

CHAIRMAN'S COMMENTS

2015 was a particularly difficult year for pig farmers. The average margin over feed for the past 12 months was €0.37/kg deadweight, which is down 25% on the 2014 level. Throughout 2015 IFAs National Pigs Committee put pressure on Minister Coveney and Commissioner Hogan to introduce measures in order to re-establish the sustainability of the Irish pig sector. IFA has also been working hard to protect the home market through our DNA programme as well as meetings with retailers, secondary processors and butchers. In 2016 the committee are focused on the key issues affecting farmers including pig prices, feed prices and environmental issues.



*Pat O'Flaherty,
Chairman,
IFA National Pigs Committee*

EU Crisis Fund

As a result of continuous lobbying and protests by IFA at National and European level to introduce measures to re-establish the sustainability of the Irish pig industry, The EU Commission announced a package to support the dairy and pigmeat sectors in Europe. Irish pig farmers were allocated €1m of this fund.

Minister Coveney announced this week that the money will be distributed on a flat rate per farmer. The cut off for payment is 200 pigs slaughtered per year (as per Salmonella Control Programme). The Department will send out a simple application form to all producers which must be completed and submitted to the Department by the closing date set out on the form. IFA has outlined that payment must be distributed to farmers with immediate effect.

Although IFA welcomes this payment, it is far from sufficient to address the current cash flow problems pig farmers are experiencing. Farmers have been under huge financial strain over the past 12 months, with the average margin over feed for 2015 at 37c/kg. Teagasc estimates this figure needs to be 50c/kg in order to break even. More worryingly, the past five-year average margin over feed figure is running at 44c/kg.

Pig Industry Stakeholder Group Report

Minister Coveney, last week, launched the report from the Pig Industry Stakeholder Group. This group was chaired by Dr Sean Brady and was made up of farmer, processor, veterinary and Teagasc representatives. IFA National Pigs Committee member, Donal Brady was one of the farmer representatives on this committee, along with two past committee members.

This report outlines the main challenges faced by the industry and how best to address these issues to support the development of the industry in accordance with the Food Wise 2025 vision. There are 65 recommendations in the report covering animal health and welfare, biosecurity, and marketing of our Quality Assured Pig meat, among others. The Minister has indicated that the next step is to set up an implementation group to progress and monitor the implementation of these recommendations. I have attached a copy of the report for your information.

Fallen Animal Collection Costs

At a recent Committee Meeting the cost of fallen animal collection was raised as some companies had issued a letter to customers stating they were increasing fees. A survey carried out among pig producers shows the variation between different companies.

The highest cost recorded was **€220/t** with the lowest at **€160/t**. The average charge was €185/t. Costs are reflective of a net collected price per tonne. Prices are based on information submitted from five different companies.

IFA DNA Certified Programme

IFA National Pigs Committee requested that a review of the DNA Scheme be carried out at our meeting on October 1st 2015. It was proposed that Professor Pat Wall and former Chairman Tim Cullinan would be approached to carry out this review. The Scheme has been in operation since 2011 and the committee felt that a review was necessary to assess the current operation of the IFA DNA Certified Programme and to identify any necessary improvements in the scheme ensuring it is delivering the maximum return for farmers. The Committee was presented with the report in which there were a number of key recommendations. The recommendations include:

- Continued frequent engagement with both producers and A.I. stations to maintain the completeness of the boar database.
- Following standard protocols in relation to dealing with non-compliant results.
- Changes to the operation of any future 'Certification Programmes'.
- One contact person is identified in IFA to liaise with Identigen on the overall operation of the scheme.
- Continued engagement with all retailers, encouraging them to move to a position of using 100% Irish pigmeat.

These recommendations were agreed by the committee and are being implemented with immediate effect. The recommendations will act to ensure that pigmeat labelled as Irish in retailers, butchers, and other food business operators, is in fact Irish. IFA will be more active than ever among these food business operators to ensure as much Irish pigmeat as possible is sold on the domestic market and that this in turn delivers improved farm gate prices.

TAMSII Scheme

Representatives from IFAs National Pigs Committee met with the Department of Agriculture on the TAMSII Scheme. The Department confirmed that €17.3m is allocated for the pig and poultry scheme under the RDP. At this meeting IFA lobbied for amendments to the current list of eligible investments, in addition to increasing the current €80,000 investment ceiling to €300,000. IFAs case to increase the investment ceiling to €300,000 is backed up by recommendation 46. In the Pig Industry Stakeholder Group Report which states that it should be considered to increase the threshold to €300,000 for grant aid available in new scheme for pig farmers going forward to take account of the intensive nature of the pig industry.

