



Crowne Plaza Northwood, Dublin

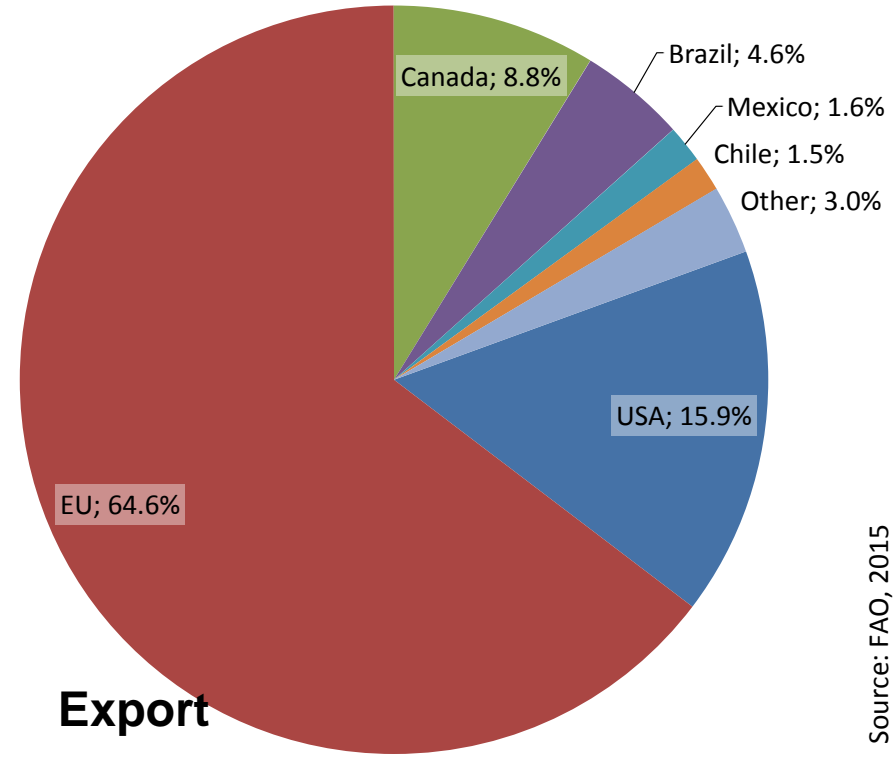
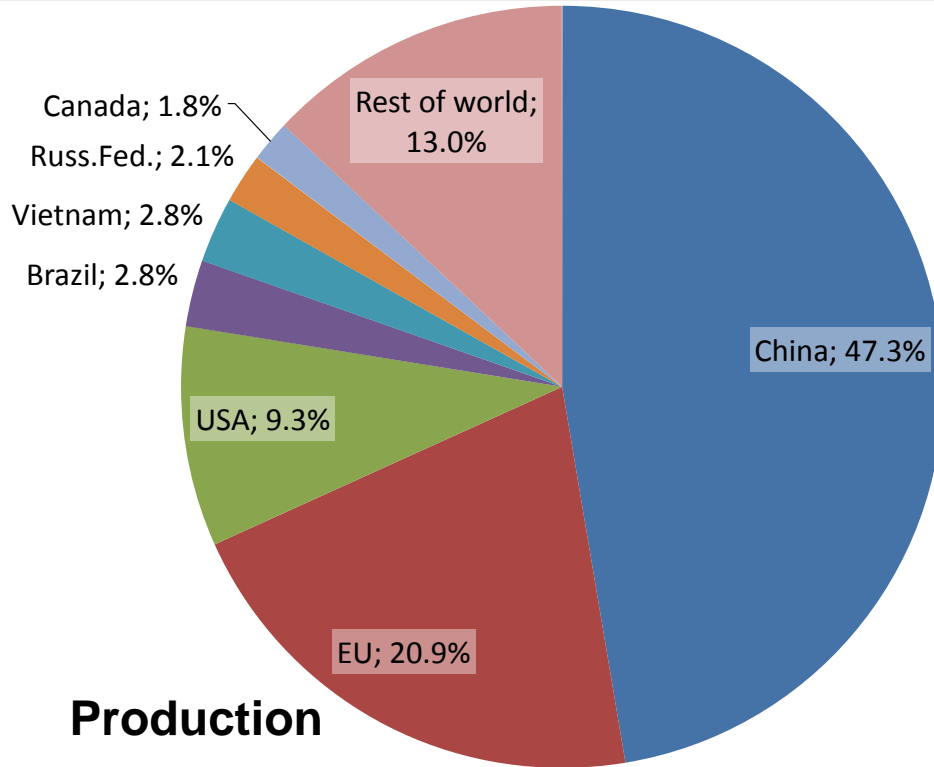
25th - 27th May 2016



