemeat scandal has put the spotlight on how our food is produced, how much we pay for it and who ultimately controls what we eat."

Although primarily an issue of fraud, it has raised much wider questions about the consequences of an ever-lengthening food supply chain and how government develops food policy."

The home meat industry spared no efforts to position itself as the antidote to any anxieties about the provenance of meat products, as evidenced by these recent trade advertisements. The Danish pig industry should also take the opportunities to promote the robust traceability and controls within its own supply chain.

Tesco were very much in the public spotlight when the scandal broke in January and the **NFU** recently reminded the company of its commitments to source more British meat.



7. Feeding frenzy...



The decision by **Tesco** and most of the other major supermarkets to allow the use of GM ingredients in the diets of poultry used to supply its chicken and eggs was widely covered in the media. Unsurprisingly, the move was bitterly opposed by the **Soil Association** and other NGO groups. Here is a selection of the media reports:

- [Daily Mail](#)
- [Independent](#)
- [Daily Telegraph](#)
- [Sun](#)



The increasing use of GM in the human food chain was given further endorsement, following a statement by the newly appointed Chief Government Scientist, Mark Walport, who saw GM technology as playing a vital role in meeting the future food demands of a rapidly expanding global population:

- [Independent](#)
- [Daily Mail](#)
- [Daily Telegraph](#)

The final GM story of recent weeks was news that a scientific team at the Roslin Institute in Edinburgh were hopeful of producing a 'disease resistant' pig, using new 'gene-editing' technologies.

'Pig 26' is the planned successor of 'Dolly the Sheep', who arrived at Roslin 17 years ago.

- [Independent](#)
- [Daily Mail](#)
- [Daily Telegraph](#)



8. A little bit of what you fancy...



At last some good news for the meat industry. The [Daily Mail](#) reported that Pearl Cantrell, who recently celebrated her 105th birthday in Richland Springs in Texas, attributed her longevity to eating bacon every day.