

### CHAIRMAN'S COMMENTS

The past number of months has been a particularly difficult period for pig farmers, with prices during 2015 well below breakeven. IFAs National Pigs Committee has been putting 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



Pat O'Flaherty,  
Chairman,  
IFA National Pigs Committee

### Forecast Working Group on Pigmear

The Executive of IFAs National Pigs Committee attended the Forecast Working Group on Pigmear last month in Brussels. *Main Conclusions of the Forecast Advisory Group on pigmeat – 12<sup>th</sup> October 2015 were as follows:*

#### **EU internal Market**

The total number of animals slaughtered is expected to increase by 2.7% in 2015 compared to 2014. The last time EU pig slaughtering reached 257 million heads was 2007.

Important to underlined data referring to BE, DK, DE, IE, FR, IT, HU, NL, AT and RO seems to indicate a decrease on the number of sows in May-June 2015 when compared to the same period of 2014. The number of breeding sows decreased by 0.6%, the number of covered sows decreased by 0.7% and the number of sows covered for the first time decreased by 3.4% This seems to suggest that production may slow down (or even decrease) in 2016, nevertheless the sample doesn't cover all the producers and it's too early to take any conclusions.

The weekly EU price for pig carcasses is currently well below (+- € 0.12) the average price (2010-2014) reflecting the impact of the Russian ban on import of pig products from the EU but also the increase of production in the EU. The price is expected to initiate a downward trend due to the traditional low season and maintain lower prices (when compared to average 2010-2014) in the following months.

The Commission is expected to open private storage scheme by the end of the year. The objective is to remove a considerable volume of product from the market and this should enable the market to recover by stimulating the fragile recovery in prices. The impact will depend on the opening date, duration of scheme, the amount of aid and the type of products included.

In the first 7 months of 2015, the total EU exports in terms of product weight increased by 4.9% when compared to the same period of 2014. In this period the biggest markets for EU exports in terms of product weight were China with 551.906 tonnes (32.9%), Japan with 160.964 tonnes (9.6%), South Korea with 139.049 tonnes (8.3 %) and Hong Kong with 136.206 tonnes (8.1%).

## **Information on the market situation**

### ***Belgium***

Following a 2,0% increase in 2015, experts expect production to decrease by 1,4 % and 1,1% in the first and second quarter of 2016 respectively when compared to the same period of 2015. Following a 8.9% decrease in 2015, experts expect price to decrease by 1.6 % and 3.1 % in the first and second quarter of 2016 respectively when compared to the same period of 2015.

### ***Denmark***

Following a 4.5 % increase in 2015, experts expect production to decrease by 0.8 % and increase by 2.5 % in the first and second quarter of 2016 respectively when compared to the same period of 2015. Following a 10.6 % decrease in 2015, experts expect price to increase by 1.5 % and 2.1 % in the first and second quarter of 2016 respectively when compared to the same period of 2015.

### ***Spain***

Following a 6.1 % increase in 2015, experts expect production to increase by 6.8 % and 2.5 % in the first and second quarter of 2016 respectively when compared to the same period of 2015. Following a 15.9 % decrease in 2015, experts expect price to decrease by 1.1 % and 1.6 % in the first and second quarter of 2016 respectively when compared to the same period of 2015.

### ***France***

Following a 1.1 % increase in 2015, experts expect production to decrease by 0.4 % in the first and second quarter of 2016 respectively when compared to the same period of 2015. Following a 7.1 % decrease in 2015, experts expect price to increase by 2.6% and decrease by 0.8 % in the first and second quarter of 2016 respectively when compared to the same period of 2015.

### ***Ireland***

Following a 7.0 % increase in 2015, experts expect production to decrease by 0.4 % and increase by 0.7 % in the first and second quarter of 2016 respectively when compared to the same period of 2015. Following a 9.4 % decrease in 2015, experts expect price to decrease by 0.7% and 2.6 % in the first and second quarter of 2016 respectively when compared to the same period of 2015.

### ***Italy***

Following a 2.3 % decrease in 2015, experts expect production to decrease by 1.6 % and increase by 3.0 % in the first and second quarter of 2016 respectively when compared to the same period of 2015. Following a 6.8 % decrease in 2015, experts expect price to increase by 0.5% and stagnate in the first and second quarter of 2016 respectively when compared to the same period of 2015.

### ***Portugal***

Following a 1.7 % decrease in 2015, experts expect production to increase by 0.9% and decrease by 0.5% in the first and second quarter of 2016 respectively when compared to the same period of 2015. Following a 9.9 % decrease in 2015, experts expect price to increase by 3.6% and 3.4% in the first and second quarter of 2016.