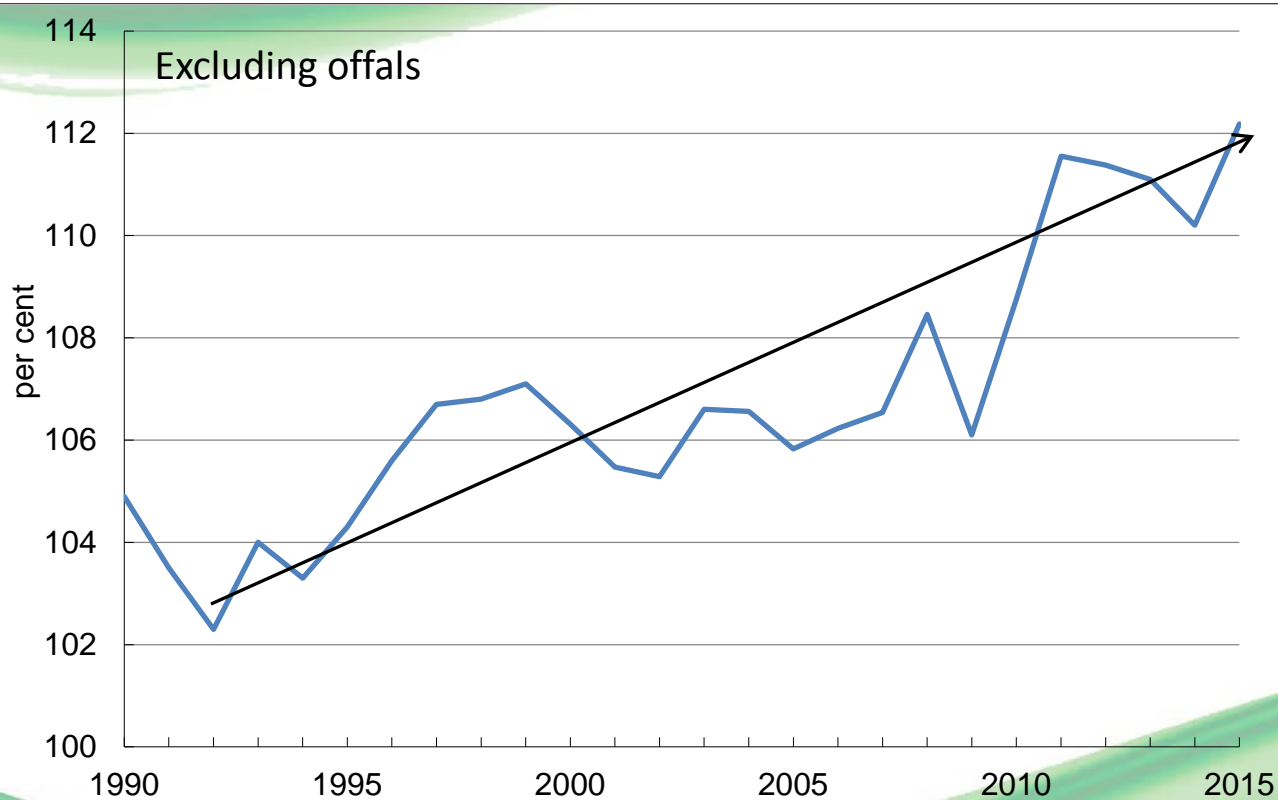
**Robert Hoste, pig production economist
LEI Wageningen University and Research**

