

Chairman's Message



*Tim Cullinan,
IFA Pigs and Pigmeat
Committee Chairman,*

The past four months have been traumatic and very costly for pig farmers. While only a small number of producers were directly affected, every pig farmer in the country has paid a heavy price as a result of the pork recall necessitated by the contamination of licensed feed.

You are all aware of the massive disruption, the recall caused in the marketing channels for Irish pigmeat. The **shockwaves hit all producers** immediately and directly in their pockets. Almost as damaging for farmers is the fact that major factories, representing a large percentage of the kill, extended their payment delay by over two weeks. With the current credit crunch, this delay in payment and the disruption to the market seriously threatened the viability of many pig producers.

Pig farmers are at the forefront of trading on a world market that takes no account of the higher production standards placed on EU products. The Department is fully aware that products from third countries have lower production standards, and ultimately lower production costs. This fundamental issue must be dealt with. Implementation of **'Country of Origin' labelling** must be passed into Irish law and effectively policed. This will allow the consumer to make an informed choice when purchasing meats.

There is a commitment on the extension of Country of Origin labelling in the Programme for Government. Government must vigorously pursue this through all necessary avenues to see it come to fruition.

Contamination Scare December 2008

IFA influence over the course of this disaster

Due to Irish produced pigmeat testing positive for the presence of dioxins, the Government decided on a total pigmeat product recall from September 1st to 6th December, 2008.

IFA's focus in the media and in negotiations with Government was on:

- (1) emphasising that producers were totally innocent parties,
- (2) that over 90% of Irish pigmeat was completely unaffected, and
- (3) getting pigmeat processing up and running again as quickly as possible to minimise the damage to markets.

IFA was influential over the course of this disaster in allaying consumer fears, securing the resumption of slaughtering as quickly as possible and negotiating the best compensation package for farmers whose pigs had been contaminated.



Michael Berkery (General Secretary IFA), Johnny Brady, TD., Chairman of the Joint Oireachtas Agriculture & Food Committee, Pdraig Walshe, IFA President, Tim Cullinan, Chairman IFA National Pigs and Pigmeat Committee pictured before the delegation answered questions from the Joint Oireachtas Agriculture & Food Committee on the Pork Recall.

The present situation whereby processors can package and label product in a deliberately misleading manner does not serve the best interests of either consumers or producers. The current situation amounts to **unfair competition** and must be rectified.

I want Irish consumers and our international customers to have total confidence without question or doubt in the integrity, safety and quality of Irish food and the processes undertaken in its production and preparation.

In the wake of the dioxin crisis, IFA is carrying out an extensive review of the wider implications of the crisis through a **Task Force** chaired by the President and including Professor Patrick Wall. The Pig Sector in Ireland needs to seriously consider their direction in the future of food production

to avoid the potential of such a crisis ever recurring.

Over the last number of years, there has been considerable controversy in relation to environmental issues with the EPA and Nitrates Regulations. However retailers have brought to our attention that the issue of sustainable food production is going to come ever more to the fore going forward.

I believe that there is merit in carefully reviewing all elements of how our food is produced. Ultimately we must close the loop between the **food** we produce, the **fertilizer** we produce and the waste we produce and the **energy** that we could produce on our farms.

Tim Cullinan

Thank You.

2008 - the Stats

Pig Prices:

- Irish pig prices averaged €1.44/kg in 2008 in comparison to 1.33/kg in 07.
- Irish prices averaged just 94% of EU prices (2007: 98%), EU year average for 2008 was €1.53.
- Irish prices were over 100% of the EU average for just 2 weeks of the year.
- The differential arose most severely in the June/July/August period when Ireland fell to between 14-16c/kg behind the EU average (VAT exclusive).
- Pig slaughter numbers in Southern plants this year were ~2% lower in comparison with 07 (-58,737 head) while the slaughter number for sows and boars decreased by 18.5% (-17,195 head).

Pig prices must increase substantially in 2009 if profitability is to return to the sector. IFA will focus on producer interaction with the processing sector to see that the campaign is focussed on areas of difficulty; therefore securing increased prices for producers.