To date 95 applicants (both pig & poultry farmers) have been submitted to the Department under this scheme to a total value of €1m. IFA also requested more timely approvals of applications for pig farmers by the Department.



Representatives from IFAs National Pigs Committee at a meeting with DAFM officials Oliver Molloy and Robert Leonard, to discuss the TAMSII Scheme for pig farmers.

APS Scheme

In response to continued pressure from IFA and other EU lobby groups the Commission announced the opening of a new private storage scheme for pigmeat. This new scheme entered into force on Monday 4th January 2016. This scheme was opened aimed at easing pressure on the EU market, which is still struggling from the Russian ban on imports from February 2014. This measure provides EU funding to help cover the costs of storing certain pigmeat products for periods of 3-5 months.

However following a vote in Brussels last week it was agreed to close the APS Scheme for pigmeat. The private storage scheme for pigmeat, operational for 3 weeks, has already taken a substantial amount of pigmeat off the market. The decision to suspend and then close the scheme was taken after the planned volumes of products were reached. The main EU pig producing countries voted to close the scheme as they felt the market had reacted positively and there was no further need for it. The most recent information shows that the total quantity of product put into storage, was **89,841 tonnes** at an estimated cost of €27.6 million.

In total, 18 Member States participated in the scheme with 4 Member States storing three quarters of the meat: Germany 26,000 tonnes (29 %), Spain 19,000 tonnes (22 %), Denmark 12,000 tonnes (13 %), and The Netherlands 11,000 tonnes (12 %). The 90,000 tonnes represent some 4.5 % of the monthly slaughter in the EU. Ireland have **1,575 tonnes** in storage, with companies mainly choosing the 90 day option.

IFA/Teagasc Joint Programme Update

Ballyhaise Pig Unit:

The closure of the pig unit at Ballyhaise College raised serious concern for producers as this is the last remaining Ag College with a pig unit. Committee members met with Professor Gerry Boyle on a number of occasions to outline their concerns in relation to the proposed closure of the unit. Teagasc had major concerns over the condition of the piggery buildings. To address the structural issues would require an investment of at least €230,000, according to Teagasc. On top of this Teagasc would have to retain the services of a skilled manager to operate and manage the unit. Teagasc outlined they did not have this money available to them in Ballyhaise at present. IFA were assured that Teagasc would continue to serve the pig sector through advisory and education services in the Ballyhaise region and the following commitments were given to IFA:

- A replacement for Seamus Clarke, Pig Advisor in the Cavan region. This post has since been filled.
- A new pig production stream will be incorporated into the existing Advanced Certificate Level 6 course.
- A new Level 7 Pig Production Manager's Course (similar to the current Diploma in Dairy Farm Management) would be developed and implemented in early 2016.
- A Pig Education Course Coordinator would be appointed to Ballyhaise College to manage the full suite of education programmes from Level 5 to the proposed new Level 7 course and to promote pig production as a career, especially at second level.

Teagasc have also given the commitment that if there is adequate demand from students for the pig module in Ballyhaise over the next 24 months, there would be the possibility of investing in the unit at this stage.

Teagasc Pig Strategy Document

The Teagasc Pig Strategy Document has recently been finalised by the Pig Stakeholder Group. This document has been reviewed by Dr. Malachy Young, Gowans Consulting, Canada. Teagasc stated their vision is to **'increase profitability in the pig sector by producing environmentally sustainable and welfare friendly pigmeat to the highest safety and quality standards'**. The document outlines the key Research, Advisory and Education priorities that Teagasc will address over the next 4 years. The document has been externally reviewed by Dr. Malachy Young, of Gowans Consulting, Canada and the Teagasc Pig Stakeholder Group. The document will be published and circulated to all pig farmers in early 2016.

Careers Day 2016

The Agri Careers Fair takes place on **3rd March 2016** in the **RDS**. This fair will bring employers in the agri-industry together so they can meet those interested in working in the sector and fill roles in their companies. Whether you're in college and just beginning to think about the world of work, a graduate, or someone who is already working but looking for a new job – there will be something of interest on the day. Teagasc Pig Department will have a stand at the event to demonstrate the employment opportunities available in the Irish pig sector.