The future of EU Pig production in a global perspective

EU relevant player in pig Production and Export



Increasing EU self-sufficiency in pig meat

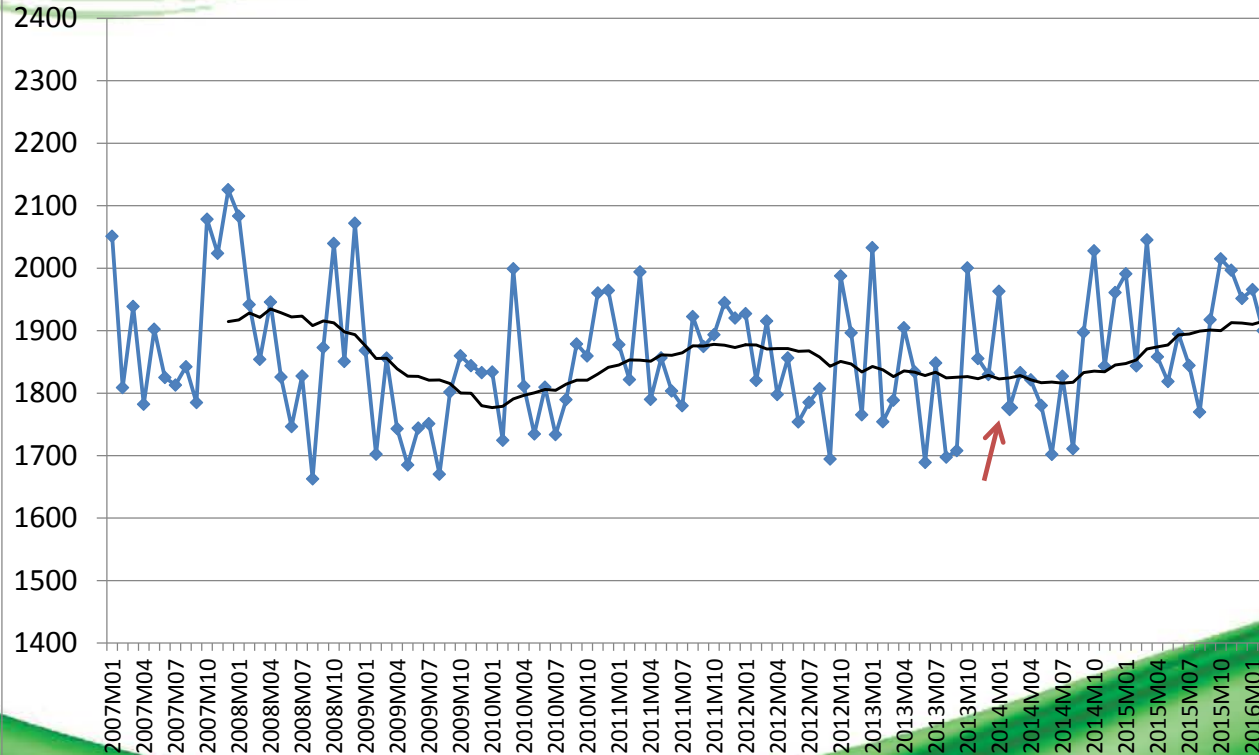


Source: Eurostat, FAO, BPEX

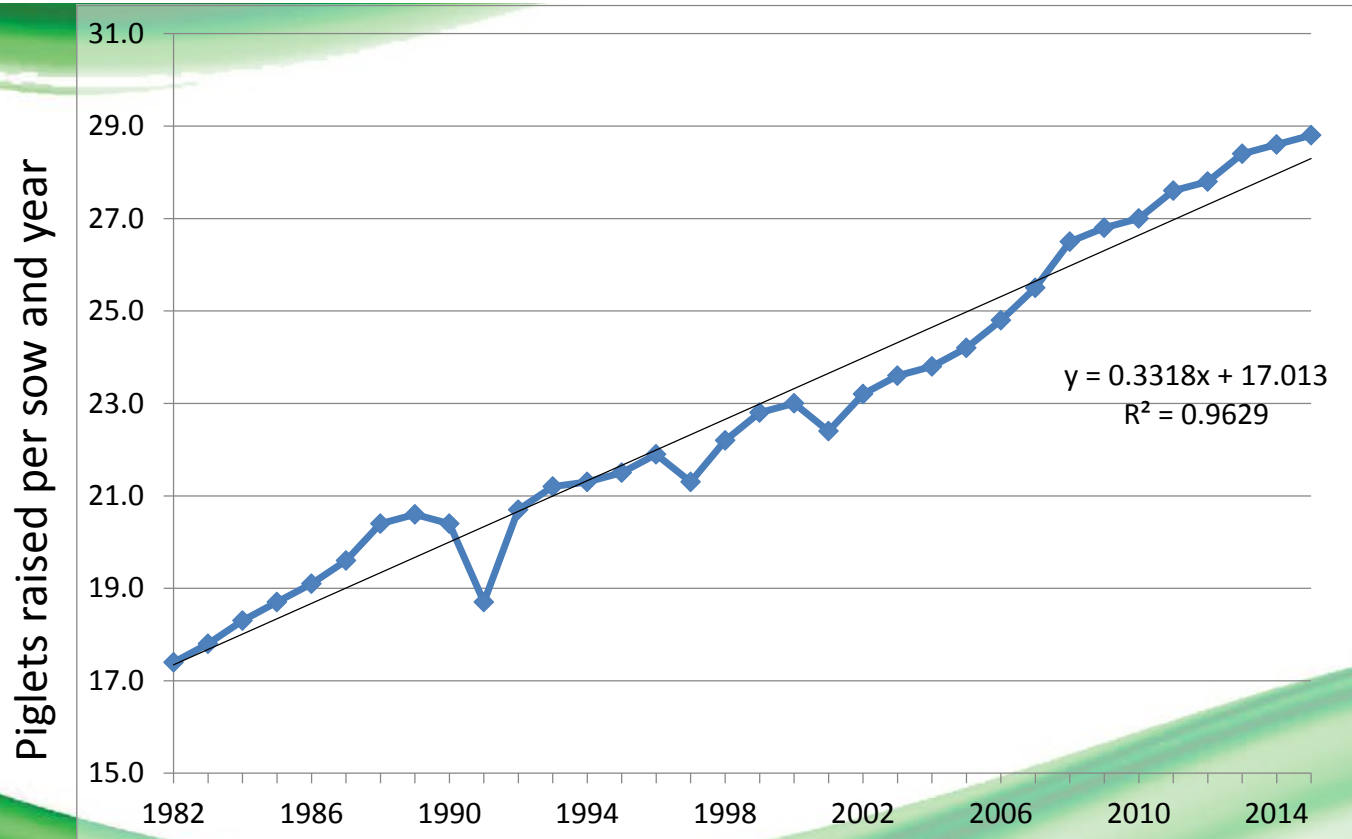


Fluctuating EU pig meat production

Monthly pig production: slaughter weight (1000 ton/month)

