

CHAIRMANS COMMENTS

The past 18 months has been a particularly difficult period, with the lowest margins in decades endured by pig farmers. However, in recent weeks the tide is turning and the outlook is more positive than it has been for some time. With pig prices on the rise and feed prices declining, things are finally going in the right direction, much to the relief of farmers. IFA are continually lobbying for the benefit of farmers to reduce input costs where possible and ensure the maximum price possible is passed back to farmers. Priorities over the coming months include meeting new Minister for Agriculture Michael Creed to ensure full support for the Irish pig sector, formation of a pig industry forum, and ensuring a fair farm gate price through negotiations with retailers, processors and other relevant stakeholders.



Pat O'Flaherty,
Chairman,
IFA National Pigs Committee

Kerry Foods

IRISH BRANDS SHOULD HAVE IRISH PIGMEAT - IFA PROTEST OUTSIDE KERRY FOODS

IFA recently held a protest outside Kerry Foods in Shillelagh, Co. Wicklow. The protest was held to vent the anger felt by pig farmers at the persistent use by processors of brands that portray Irish origin on non-Irish product.

IFA accused companies that trade on their Irish brands of failing pig producers by using imported pigmeat. IFA said they will have to step up and make a far greater effort to support Irish pig farmers and stop misleading consumers about the origin of their products. The latest Bord Bia results show that only 22% of Galtee rashers have the Quality Assured logo, signifying Irish origin.

Pig farmers are constantly told by processors that the home market gives the greatest return for their product. For this reason, farmers have made huge efforts to protect their home market, but the continued use of non-Irish pigmeat in household brands such as Galtee, Denny and others is clearly undermining that effort

IFA National Pigs Committee Chairman Pat O'Flaherty said, "Pig farmers are insisting that companies with Irish brands use 100% Bord Bia Quality Assured pig meat in their products and that their labelling clearly indicates country of origin. Companies cannot have the option of using the Bord Bia logo on their brands some of the time and not at other times. This practice is confusing for consumers who have consistently said they want to buy Irish meat and support local farmers."

An Irish company like Kerry Foods must appreciate the difficulties in the pig sector and make a more concerted effort to support Irish farmers and stop misleading consumers. Tougher legislation is needed to require country of origin labelling on all pork and bacon products.

Representatives from the National Pigs Committee have met with Kerry Foods on numerous occasions since the protest. Kerry Foods have committed to increasing their use of Irish pigmeat in their Galtee brand. However, IFA believe Kerry has not gone far enough and the committee will continue to take action until a satisfactory result is achieved.



Images from IFA protest outside Kerry Foods



Pig Industry Forum

IFA National Pigs Committee Chairman Pat O'Flaherty is requesting the formation of an industry forum for the pig sector, similar to the structures already in place for the dairy and beef sectors. This forum should comprise producers, processors, millers, banks, Teagasc, Bord Bia and all other relevant players in the industry. IFA is requesting that this forum is set up with immediate effect to address the current issues in the sector, and to set out a long term strategy for the future viability of this very valuable industry. The formation of a pig industry forum must be a priority for the Minister with the main purpose to form a clear strategy that is workable and delivers for all players in the industry going forward.

EU Crisis Fund

As a result of continuous lobbying and protests by IFA at National and European level, the EU Commission announced a package to support the dairy and pigmeat sectors in Europe. Irish pig farmers were allocated €1m of this fund. In the pig sector, there are almost 300 approved applications for aid, amounting to a payment of €3,300 to each participant. The majority of participants have received payments to date.

In relation to this EU Aid, new Minister for Agriculture Michael Creed commented *"Working to improve farm incomes is my key priority as Minister. I am very aware that both the Irish dairy and pig sectors are under pressure at present as a result of current market difficulties. For this reason the Irish Government sought a number of measures to be taken at EU level to help to stabilise the market and provide some cash flow assistance to hard pressed farmers. The allocation of a direct aid package co-funded by the European Commission is one such measure and I am very pleased that we are in a position to match these EU funds with National funding."*

Minister Creed concluded that *"the current market difficulties are more prolonged than anybody envisaged and it's important that any measures taken are meaningful for producers in difficulty. I will work with Commissioner Hogan, and other EU Ministers for Agriculture to ensure that the EU response is appropriate and can deliver the required response to help producers through these difficulties. The aid payments mark Ireland out as one of the few EU member states to have drawn down their allocation to date and together with the Government's top-up will provide some practical assistance to farmers"*

IFA has requested a meeting with the Minister to ensure improving farm incomes is a key priority on his agenda, particularly with regard to the pig sector.

