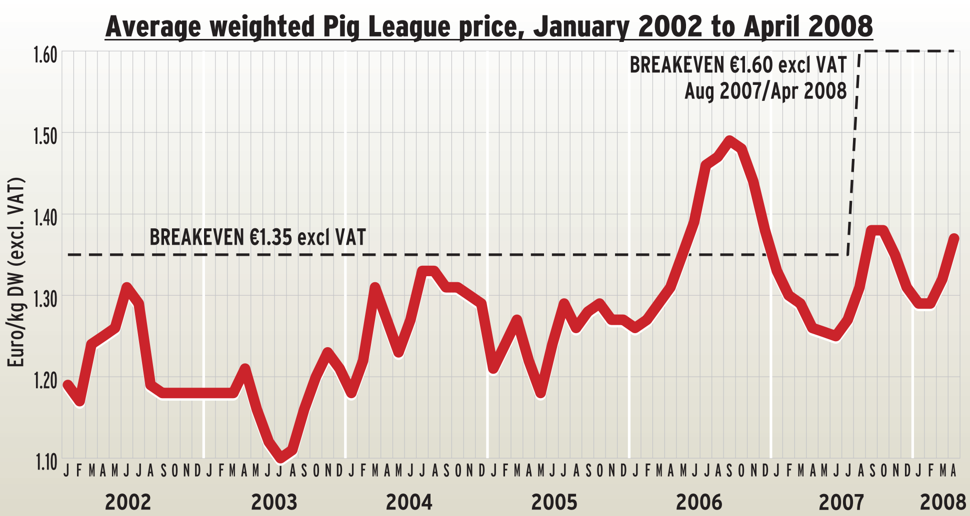
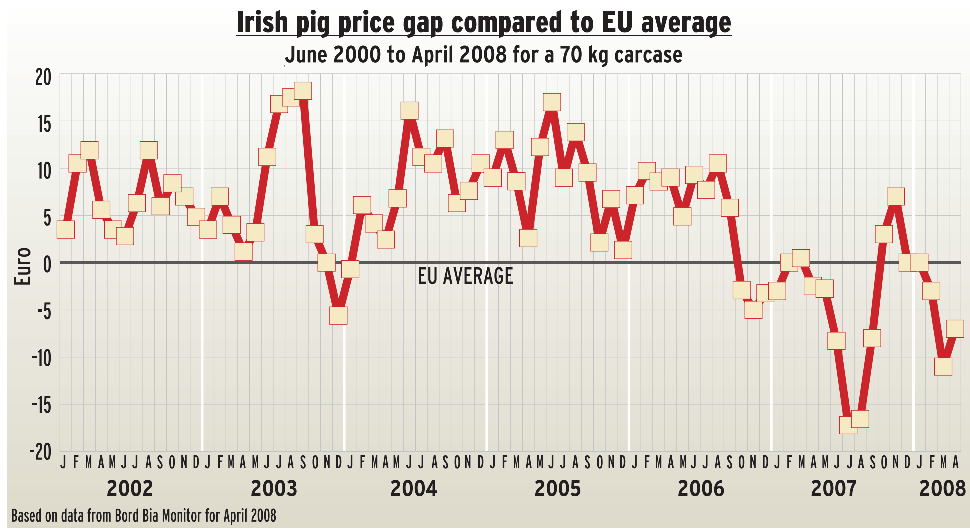




EU prices rising

– Irish processors finding excuses

AMII CAHILL*

The weighted average for the April pig league was €1.37/kg. This reflects the minor increases that were achieved at the start of the month and the fact that processors are passing back a cent or two to specific producers to secure supplies. Nothing changed in terms of ranking with Dawn at the top, followed by Staunton, McCarren and Rosderra.

The northern Irish kill was seen to creep back up over 9,000 pigs per week. Pigs from the north of the country came into ROI factories for slaughter for the first time this year in April.

There was a blip in EU prices at the beginning of the month, which stagnated prices for a two-week period. This situation has now changed with price increases secured week on week across the EU since and by the first week in May, the highest prices seen so far this year have been secured by EU producers. The EU average price in April (€1.43/kg) was 11.9% higher that the average price paid in April 2007.

Of the western pig producing states, Ireland recorded the lowest price increase compared to the EU average price increase at 7.6%.

Danish prices increased by 13.9%, Dutch prices by 13% and French prices by 12.8%. Although Germany, Spain and Belgium all experienced price rises less than the EU average at 11.2%, 10.4% and 10.5% respectively, these increases were still ahead of the Irish price.

EU pig production is reported to fall by 1.6%, following on from an oversupply of production in 2007. This oversupply of pigs in the EU has been the root of the problem for producers being unable to recover their increased costs of production. It is vital that the EU self-sufficiency figures fall back to within a manageable level for pig prices to rise sufficiently to return producers to profitability.

The Danish Statistics office has indicated that there has been a 3.5% drop in the Danish breeding herd since the April 2007 census. It is expected that the smaller producers in Denmark will exit the industry due to the income crisis.