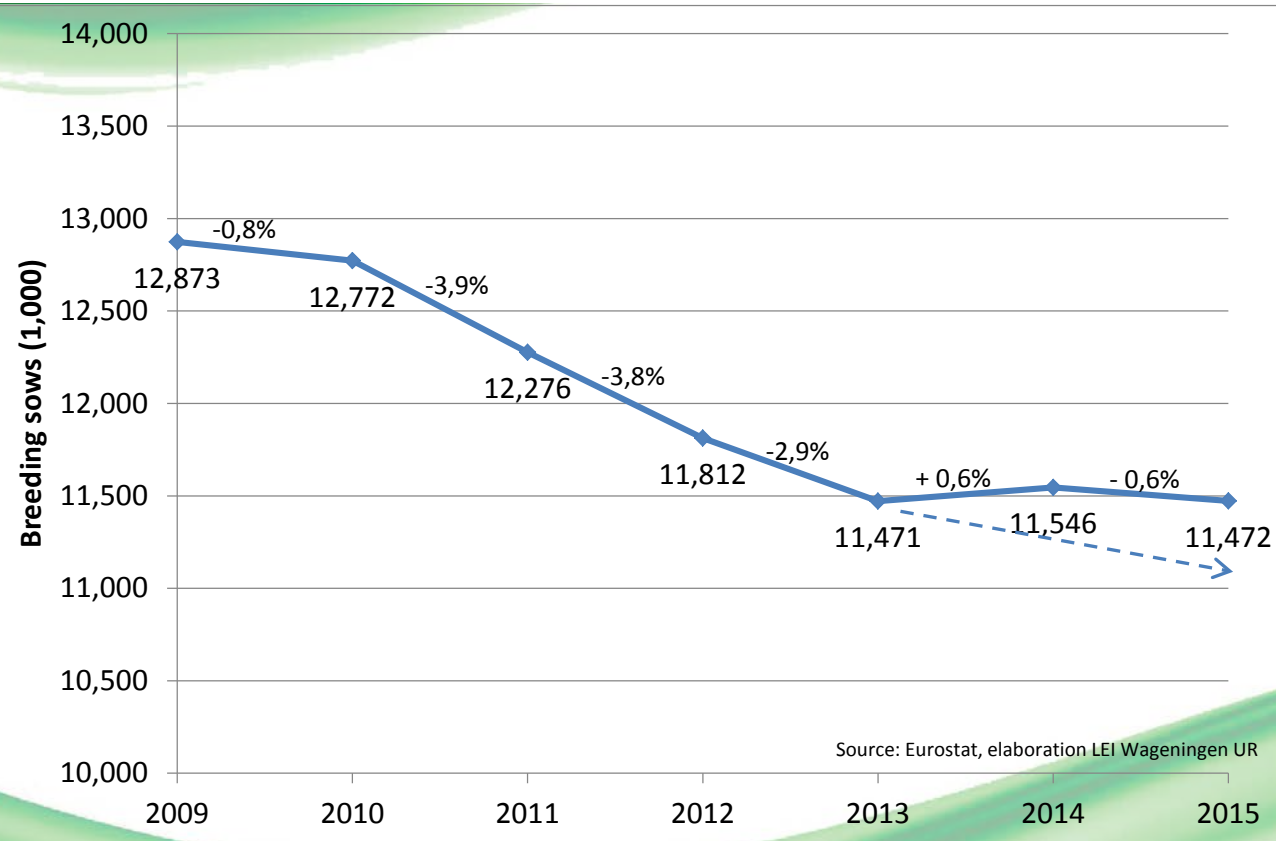


Continuous performance increase





Development of EU sow numbers

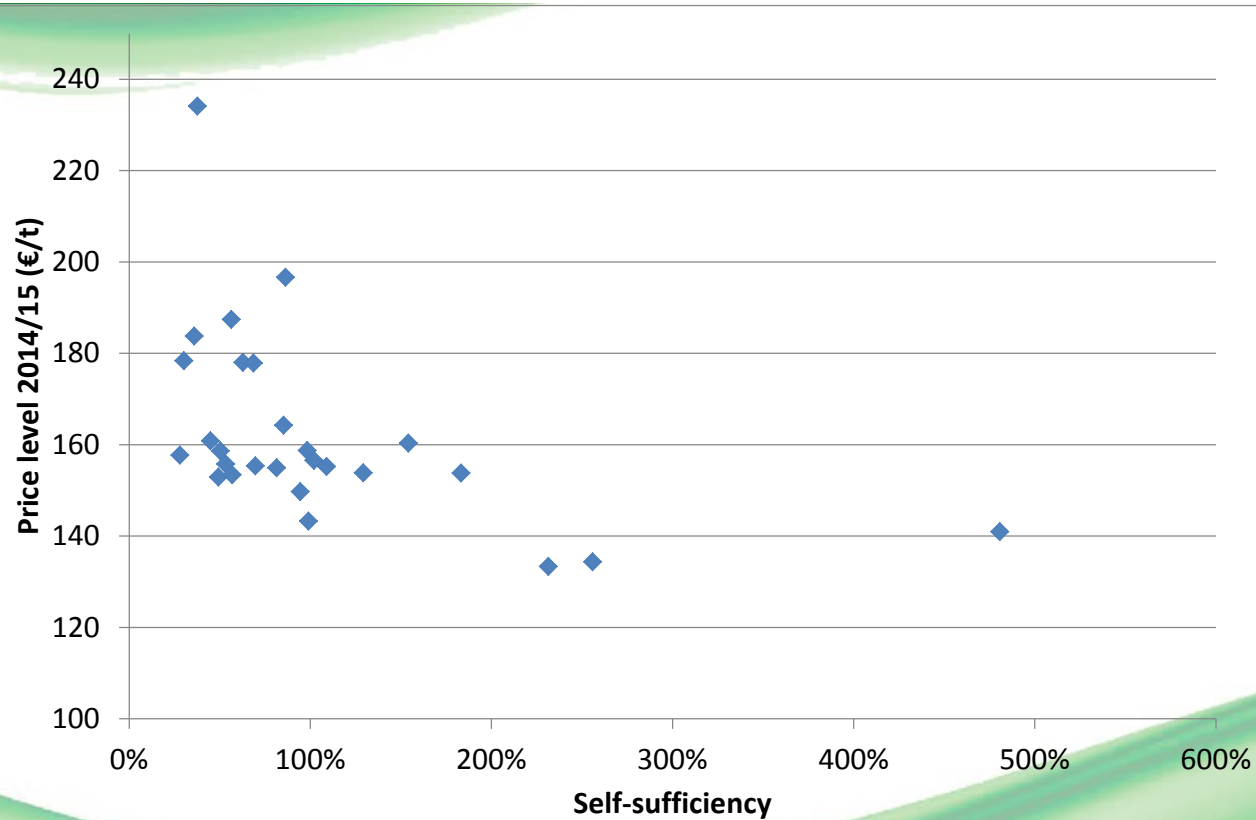




**Need for annual reduction of EU sow numbers
of about 2 or 2.5%
for constant production**



Degree of self-sufficiency related to price level





Export to 3rd markets promising or risky?