Retailer Meetings

Despite the increasing level of QA product on retail shelves, some secondary processors will take any opportunity to import product particularly at times of shortage. IFA will continue to use the results of the DNA testing programme to expose those that are undercutting the market for pigmeat in Ireland and put pressure on companies to use more Irish pigmeat.

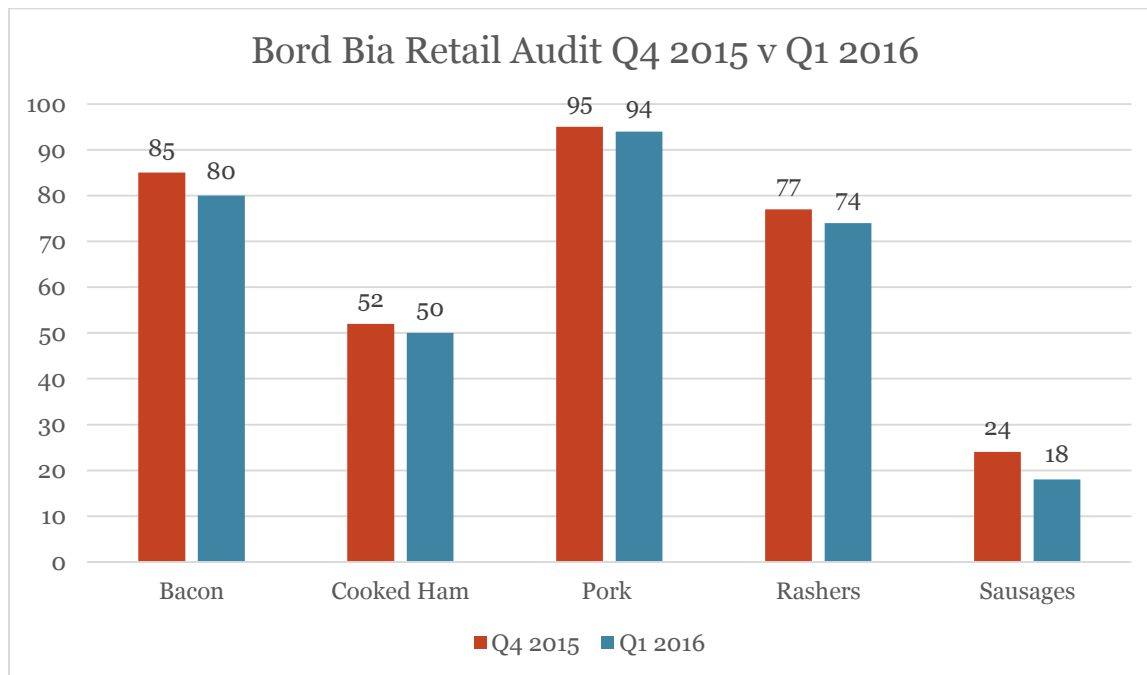
Representatives from IFAs National Pigs Committee are currently carrying out a round of meetings with the major retailers. To date IFA have met with Aldi, Lidl and Dunnes Stores. Meeting with Tesco and Musgraves will take place in the next two weeks.

IFA made it clear to retailers that they must support pig farmers. Below is a summary of the main items discussed.

- IFA has made it clear to retailers that they must continue to improve the levels of Quality Assured pigmeat products available to consumers and in turn support local farmers.
- IFA discussed recent testing results under the DNA Certified programme which proved very satisfactory.
- IFA is lobbying retailers to ensure all branded product in their stores is Irish, particularly in relation to the Denny and Galtee products, which signify to consumers their product is of Irish origin. However, we know this is not the case in some instances, particularly in the case of the Galtee brand, and this has been backed up scientifically by IFAs DNA Scheme.

- IFA is proposing that each retailer supports the primary producer in the form of a direct payment back to the farmer. Currently the primary producer achieves a mere **20% of the retail price**, which is not sustainable. IFA will continue to put pressure on retailers to ensure fairer margins are passed back to the farmer.

The most recent Bord Bia Retail Audit outlined below shows the level of Quality Assured pigmeat product in each retail outlet. It is clear from the audit that the fresh pork category carries the highest volume of Quality Assured product while sausages carry the lowest volumes. In relation to the sausages there is strict criteria that must be met in order to obtain the Quality Assurance logo including a minimum meat content of 70% which many recipes don't meet.



Aldi

In terms of specific retailers, Aldi carry the greatest proportion of Quality Assured product across all pigmeat categories, with 100% of fresh pork and 100% rashers carrying the logo. This was an agreement made between IFA and Aldi last year, which is continued to be met by Aldi and the retailer have committed to adding additional SKUs carrying the QA logo during 2016.