Pig Feed Prices:

World feed prices continued to rise in 2008, which had a very negative effect on pig profitability.

- Feed prices rose to 116c/kg DW in April and remained at this level until September.
- Up until November the average price for the year was 114c/kg DW.

The dramatic downturn in cereal prices has brought about a number of casualties worldwide. Greencore has closed their Drummonds operation in Ireland. They were a significant player in the North East / midlands region purchasing between 110 -140,000 tonnes per annum with a major proportion of this grain destined for the Pig and Poultry compound feed mills in the midlands, north east and Northern Ireland. They have drying and storage capacity for approximately 90,000 tonnes of dried grain. If these plants are not available for the 2009 harvest, it will present significant logistical problems. It is

unclear whether many growers in the region will plant a spring crop in the absence of a buyer. Greencore's preferred option is to sell the business as a going concern but this may be difficult in the current economic climate.

All the indicators would suggest that a bounce in cereal prices is imminent as we move through the 2009/2010 harvesting campaign. Prices across the world are on the floor and margins are negative. Consequently farmers are cutting back on expensive fertiliser and fungicides. Marginal ground will be left fallow. The end result is that world wheat production is likely to fall by 50 to 100 million tonnes for the coming harvest and this will impact on new season prices.

Table 1: Cost of Home Milling versus Compound Feed January 2009

| | Home Milled | Compound | Difference |
|---------------------------|-------------|-----------|------------|
| DIETS | | | |
| Weaner | 243 | 294 | 51 |
| Finisher | 204 | 236 | 32 |
| Dry Sow | 178 | 230 | 52 |
| Lactating | 215 | 252 | 37 |
| Feed Cost per kg C | 84 | 97 | 13 |

Source: Teagasc

GM Feedstuffs Issue

This year despite IFA pressure there has been very little progress in resolving the GM novel feedstuffs issue. The 'zero tolerance policy' is impossible to implement and the situation is likely to worsen further as a growing number of countries are planting these novel crops regardless of the EU stance. North and South America are becoming less reliant on the EU market as other countries are willing to use the biotech varieties that are currently banned in the EU. Costs of production will be severely affected by the EU stance on the non-synchronisation of the approvals process for GM foodstuffs. The speeding up of this process is vital to the long-term viability of pig farming in Ireland.

Average 2008 Pig Prices

| EU Irish Average Prices VAT exclusive | | | |
|---------------------------------------|-------------|-------------|-------------|
| month | EU Ave | Ire Ave | EU % of Ire |
| Jan-08 | 1.31 | 1.31 | 100% |
| Feb-08 | 1.34 | 1.31 | 102% |
| Mar-08 | 1.44 | 1.32 | 109% |
| Apr-08 | 1.45 | 1.38 | 105% |
| May-08 | 1.51 | 1.42 | 106% |
| Jun-08 | 1.64 | 1.50 | 109% |
| Jul-08 | 1.68 | 1.52 | 111% |
| Aug-08 | 1.74 | 1.60 | 109% |
| Sep-08 | 1.73 | 1.59 | 109% |
| Oct-08 | 1.63 | 1.54 | 106% |
| Nov-08 | 1.49 | 1.44 | 103% |
| Dec-08 | 1.45 | 1.37 | 106% |
| Average | 1.53 | 1.44 | 106% |

(Source EU Commission)

| Average Pig Price in EU (2008) | | | | | |
|--------------------------------|------|--------------|---------|------|--------------|
| | €/kg | % Difference | | €/kg | % Difference |
| Ireland | 1.51 | | Denmark | 1.41 | -6.6% |
| Netherlands | 1.53 | -1% | Spain | 1.59 | 8% |
| France | 1.4 | 7% | Austria | 1.57 | 6% |
| Belgium | 1.41 | -6.6% | Germany | 1.57 | 6% |