Environment update

Firstly, recognition must be given to committee member, Donal Brady, who recently won a very significant case with the EPA in relation to the classification of pig slurry as an organic fertiliser. The outcome of this case will be beneficial to all licence holders. IFA recently met with the EPA in relation to unnecessary demands the agency is placing on pig producers. Issues discussed at this meeting include:

- Tank and pipeline assessment: EPA are demanding licence holders to provide information on tanks which puts unnecessary additional cost on farmers. There is no requirement in the GAP regulations for tank assessment or testing, yet the EPA continue to demand this from licence holders. IFA have insisted this condition is removed from licences.
- Limitation on stock numbers: The EPA is requesting licence holders to provide a breakdown of stock numbers on units. However, the number of animals that can be accommodated in an existing pig house is governed by DAFM, as the competent authority for Animal Welfare Regulations. IFA outlined that producers must be allowed vary the number of pigs within legal limits to maximise efficiencies on their units.
- Lands identified for use of slurry/manure: The EPA does not need or have any use for information about any licence holders' customers for slurry/manure. The EPA themselves stated in a letter to IFA that, 'The conditions included in licences currently being issues by the Agency do not control the use of organic fertiliser outside the installation boundary'.
- Terminology: EPA licence conditions still wrongly use the term "Register" to refer to the "record" of movement of animal manures / organic fertiliser onto and off a holding which is the movement "Record" required by Article 23(1)(g) of the GAP/Nitrates Regs. Also the "recover" or "recovery" words are sometimes used instead of "use", seemingly to keep up the pretence or assertion that the manure lawfully going for lawful use in fertilising farmland a somehow really waste and that farmers using animal manures are really in the "waste" business. IFA requested that these words are replaced with alternative wording as pig slurry is not a waste product and therefore waste terms cannot be used.
- Licence fees: All licensees of long standing have been charged high annual licence fees to cover the EPA "work" of checking third party farmer NMPs and maps, and some licensees have been charged inflated extra fees for daring to assert their right to resist and refuse to engage in pretend compliance with wrong licence conditions that did not "speak" to them or their farming activity. IFA insisted that this needs to be recognised and honoured by the Agency.

IFA would like to remind licence holders **not to volunteer information in their licence that is not required by law**. In the past this has led to additional information that is volunteered becoming a condition in a licence which cannot continue to happen.

Feed Prices

Representatives from IFAs National Pigs Committee continue to meet mills and importers on a regular basis. Mills reduced the price up to **€5/t** for compound rations, with effect from the first week in January. This drop reflects the decrease in raw material prices. However, there is scope for **further decreases** based on grain and protein prices. The Euronext grain prices declined from the 2nd December 2015 to 25th January 2016 by €14/ tonne for wheat (€181-167) and maize (€170-€156).

Pig Prices

Irish declared prices (to the EU commission) are currently €1.35 while the average EU price is €1.29. The Irish pig price is currently 105% of the EU average. The price of pigs was under huge pressure throughout 2015 with prices averaging €1.43/kg (excluding VAT) for the year, over 10% behind 2014 levels. However, the Irish price was almost 3% above the average EU price for the year. The price range currently stands between **€1.34-1.40/kg** (including VAT).

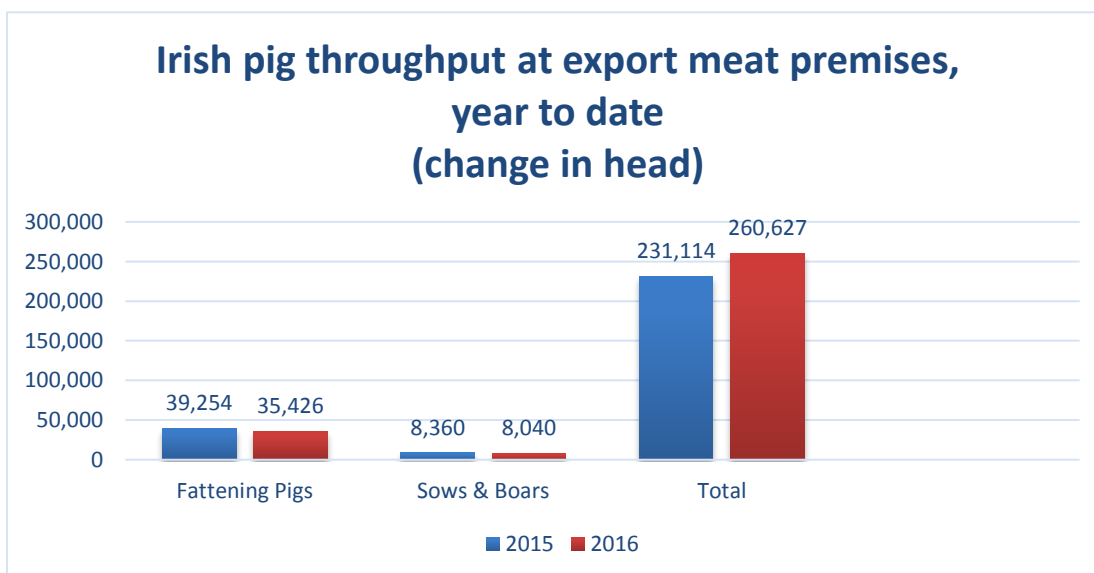
Country	Ave Wk 1-5	Wk 5 2016	Wk 5 2015
Netherlands	1.17	1.17	1.15
Belgium	1.19	1.19	1.20
Denmark	1.31	1.32	1.25
France	1.28	1.30	1.28
Spain	1.27	1.29	1.36
Germany	1.24	1.26	1.23
GB	1.37	1.30	1.60
Ireland	1.28	1.28	1.29
Pig Prices corrected for VAT, kill Out Lean Meat Percentage (ISN) €/kg)			

