



Pork producers worldwide sustaining unprecedented losses

Joint Media Release by:

Canadian Pork Council, British Pig Executive, South African Pork Producers Organisation, New Zealand Pork Industry Board, Australian Pork Ltd, Nederlandse Vakbond Varkenshouders (Dutch Union of Pig farmers), French Porcine National Federation

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Pork producers attending the 4th International Meat Secretariat (IMS) World Pork Conference in Nanjing, China, have expressed concern at the state of the pork production industry worldwide. In particular, producers emphasized the cost of production rises that are facing the industry and believe that immediate lifts in wholesale and retail prices, and producer returns are required for industry survival.

The most significant issue is that of feed costs, for most producers feed costs represent more than 70% of pork production costs. Worldwide grain prices have more than doubled as a result of poor harvests associated with difficult climatic conditions, but the most significant impact has been caused by the massive growth in demand for grain to produce biofuels, and in many countries there are significant biofuel subsidies which are further fueling this demand.

Producer delegates spanning four continents ^[1] recounted that they are currently carrying substantial losses on every pig produced and given this scenario, that there is already a large number of producers leaving the industry and more will follow. Producers are looking at all options to increase efficiency, but in the short term, those efficiency gains will fall far short of what is required to stop the significant losses occurring.

Producers see two possible scenarios unfolding. Firstly, a significant drop in production worldwide due to producers exiting the industry, followed by a dramatic increase in wholesale and retail prices, well above current levels as has been observed in China over the last year.

The second scenario is to work with consumers, the food service sector, and retailers to increase prices paid to producers now. Increasing prices to producers now, would allow production to be maintained, and would mean that wholesale and retail prices would not need to increase so greatly in the medium term. This scenario appears to be the best for all

parties. Consumers will still have pork available at reasonable prices, the food service sector and retailers will be able to satisfy their customers with adequate supplies, and farmers will be able to continue in business.

Producers are calling on consumers, the food service sector and retailers to provide that support immediately, and will be talking to retailers in their respective countries to explore how this can be done.

[1] Canadian Pork Council, British Pig Executive, South African Pork Producers Organisation, New Zealand Pork Industry Board, Australian Pork Ltd, Nederlandse Vakbond Varkenshouders (Dutch Union of Pig farmers), LTO Netherlands Dutch Organisation of Agriculture sector Pig farming, French Porcine National Federation, FNP

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