### ***United Kingdom***

Following a 4.5 % increase in 2015, experts expect production to increase by 2.3% and 2.6 % in the first and second quarter of 2016 respectively when compared to the same period of 2015. Following a 15.8 % decrease in 2015, experts expect price to decrease by 6.9% and 0.3% in the first and second quarter of 2016 respectively when compared to the same period of 2015.

### ***Germany***

Following a 1.3% increase in 2015, the production is set to decrease by 0.9 % in 2015. Experts expect production to decrease by 0.2% and increase by 0.1% in the first and second quarter of 2016 respectively when compared to the same period of 2015. Following a 8.9% decrease in 2015, experts expect price to increase by 3.2% and 0.7% in the first and second quarter of 2016 respectively when compared to the same period of 2015.

## Environment update

IFA is meeting with the EPA over the coming weeks to negotiate on behalf of licence holders and ensure the Agency are not requesting more information than they are legally entitled to. 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 and in IFA negotiations with the EPA.

IFA Pigs Committee is continuing negotiations with the EPA in relation to unnecessary demands the agency are placing on pig producers, which they are legally not entitled to. A meeting has been requested with the EPA to discuss a number of outstanding issues including:

- 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.

- 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. 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 issued by the Agency do not control the use of organic fertiliser outside the installation boundary'.

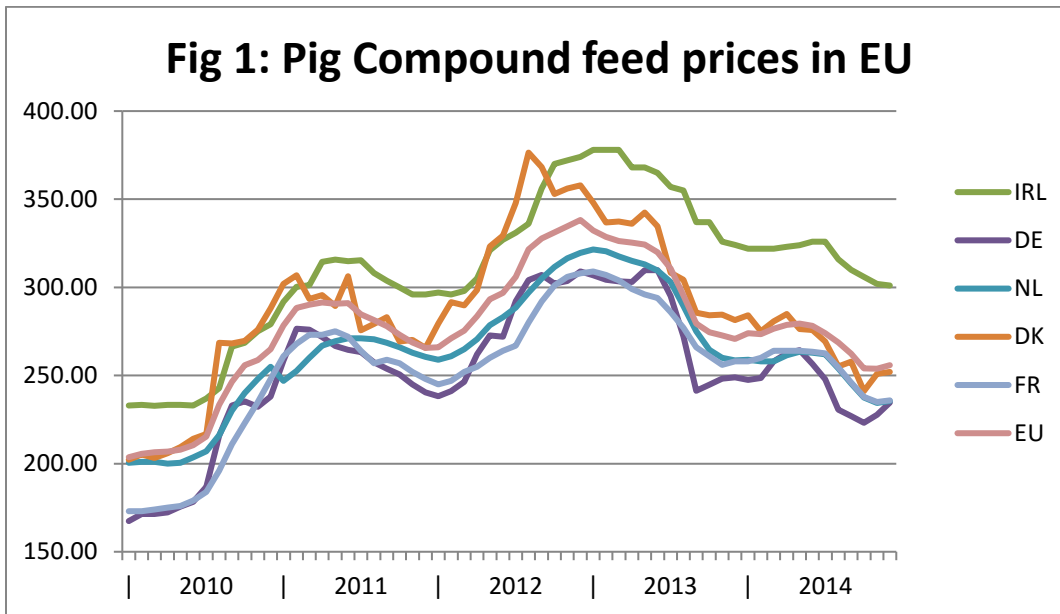
## Feed Prices

Ingredient prices quoted in table one are based on a standard formulation and not a least cost basis. Prices are submitted to Teagasc on a monthly basis from home millers. Quoted prices are ex-port and do not include milling costs.

	October 2015		12 month average
Ingredients	€/tonne	€/incl.	€/incl.
Wheat	170	68	77.70
Maize	189	37.80	39.50

Barley	158	28.40	31.40
Soya Hi-pro	372	70.70	80.30
Soya oil	748	5.20	5.80
Min/vits	826	19.0	20.50
Cost/tonne		<b>229</b>	<b>236</b>

IFA continues to meet millers and importers to negotiate fair compound prices for pig farmers. Since 2012 the differential between compound prices in Ireland and other major EU pig producing countries has increased exponentially. IFA will be raising this issue once again with importers in the coming weeks and demanding that this issue is rectified.



### Pig Prices

Current pig prices are ranging from €1.38-1.40/kg. IFA has met with all major processors over the past number of weeks to ensure farmers are achieving the maximum price affordable by the market. Processors report that the Russian ban remains to have a huge impact on prices. Export markets Asian market are helping to shift product. However, not at the same Russians would have paid. Emerging markets include Thailand, Japanese market has slowed. Australian market has been quite good this

such as the price as the Vietnam. year.