| Retail price Changes in 2008 | | | | |
|------------------------------|-------|-------|-------|-------|
| | Q1 08 | Q2 08 | Q3 08 | Q4 08 |
| Roast loin of pork per kg. | 8.62 | 8.74 | 8.50 | 8.62 |
| Pork loin chops per kg. | 8.79 | 9.01 | 8.85 | 8.93 |
| Pork steak per kg. | 12.11 | 12.56 | 12.37 | 12.46 |
| Best back rashers per kg. | 11.36 | 11.63 | 11.79 | 11.71 |
| Ham fillet per kg. | 7.74 | 7.61 | 7.72 | 7.67 |
| Collar bacon per kg. | 5.91 | 5.88 | 5.84 | 5.86 |
| Cooked ham per kg. | 17.61 | 18.41 | 18.53 | 18.47 |
| Pork sausages per kg. | 5.82 | 5.90 | 5.95 | 5.92 |

Source: CSO

IFA Pigs Committee Campaign to Reclaim the Home Market

The Actions taken by IFA



IFA Pig and Poultry members protest at Tesco Clarehall over blatant misuse of the Bord Bia Quality Assurance Logo and increasing use of imported product.

IFA continued to lobby the Minister for Agriculture to legislate to put compulsory country of origin labelling in place for all meats. The IFA Campaign to reclaim the home market was very successful and secured 12c/kg for Irish pig producers during the worst of the crisis.

The fact that numbers worldwide did not decrease as expected and market demand for pigmeat fell during 2008 meant that the IFA campaign to reclaim the home market was instrumental. It ensured that (figures up to the

end of November only available), there was an increase in the pork market by 4% annually although volume fell by 2.2%. The sausage market grew 11% annually and 6% in volume terms as more shoppers moved over to cheaper meat cuts. The bacon market was static with an increase in new buyers offsetting a drop in buying frequency. At the end of last year the intention was to move focus towards demonstrating the value aspects of pigmeat, however 2009 will see the pigs committee once again focussing on getting Irish meat back on the shelves.



Pat Regan and Pat O'Connor pictured at the Tesco protest.

The Pigs Committee will continue to carry out supermarket surveys. All supermarket buyers will be met again to reassure them on the quality parameters of Irish meat. The crisis did demonstrate that a number of leading brands are not sourcing Irish product despite claiming the opposite. It is now vital that consumers both at home and abroad can be assured of the quality of the products. This will mean that a new traceability system beyond the factory must be put in place. IFA will be actively involved with Bord Bia on promotions. IFA will also maintain maximum pressure on Minister Smith to introduce compulsory country of origin labelling for all meats.

Pig Health Issues

IFA has been involved in on-going negotiations on both Aujeszky's and Salmonella.

Considerable progress was made by IFA in relation to the aujeszky's herds in the ROI. All positive units are now in the process of destocking and/or have an approved plan in place. Some producers have sought to export pigs to the UK considering the enormous demand seen in early 2009. This is a possibility for some farmers with clear aujeszky's status.

Further destocking of the positive Aujeszky's herds and a final push on uptake of vaccination will see Ireland move to Index 2 this year.

Similarly the Salmonella programme is in the review process currently and this will reach

conclusion in 2009. The old salmonella programme was failing in a number of areas with large numbers of producers falling out of categorisation by default. Discussions are still on going in relation to how the problems with the old programme can be avoided in the future. Currently it is still the farmer's responsibility to ensure that he/she is categorized. IFA will be contacting all producers as soon as a final position is reached.

Environmental Issues:

IFA will be lobbying to see the EPA annual fees for farmers reviewed as well as critically evaluating new position papers being released by the Agency i.e. Best Available Techniques, Emissions Transfer Registers and Annual Environmental Reports.

The Nitrates Regulations:

SI 378 must be amended: proposals for amendments have been rejected despite the fact that there are obvious anomalies and errors in the regulations, which are disincentives for the use of organic fertilizers and incentives for the use of its chemical equivalent. The most important element to secure is an extension to the **Transitional Arrangements beyond December 2010**. This is vital as any currently available technologies are untested in Ireland and highly prohibitive from a financial point of view.