APRIL 2008 PIGMEAT PRICE LEAGUE TABLE

Factory	Apr 08 per kg DW	Mar 08 per kg DW	Apr 2007	Apr 08 price as % of Apr 07	Est. share of national kill in each factory %
All prices quoted excl. VAT refund					
Divison No. 1 €1.34 and over					
Dawn	1.39	1.36	1.27	109%	21%
Staunton's	1.37	1.34			9%
Divison No. 2 under €1.31					
McCarren	1.36	1.31	1.26	108%	9%
Edenderry	1.35	1.31	1.24	109%	16%
Roscrea	1.35	1.31	1.31	103%	33%
Weighted average	1.37	1.32	1.26		
Green Pastures	1.38	1.34	1.34		5%
Ballon	1.39	1.33	1.33		1%
Garbally	1.37	1.33	1.33	103%	4%
Northern prices					
Cookstown	1.41	1.37	1.37	103%	
Grants	1.39	1.36	1.36	102%	
Cullybackey	1.40	1.36	1.36	103%	

What have the chicken processors done to stay in profit?

THE *Farmers Journal*, a number of weeks ago, made reference to the fact that the chicken meat processors have had much more success in recovering the increased feed cost from the market place than the pigmeat processors.

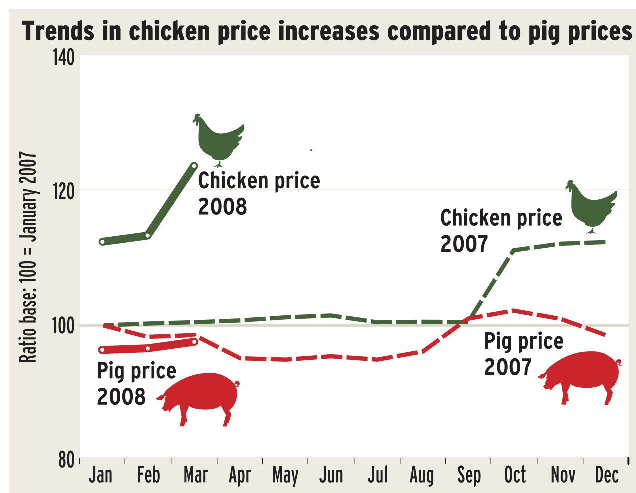
Due to the integrated nature of the poultry industry, the processors are responsible for the supply of feedstuffs to their producers.

It is, therefore, the processor who benefits in a time of feed plenty and ultimately suffers when feed is scarce or expensive. Suffice to say when the price of feed began to rise in autumn last year, the price of chicken started to rise in response.

It seems that processors need to feel the pain themselves before they are effective in protecting their own interests or that of their suppliers.

It is time that the pigmeat processors made a more positive effort to recoup the feed price increases for the pig producer.

*Amii Cahill is Executive Secretary of the IFA National Pigs and Pigmeat Committee



How will the WTO affect pig producers?

EU pigmeat production is protected to some extent by the present level of import tariffs but protection for pigmeat is not as high as that for beef and some dairy products.

Should the WTO agreement be accepted in its current format, the following cuts will be made on the import tariffs (**Table 1**). This will inevitably make the product coming from outside the EU cheaper than EU product and will, therefore, increase the volumes traded.

The EU has the option of claiming sensitive product status for a limited number of products, and certain pigmeat products are being considered for this status. The proposed deviation of one third of the existing tariff (approx 20%) will not be sufficient, however, to protect pigmeat products. To be considered for this status, the EU would have to accept 200,000 tonnes of tariff rate quota where the import tariffs would be nil. Currently, imports from Brazil are not allowed due to the Brazilian animal health status but this could change in the future.

Table 1: EU import tariffs for pigmeat

Product	Current tariff €/tonne	Proposed cut (falconer draft)	New tariff rate €/tonne
Fresh or chilled			
Carcases and sides	536	57%	230
Hams	778	57%	335
Boneless cuts	869	57%	373
Frozen			
Frozen hams	778	63%	288
Frozen boneless	869	57%	374
Prepared pigmeat			
Hams and cuts	1,568	57%	674

EU pig feed prices compared

MICHAEL A MARTIN
SPECIALIST PIG DEVELOPMENT OFFICER, TEAGASC

THE average cost of pig feed in the main pig producing countries in the EU in 2006 was about 65c per kg carcase weight.

However, in Ireland, the feed cost per kg was significantly higher at 80c.

Much has changed with the price of pig feed since 2006. The rapid escalation in pig feed prices since the middle of 2007 has made pig production highly unprofitable, not alone in the EU, but throughout other major pig producing countries, including Canada and the US.

Pig feed prices in the main EU pig producing countries have risen sharply but less so in Ireland and the Netherlands than in other countries (**Table 2**).

Much of the 15c/kg dead weight differential in feed costs between Ireland and other EU countries that existed in 2006 had been eliminated by February/March 2008.

Table 2: Increase in pig feed price and current feed cost per kg carcase

Country	Latest data	Increase in composite feed price compared to '06 average (€ per tonne)	Feed cost per kg carcase Feb '08
Austria	Feb	132	122
Belgium	Mar	97	108
Denmark	Mar	123	111
France*	Jan	111	109
Germany	Mar	124	113
Britain	Mar	81	103
Ireland	Mar	89	114
Netherlands	Mar	95	97
Sweden	Feb	100	103

Source: InterPig March 2008