Country	Ave Wk 1-36	Wk 36 2015	Wk 36 2014
Netherlands	1.26	1.27	1.49
Belgium	1.30	1.30	1.54
Denmark	1.36	1.33	1.56
France	1.45	1.59	1.60
Spain	1.58	1.66	1.82
Germany	1.35	1.34	1.60
GB	1.70	1.78	1.83
Ireland	1.36	1.35	1.55

Eurex Futures	
Contract	€/kg
Sept 15	1.46
Oct 15	1.40
Nov 15	1.41
Dec 15	1.36
Jan 16	1.41
Feb 16	1.41

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-price; 79 % kO%, without VAT

## Slaughterings

Live pigs exported to the North for slaughter to date are back 3.4% year on year. Total slaughtering's in the South are up 7.1% up to week ending 28<sup>th</sup> August 2015.

Pig Throughput – Ireland meat export premises (head)			
	To date 2014	To date 2015	% Change
Finished Pigs	1,832,672	1,959,995	6.9
Total Sows/Boars	63,593	70,558	11
Total Pigs	1,896,265	2,030,553	7.1

Exports to Northern Plants (head)	
NI Exports 2015 (up to week end 22/08/15)	335,698
NI Exports 2014 (up to week end 23/08/14)	347,138
% Difference YOY	-3.4%

## Bord Bia

Representatives of IFAs National Pigs Committee recently met with Bord Bia CEO, Aidan Cotter to discuss the promotional activity carried out on pigmeat both at home and abroad. Chairman requested that given current difficulties pig farmers are facing there should be additional funds allocated to pigmeat promotions. Main proposals in relation to pigmeat promotions 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
- Cookery competition in catering colleges focusing on pigmeat dishes

### Bord Bia DNA Results

Bord Bia carry out monthly sampling of pigmeat products at retail level that carry the Quality Assurance logo. Results of sampling carried out from January to September are detailed below.

Month	Samples Taken	No of Meat Plants Sampled	Non assigned Samples	Non Assigned Sample Type
Jan	92	11	4	3 (Back Rasher), 1 (Back Bacon)
Feb	95	8	15	2 (Bacon Medallions), 6 (Bacon Joint), 2 (Cooked Ham), 3 (Back Rashers), 1 (Bacon Chop), 1 (Back Bacon)
Mar	96	9	7	2 (Bacon Rashers), 4 (Bacon Joints), 1 (Pork Chop)
Apr	95	7	2	2 (Back Rasher),
May	94	8	4	2 (Back Bacon), 2 (Cooked ham)
Jun	94	7	3	2 (Back Rashers), 1 (Medallions)
July	94	10	0	

Aug	93	11	3	1 (Stir fry), 1 (Back Rasher), 1 (Pork Chop)
Sept	95	12	5	3 (Back Rasher), 1 (Cooked Ham), 1 (Pork Chop)

## Imports

Pigmeat imports are back 11% year on year for the period January – June. Imports have dropped significantly from the following countries: UK (-14.6%), Denmark (-42.6%) and France (-19.6%).

## Exports

Pigmeat exports have increased 12.5% year on year from the period January – June. Exports to the following countries have increased significantly during the first 6 months of 2015: UK (+13.5%), China (+27%), Germany (+56%) and the US (+37%)

## IFA/Teagasc Joint Programme

This month also saw Emer McCrum take up her role as Specialist Pig Development Officer based at Ballyhaise, to fill the vacancy left following Seamas Clarke's retirement. A number of PhD students and a Post-doctoral researcher have begun or are due to begin working on various projects within the department.

The Teagasc Pig Farmers' Conference 2015 took place on Tuesday 20th of October at the Cavan Crystal Hotel, Cavan and on Wednesday 21st of October at the Horse & Jockey Hotel, Tipperary. There were over 300 people in attendance at this year's events, which proved to be very popular. This year there was a more technical focus

### Ballyhaise Pig Unit

Proposal by Teagasc to close the Ballyhaise pig unit. Serious concern for producers as this is the last remaining Ag College with a pig unit. Concern among pig farmers that the emphasis is on dairying in Ag colleges and there will be nowhere to train students entering the pig industry. IFA has written to Gerry Boyle outlining these concerns. IFA is dissatisfied that this decision was made without any consultation, even though we are in a Joint Programme. **The importance of maintaining this facility in Ballyhaise as a training unit for students needs to be emphasised.**

### Pig Production Course

The current course available under the Joint Programme is only useful for stockmen. **There needs to be a follow on from this course with more focus on senior managerial role on pig farms.**

### Education

**There needs to be a greater emphasis on pigs in both second and third level college.** Concern that the emphasis is on dairy farming and students are not being encouraged to enter into the pig industry. These needs to be addressed urgently as there is a growing concern among farmers in relation to the availability of adequately trained personnel for the pig sector.