Increasing risks



Open borders

- Influence on market price
- Protectionism
- Risks of spreading diseases

Influence of oil price →

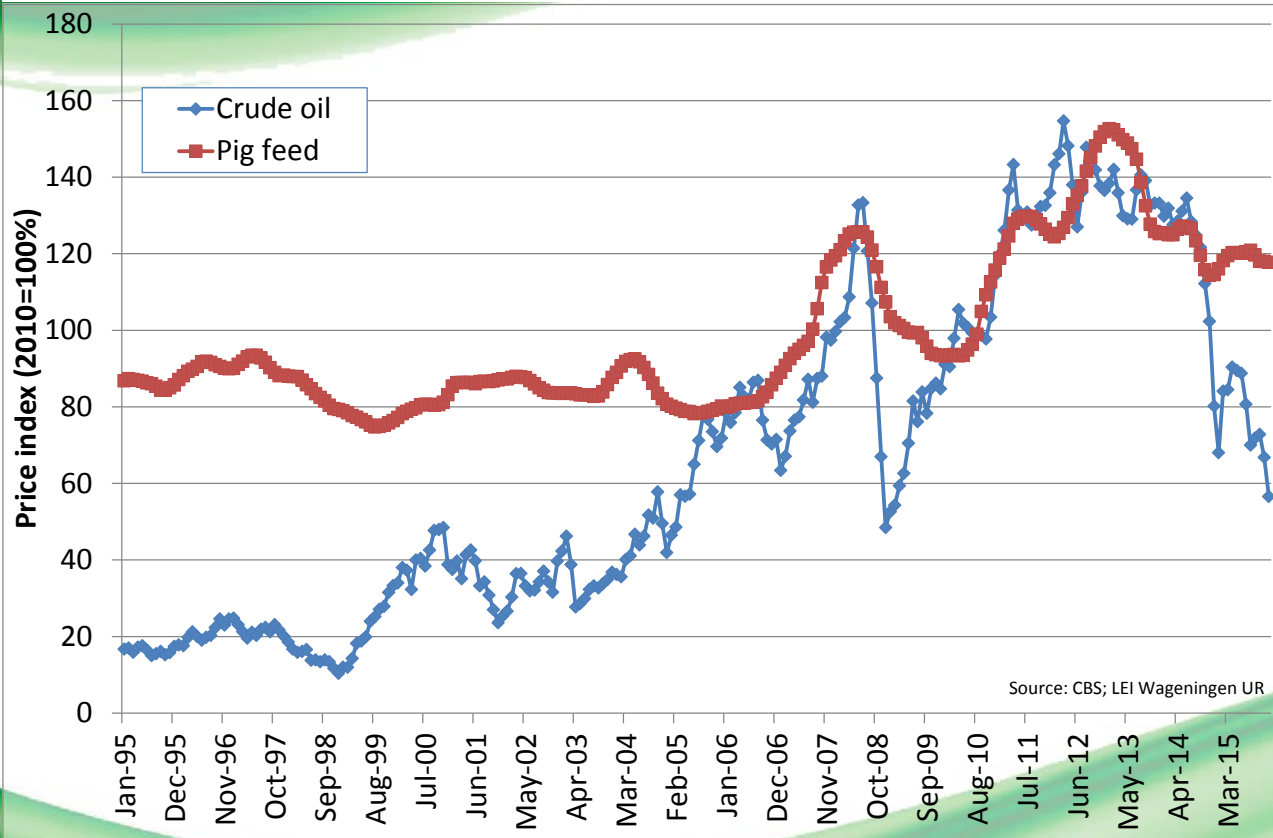
Currency exchange ratio's →

Industrialisation vs. family farms

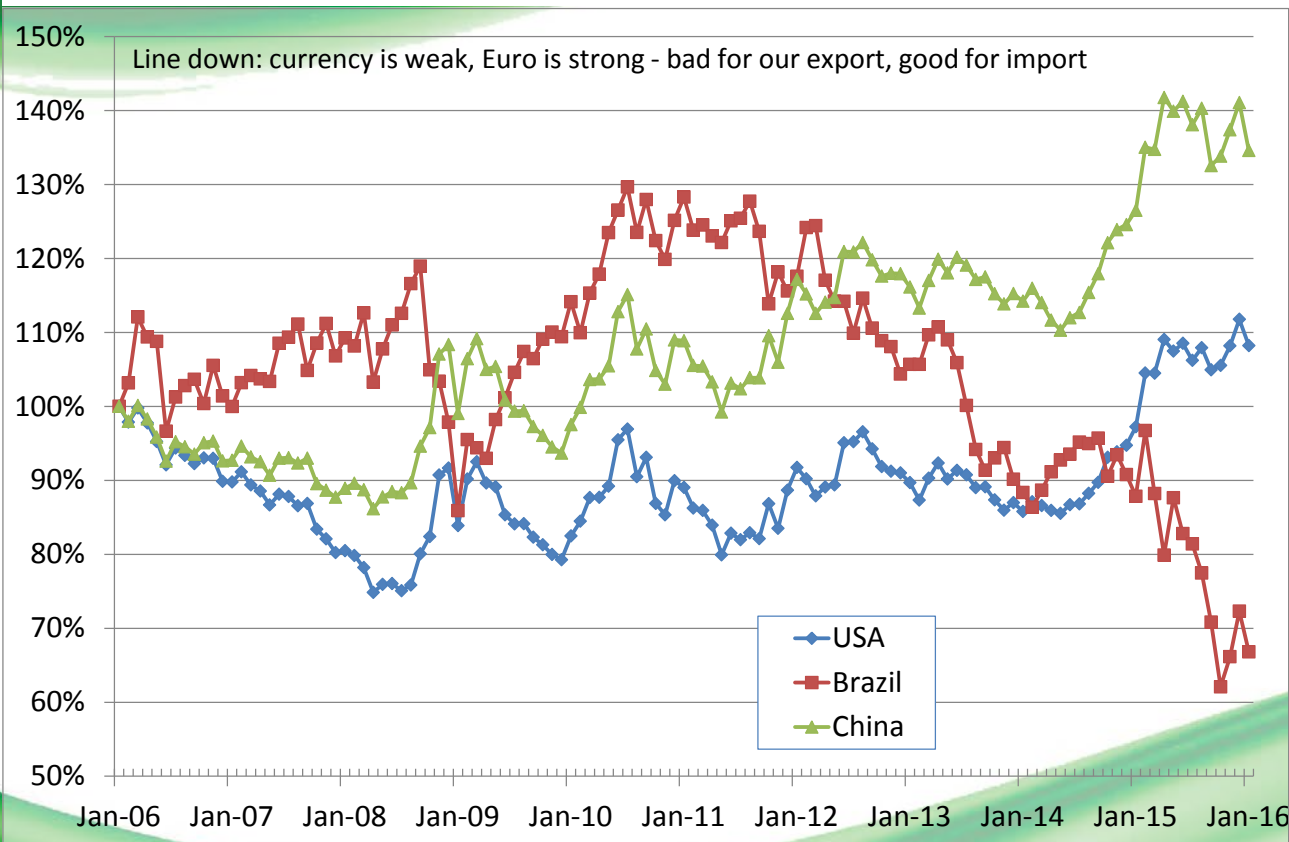
'Agrophobia'