Lidl

Similarly Lidl have added additional rashers and sausage lines to their product range, all which will carry the QA logo. One issue raised by IFA specifically at the Lidl meeting was in relation to their logos 'Produce of Ireland' and 'Produced in Ireland'. IFA believe these logos are confusing for consumers and are requesting Lidl amend their use of these logos. Lidl have committed to making changes in relation to their logo use policy. Lidl have also agreed to **increase the size of the Bord Bia logo** on packs.

IFA DNACertified Programme

IFA is continuing to carry out DNA tests of pigmeat products among retailers, food service, butchers etc. Most recent testing carried out shows high level of compliance with the database. ***If anyone is concerned about the origin of pigmeat products please contact your local committee representative and the product will be investigated.***

Meetings With Feed Mills

IFA recently held meetings with some of the main mills to ensure a fair drop in compound prices in line with raw material costs. Prices **decreased up to €8/tonne for fattener rations** on May 1st with **other rations back up to €10/t**. Further decreases are merited and IFA National Pigs Committee will continue to lobby for these decreases on behalf of members.

Bank Meetings

Representatives from the National Pigs Committee are carrying out meetings with all the main banks. The main issues being discussed at these meetings include the outlook for the pig sector, options to deal with the volatility and timing of approvals. We have made clear to the banks that they must support their farmer customers in 2016 through:

- extending working capital to farmers;
- communicating early with customers;
- providing flexible and affordable restructuring options to alleviate cash-flow difficulties; and,
- taking prompt decisions on all loan applications”.

We also outlined that the banks must provide the option for customers to **convert their high-cost merchant credit into working capital or longer-term borrowing**.

TAMSII Scheme

Following a meeting with the Department of Agriculture on the TAMSII Scheme, IFA made a submission for a number of **amendments to the current list of eligible criteria**. IFAs submission included additional measures such as new finisher accommodation, grant aid for home milling, supplemental milk delivery systems (for use in farrowing rooms and first stage weaners), upgrade dry feed systems, penning to upgrade existing buildings, water efficient power washers. The Department have agreed to look at amending the list of eligible investments for pig farmers under the TAMSII Scheme later this year.

In addition the submission also included a request to **increase the current investment ceiling** from €80,000 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 a new scheme for pig farmers going forward to take account of the intensive nature of the pig industry.

IFA also requested **more timely approvals** of applications for pig farmers by the Department.

For the list of eligible investments currently available for pig farmers under this Scheme please visit:

<https://www.agriculture.gov.ie/media/migration/farmingschemesandpayments/farmbuildings/tamsiisupportdocs/pigandpoultryinvestment/scheme/TAMSIIPISTandCs030516.pdf>

Environment Update

Following a meeting earlier this year, EPA agreed to set up a joint technical working group with IFA. This working group will provide a forum for IFA to ensure licence holders are being fairly treated by EPA and to ensure no unnecessary information is being requested by the Agency from licence holders. The first meeting of this group will convene over the coming weeks. Main items for discussion will include tank and pipeline assessment, limitation on stock numbers, and licence fees, among others.

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.

