

Prospects for pig farming in Europe - Challenges and opportunities

Robert Hoste

Pig Production Economist

LEI, part Wageningen UR, the Netherlands

September 2010

World population growth is increasing steadily. It is predicted that by the year 2050 there will be 9.1 billion people on the earth. This will be accompanied by growing affluence for many. It is an established fact that rising incomes go hand in hand with an increase in meat consumption, though this development is not unlimited. In the meantime there are countries - especially in North-Western Europe - that do not have meat on the plate every day. And the number of consumers who want to eat less meat or are even tending towards vegetarian diets is increasing too. However, world demand for meat is rising, together with meat production. In 2006 the OECD expected that the demand for pork would increase by 14 percent up to the year 2014. At the same time feedstuffs became scarce and expensive. Between autumn 2006 and summer 2008 feed prices increased by 50 percent. This situation was exacerbated by growing demand in the area feed-food-fuel.

Production efficiency has risen

It is becoming clear that efficiency in production must increase in order to keep feeding the world. Yet not only does efficiency have to rise in future, it has already risen in pig production, as the development in real prices shows. Nominal prices have hardly changed in recent decades. In 1965 the equivalent of about 1.14 €/kg slaughter weight was paid for a slaughtering pig. However, real prices have indeed changed - by present-day values about 3.09 €/kg. Viewed in the long term, the development of market prices is a good indicator of pig production costs. Consequently the development of real prices points to a strong improvement in efficiency. However, there are substantial differences in performance even among the countries of North-West Europe, both between countries and between farms. For example, the slaughter weight production of piglets per sow and year varies between 1608 kg in the United Kingdom and 2279 kg in the Netherlands, and is even as high as 2681 kg in the special husbandry system in Italy.

Further improvements in efficiency possible

With performance levels like those in the Netherlands for example, 44 percent fewer pigs would be necessary worldwide to achieve the same production (in tons slaughter weight). In particular improved feed efficiency would make distinct savings in feed consumption possible. Further potentials for savings exist in the processing chain from farm to fork. These lie in better coordination between the participants in the

chain and better utilisation of all parts of the carcass, in the canteen or the domestic kitchen and on the plate. Thus it does indeed seem possible to increase world pork production without any higher environmental burden resulting. However, this necessitates innovation together with further thinking in terms of efficiency and good management.

Production costs vary widely

Production costs vary very widely from farm to farm. In a representative random sample of Dutch farms surveyed in the year 2006, average production costs of 1.39 €/kg slaughter weight were calculated. Leaving out the best 10 percent and the worst 10 percent still reveals a difference in production costs of 26 Cents. With 1000 fattening places, that amounts to € 71,000 a year per farm. The individual underlying performance parameters also display major differences. All these details point to further opportunities for boosting efficiency. 'Tomorrow's producers already manage better than average today'

Taking consumer wishes into account

A survey addressing the image of meat conducted among 800 Dutch consumers revealed that the following aspects are more likely to be assessed positively: can be bought everywhere, broad range, tasty, can be used in many dishes, tender, good quality. Consumers were more likely to assess the following attributes negatively: exclusive, kept in line with animal welfare requirements, without hormones, produced in environment-friendly fashion, healthy, lean. The selling price was given a middling rating. This results in the following picture:

- a) There are still challenges in communication.
- b) The price does not represent the main problem.
- c) It appears possible to achieve added value on the sales side, at least for part of the market.

In the pork production chain it is important to satisfy consumer wishes, namely:

- a) Convenience (can be prepared quickly, is available in supermarkets, pre-packaged).
- b) Keeping qualities (thanks to appropriate packaging).
- c) Safety: no (?) risk, bacterial count, Salmonella.
- d) Experience: eating is not a question of filling stomachs, but instead an experience; to be designed attractively.
- e) Sustainability.

Tackling animal welfare issues proactively

The triad 'People, Planet and Profit' is often mentioned in discussions on sustainability - the three aspects should be in harmony with each other to allow sustainable production. However, the animal itself is not

addressed here. That is why it is necessary to build a pyramid with space not only for People (protection of workers and the population), Planet (environmental protection) and Profit (economic protection for all participants in the production chain), but also for Pigs (animal welfare). The fact that animal welfare has attracted so much attention in recent years can be explained by the pyramid created by Maslov (1943). The citizens of North-West Europe are well developed and well fed. Many of them are even at the level of self-realisation and acknowledgement. Animal welfare and environmental protection are considered to be logical factors. This challenge for agricultural production is retained as long as people are well off financially. That is why the issue should be tackled pro-actively and advantages ought to be drawn from it. However, it is also important not to turn the independent farmer as primary producer - who is often in the weaker position in negotiations - into a scapegoat. After all, without farmers there would be no production. That is why initiatives such as those in the Netherlands, where farmers are rewarded for special animal welfare inputs, are a good thing. They foster understanding and point up prospects for future developments. 'Europe's pork industry will only survive if the four Ps (people, planet, pig, profit) are satisfied and balanced completely.'

<http://www.lei.wur.nl/UK/>