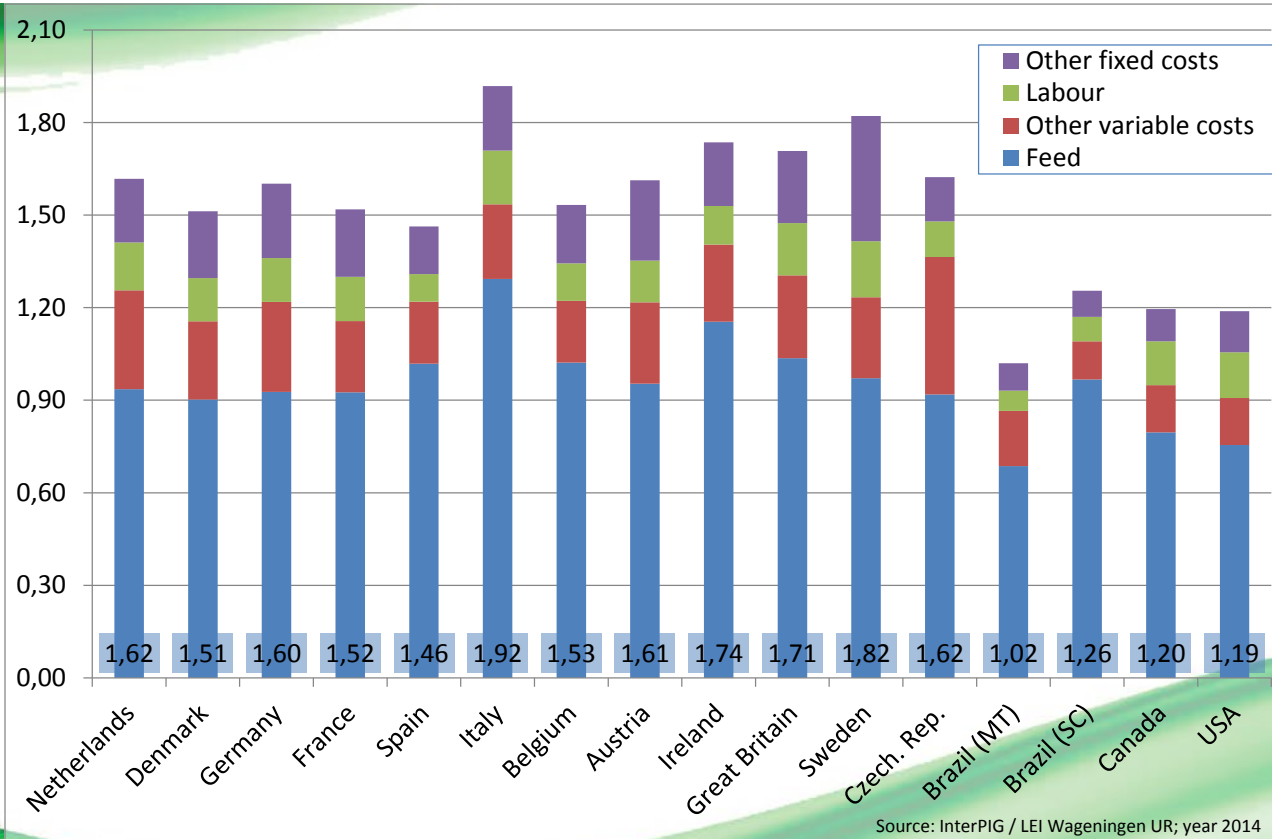
Feed price partly related to oil price



Currently rather weak Euro is positive – for now



Production cost comparison



Source: InterPIG / LEI Wageningen UR; year 2014



Suggestions



1. Be reluctant to increase exports to 3rd markets
2. Improve entrepreneurship
3. Increase financial buffer (rather than farm size)