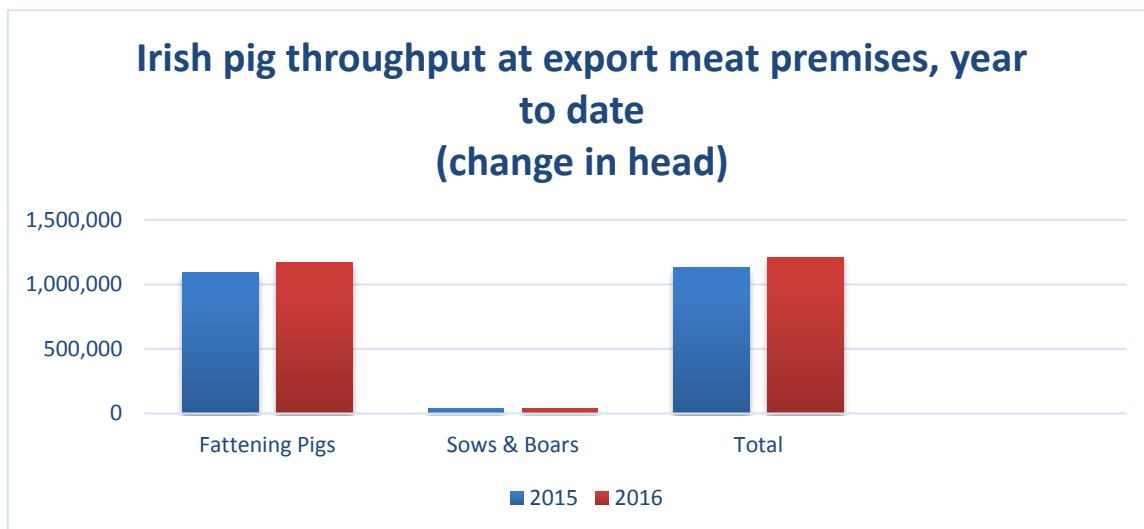
Pig Prices

Irish declared prices (to the EU commission) are currently €1.37 while the average EU price is €1.36. The Irish pig price is currently **101% of the EU average**. Current prices are ranging from €1.42-1.48/kg net. This 6c gap has arisen from failure by some processors to increase prices last Friday. Dawn and Stauntons were the only two processors to officially increase prices +4c/kg. Year to date Ireland is running at 105% of the EU average price (€1.35 v €1.28/kg).

Demand for pigs is starting to pick up again and factories are keen for additional pigs which is a positive sign. A boom in barbeque trade across the continent in recent weeks has helped lift the price across Europe with the average price rising 9c/kg over the past 4 weeks. Similarly the international export markets are adding to this increased demand for pigs with China in particular becoming increasingly active in the market in recent weeks. This heightened demand for product from China is predicted to remain steady for the foreseeable future which should ensure an increased Irish price which can be sustained throughout 2016.

Pig Throughput

There are over **77,000 more fattening pigs slaughtered** up to week ending 14/05/2016 compared to 2015, representing a **7.1% increase** in slaughter numbers year on year. It is predicted the number of pig's available for slaughter over the coming months will decline due to a decrease in the National herd. However, the extent of this decline in numbers remains uncertain. Pigs sent across the border to Northern factories have decreased with almost 23,000 pigs less exported to NI (up to wk. ending May 7th). Taking this period of 19 weeks it equates to a **decline of 1,200 pigs per week** being exported north for slaughter compared to the same period in 2015.



Bord Bia

Promotional activity

Bord Bia's pigmeat television campaign is underway and will run from May to September. In addition, IFA has requested a meeting with CEO, Aidan Cotter, to discuss an additional promotional campaign in advance of the second WHO Report, due to be published in July/August this year. IFA believe Bord Bia must be proactive in challenging any possible negative publicity from such reports and must instil confidence in the consumer as to the health benefits of adequate amounts of pigmeat products.

Latest Trade Figures

- Pigmeat **exports** for the first two months of 2016 were **16% higher at 38,500 tonnes** compared to the corresponding period in 2015.
- Pigmeat **imports** for the first two months of 2016 were **22% lower at 12,100 tonnes** compared to the corresponding period in 2015.

New EU Promotion Policy for Agri-Food Products

- As part of the recent call for promotional campaigns for EU agricultural products through the 'Enjoy it's from Europe' programme, Bord Bia submitted four separate applications to the EU Commission ahead of the April 28th deadline. The four proposals included pork, beef & lamb, dairy and mushrooms. The value of the pork proposal is equivalent to **€3.75 million during the three year campaign period (2017-2019)**. Planned marketing activities around this proposal include developing website and digital platforms, trade shows, inward buyer and journalist visits, trade seminars, knowledge transfer programme and point of sale merchandise. The pork proposal will concentrate on the Chinese market primarily with some focus also on the Japanese market. The proposals will be evaluated by The Consumers, Health, Agriculture and Food Executive Agency (CHAFAEA) over the coming months. A decision is expected on these applications by September at the latest.

Trade Events

- Bord Bia participated at the Sial trade fair in Shanghai from the 5th May to the 7th May. The Irish pork industry was represented by three companies during the show. The importance of exhibiting at this trade show is underlined by the growth in exports to this market in recent years. Already for the first two months of 2016, **Irish pigmeat exports to China have grown by 61%** to 8,800 tonnes compared to the corresponding period last year. Other trade events that Irish pigmeat processors will attend over the course of the year include the PLMA, SIAL Paris, Bloom and the Speciality Fine Food Fair in London.

Schools Competition

- To highlight the benefits of quality assured pork and bacon to secondary school students, a competition will be launched in September targeting all schools that provide Home Economics as a subject choice (576 Secondary Schools in 2015/16). Students will be asked to create their own recipe for a main course which should be healthy and also contain pork or bacon with the Quality Mark as an ingredient. There will be two categories for entry and adjudication i.e. Junior Cycle and Senior Cycle. The entries will be judged by Bord Bia and a well-known chef and awards will be given for both an overall and category winners.

Overview of BB DNA Results

- In 2015, a total of 1,133 samples were analysed through the DNA database. 74 of these samples were unassigned to the database. Virtually all the samples taken were targeted around 13 companies. In 2016, for the first quarter, a total of 285 samples were taken with 26 of these samples unassigned to the database.

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