## Training manual

There was a request by IFA in January 2015 for a **training manual for employees** but still no update from Teagasc. This needs to be raised again with the group and followed up on by Teagasc immediately.

## Research trials

View among committee members that Teagasc research should be more focused on trials that can deliver economic benefit to farmers. **More practical research that can be applied at farm level should be the main focus.**

All farmers supplying organic manure (includes pig, bovine, sheep, or poultry manure) produced on their farms to other farms are required to submit records to the Department of Agriculture, Food and the Marine before December 31st. This is requirement of the “nitrates” regulations (EC Good Agricultural Practice for Protection of Waters Regulation of 2014 - SI 31 of 2014).

Record 3 Form (available from DAFM website) must include details of:

- Total volumes of manure taken from your holding by each farmer
- Herd number and address of recipient
- Total nutrients of manure exported (i.e. Nitrogen and Phosphorus),
- Signature of recipient farmer and “exporting” farmer confirming that the details are correct

**This must be submitted before 31st of December, 2015.**

## **Discussion Groups**

We currently are looking to set up an additional discussion group in the Kerry-Limerick area. There are currently several groups underway throughout the country that have proved to be extremely successful, with farmers finding them very beneficial. If you are interested in joining this group please contact your local advisor.

## **APS**

The secretariat was informed that the Commissionaire of agriculture will once again commit to the opening of private storage scheme during the Agri Council meeting of 16<sup>th</sup> November. He is expected to present the first lines concerning the details of this scheme, including the eligibility list, aid rate, and date of enforcement. We understand that the Commission services are studying the option to open the PSA on 4<sup>th</sup> January, but we hope that final decision concerning the date of enforcement may yet be open for discussion. **Therefore it is very important that the different Ministers of Agriculture could support the request of the WP on pigmeat to open this scheme in early December.**

**Therefore we would like to ask you to contact your national administration and lobby according to the position of the working party on pigmeat (see below).**

For your information, the president of Copa will debrief the Presidency immediately before the council meeting. In addition the secretariat will prepare a letter to be sent to the Commission taking in account the council conclusions. This letter will be circulated to the WP beforehand.

## **Background:**

We believe that without any perspectives for the Commission to agree on the export certificate with the Russian Federation, the sector can no longer wait and should be immediately supported. Taking in consideration the Commissioner commitment in the Council of 7 September, and given that the pigmeat sector was not given any other short term tool, we ask for an effective implementation of Private Storage Scheme (PSA) as soon as possible. Given the current market situation, this measure should be implemented no later than early December which is considered the best timing for the most efficient PSA. If the enforcement is delayed, the short term sustainability of most of the pig farming will in danger and many producers will continue to be thrown out of business.

From the €500 million package announced, only a very small fraction was allocated to support the pigmeat sector. Consequently, since 14 September the EU average price for pigmeat has been falling for more than 8 consecutive weeks in a row (by -6% to -10%). The weekly EU price for pig carcasses is currently well below (+- € 0.12) the 5 years average price (2010-2014). This will certainly be aggravated by the traditional low season in the pigmeat market in the November to January, where historically the price evolution reaches the lower prices of the year.

The Commission proposal yet to be drafted to open classical private storage scheme (PSA) for pigmeat should learn from previous experiences. We recommend that it should focus on products with export potential in order to avoid that the stocked products would return to the market and include fat, lard products (0209) and by-products (0206). The reference of amount of aid of the PSA scheme in March-April 2015 was too low, which contributed to hinder the full success of the measure. This scheme should include the flexibility for the operator to destock after 2 months with a proportionate reduction in the compensation. If the product is intended for export, there should be no penalisation. The advance notification of this measure would provide enhanced market transparency to the operators in the pigmeat sector to program business decisions.

## EU Crisis Fund

### €13.7m fund from EU

Ireland has been allocated €13.7m out of a total EU budget of €420m, targeted to support dairy and pig farmers. Each Member state is given the option to provide 'complementary national aid'. IFA is requesting **government top-up of €13.7m**, providing a total budget €27.4m.

### **Difficulties in the pig sector**

Irish pig farmers are in a serious loss making situation. Margin over feed in the pig sector for past 12months (July 2014-2015) is 43c/kg, and the average margin over feed for the past 5years (2010-2014) averaged 44c/kg. Pig farmers need 50c/kg margin over feed to break even and this figure does not account for depreciation or interest on repayments

### **Proposal**

- Funds allocated based on Gross Agricultural Output (GAO)
- Pigs account for 8% of total GAO and therefore an allocation of **18.5% of total funds** to be allocated to pig farmers



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