Currently the IPPC directive is being reviewed in the European Commission. Farmers all over Europe are questioning the extent to which the suggested new requirements would benefit the environment. IFA through our European representative body is highlighting the negative impacts that increased regulations would have on Irish farmers.

National Pigs & Pigmeat Committee - 2009

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Co-op's

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Dick Kingston, Lisavaird Piggeries, Kippagh,
Dunmanway, Cork.

Management Committee - Shaded

Update of Quality Assurance in Retail

What the latest Bord Bia Audit has shown

The latest Bord Bia Audit has shown a considerable drop off in the quantity of products carrying the Bord Bia Quality Assurance Logo. Retailers are attributing this to the recall and the necessity to purchase product where it could be sourced to ensure a supply for the consumer.

However Irish meat is now readily available and the IFA Pigs Committee has been in contact with retailers to discuss support for the sector.

It is more important than ever for producers to be aware of what is being stocked in their local supermarket. The future of the Irish Pig Industry is dependent on the consumer buying Irish. For this to happen, they must be made aware of which products are Irish and which are not.

| | Aldi % | | | | Centra % | | |
|--------------|--------|------|------|-------------|----------|------|------|
| | Q308 | Q408 | Q109 | | Q308 | Q408 | Q109 |
| Bacon | 50 | 55 | 8 | Bacon | 85 | 88 | 71 |
| Cooked ham | 4 | 21 | 22 | Cooked ham | 4 | 0 | 0 |
| Pork | 78 | 80 | 100 | Pork | 100 | 71 | 39 |
| Rashers | 20 | 8 | 26 | Rashers | 96 | 47 | 41 |
| M&S % | | | | Spar % | | | |
| Product | Q308 | Q408 | Q109 | Product | Q308 | Q408 | Q109 |
| Bacon | 0 | 0 | 0 | Bacon | 0 | 0 | 0 |
| Cooked ham | 0 | 0 | 0 | Cooked ham | 17 | 19 | 11 |
| Pork | 0 | 0 | 0 | Pork | 0 | 0 | 0 |
| Rashers | 0 | 0 | 0 | Rashers | 52 | 54 | 33 |
| Dunnes % | | | | Lidl % | | | |
| Product | Q308 | Q408 | Q109 | Product | Q308 | Q408 | Q109 |
| Bacon | 27 | 49 | 27 | Bacon | 31 | 36 | 16 |
| Cooked ham | 7 | 8 | 10 | Cooked ham | 0 | 0 | 0 |
| Pork | 100 | 98 | 100 | Pork | 0 | 0 | 15 |
| Rashers | 67 | 53 | 41 | Rashers | 24 | 12 | 21 |
| SuperQuinn % | | | | SuperValu % | | | |
| Product | Q308 | Q408 | Q109 | Product | Q308 | Q408 | Q109 |
| Bacon | 73 | 96 | 82 | Bacon | 95 | 55 | 76 |
| Cooked ham | 6 | 5 | 3 | Cooked ham | 11 | 13 | 9 |
| Pork | 75 | 91 | 100 | Pork | 99 | 88 | 87 |
| Rashers | 63 | 72 | 67 | Rashers | 68 | 59 | 56 |
| Londis % | | | | Tesco % | | | |
| Product | Q308 | Q408 | Q109 | Product | Q308 | Q408 | Q109 |
| Bacon | 68 | 4 | 0 | Bacon | 73 | N/A | 23 |
| Cooked ham | 9 | 0 | 0 | Cooked ham | 13 | 22 | 6 |
| Pork | 0 | 0 | 0 | Pork | 96 | 98 | 100 |
| Rashers | 57 | 36 | 17 | Rashers | 57 | 30 | 28 |

Michael Maguire

A sincere thanks for his dedication

Michael Maguire finished his term as Chairman of the National Pigs and Pigmeat Committee in November 2008. The Committee would like to extend a sincere thanks to Michael for his dedication to the sector through a very difficult period. It was under his watch that the 'Campaign to Reclaim the Home Market' was launched, a campaign that was instrumental in securing prices for pig farmers over the last year.

Padraig Walshe, Michael Maguire and Brian Cowen



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Nobody works harder for pigs