Prices are compiled by the German analysts ISN. The official Quotations of the different countries are corrected, so that each quotation has the same base (conditions). Base: 56 % lean-meat %; farmgate-

Pig Throughput

Irish pig production was 9% higher in 2015 YOY, with carcass weights also up 4%. It is estimated that pig throughput will stabilize in 2016 at around 3.66m pigs. This is on the back of the breeding herd decreasing by almost 2% to 149,000 head in the June 2015 livestock census. However, it is expected that increases in productivity levels will offset this decline in the breeding herd. According to Teagasc, the number of pigs produced per sow now stands at 25.2 compared to 24.5 in 2014.

There are over 29,000 more fattening pigs slaughtered up to week end 30/01/2016 compared to 2015, representing a 12.8% increase in slaughter numbers for the first four weeks of the year. Pigs sent across the border to Northern factories has decreased with almost 4,000 pigs less exported to NI (up to wk. end 23/01/2016). The total number of pigs exported for slaughter in 2015 was back over 18,000 pigs versus 2014 numbers.



Bord Bia

Outlook Seminar

At their recent outlook seminar, Bord Bia were optimistic that exports from Ireland will continue to grow in 2016, on the back of **8% growth in 2015**. If the US dollar continues to strengthen against the euro, this should leave European exports more competitive especially when it comes to servicing Asian markets. Asia and Mexico were mentioned as the two key markets to drive international trade for 2016.

According to the May/June census of **EU breeding sows**, numbers were **1% lower or 77k head** (equivalent to Irish herd shrinking by 50%) YOY. In the November census, **German sow numbers were 4% lower** at 1.97 million sows. Also the number of German farms holding pigs fell by 4% to 25,700. According to provisional results of the livestock survey, this was the lowest level since November 2011.

Spain is now on the way to being the top pig producing country in Europe. The two key drives include improvements in productivity from farms becoming more industrialised and the low cost of labour. Production in the north Western Europe (Germany, the Netherlands and Denmark) is reaching its limits due to the rising cost of manure disposal and consumers opposition towards intensive large scale farming.

At IFAs most recent meeting with Bord Bia CEO, Aidan Cotter, IFA outlined the need for additional promotional activity in order to increase consumption of QA pigmeat on both domestic and export markets. Promotional activities for 2016 include:

- New innovative promotional campaign on fresh pork
- Promotional activity on local radios in conjunction with TV promotional adverts
- Additional resources to promote Irish pigmeat in International markets, particularly the Asian markets
- Pigmeat products will feature on the Neven Maguire "Healthy Home Chef"
- Supporting Chef's Network and Euro Toques
- Competition among secondary schools to promote Quality Assured pig meat

IFA also outlined the importance of companies using the QA logo on product at all times. It is not acceptable that brands can use the logo at their discretion. IFA are insisting that Bord Bia make this a requirement for any company using the logo.

Dates for the diary

IPHS Symposium 2016: The Irish Pig Health Society will be holding their annual symposium on Tuesday 12th April 2016 at 12noon, in the Mullingar Park Hotel.

EPP Congress: The European Pig Producers conference (EPP) will take place in Dublin from the 25th-27th May 2016. More details to follow.

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