Critical success factors

1. Human factor
Farmers' person
Staff

2. Farm
Farm structure
Farm size
Use of MIS

3. Coop among farmers
Cooperation and info exchange
Sector structure

4. External inputs and influences
Animal health
Feed availability
Services
Capital availability
Risk management

Profitability
Revenues
Performance
Production cost

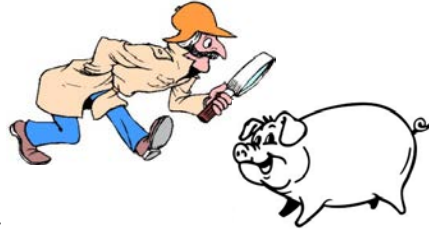
6. Society, gov't and consumers
Societal demands
Consumer demands
Governmental attitude

5. Supply chain
Market price
Market concepts
Chain cooperation

Different personal skills at the farm

Stockman:

- Animal focus
- High animal performance



Manager:

- Process control
- Measuring
- Knows the correct figures



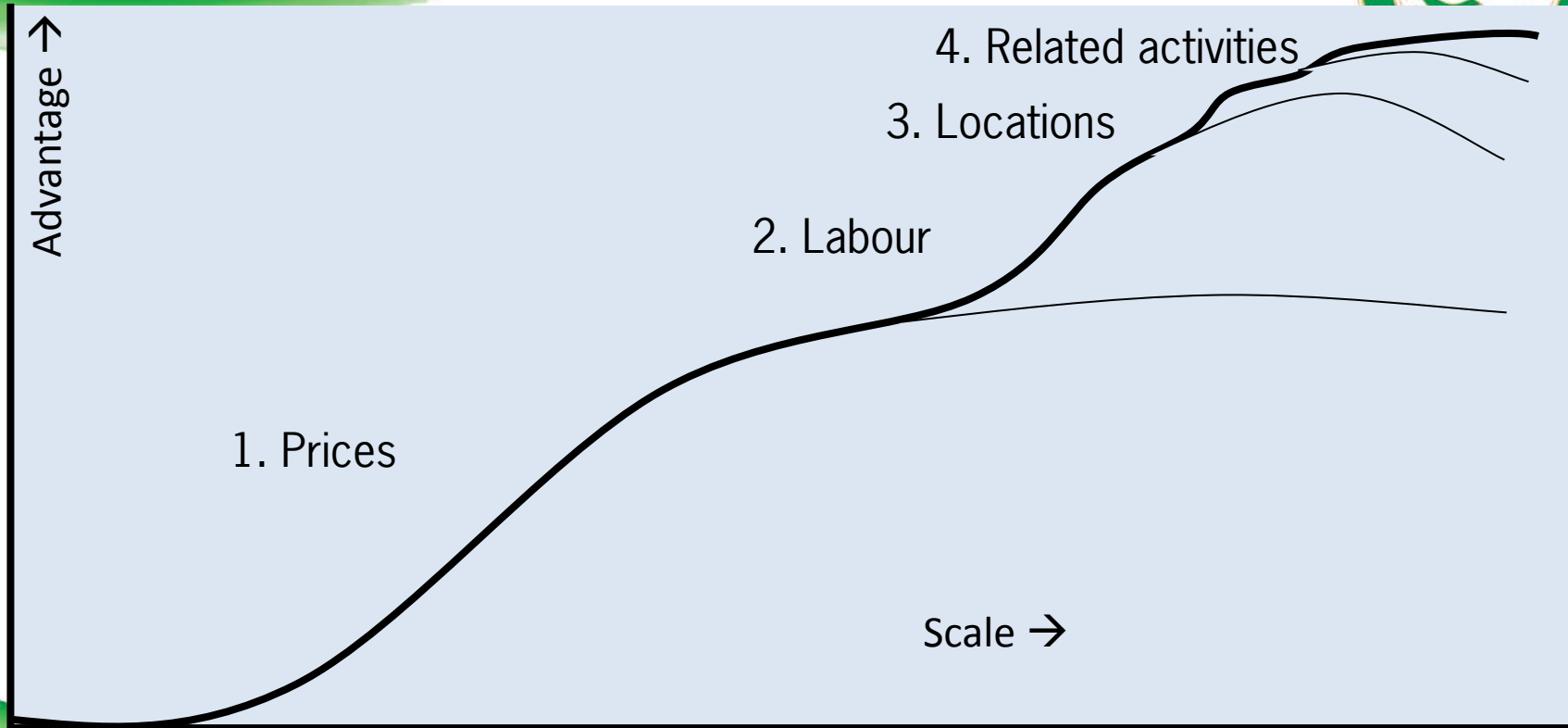
Entrepreneur:

- Long term view
- Looking abroad
- Bargaining
- Risk is matter of life

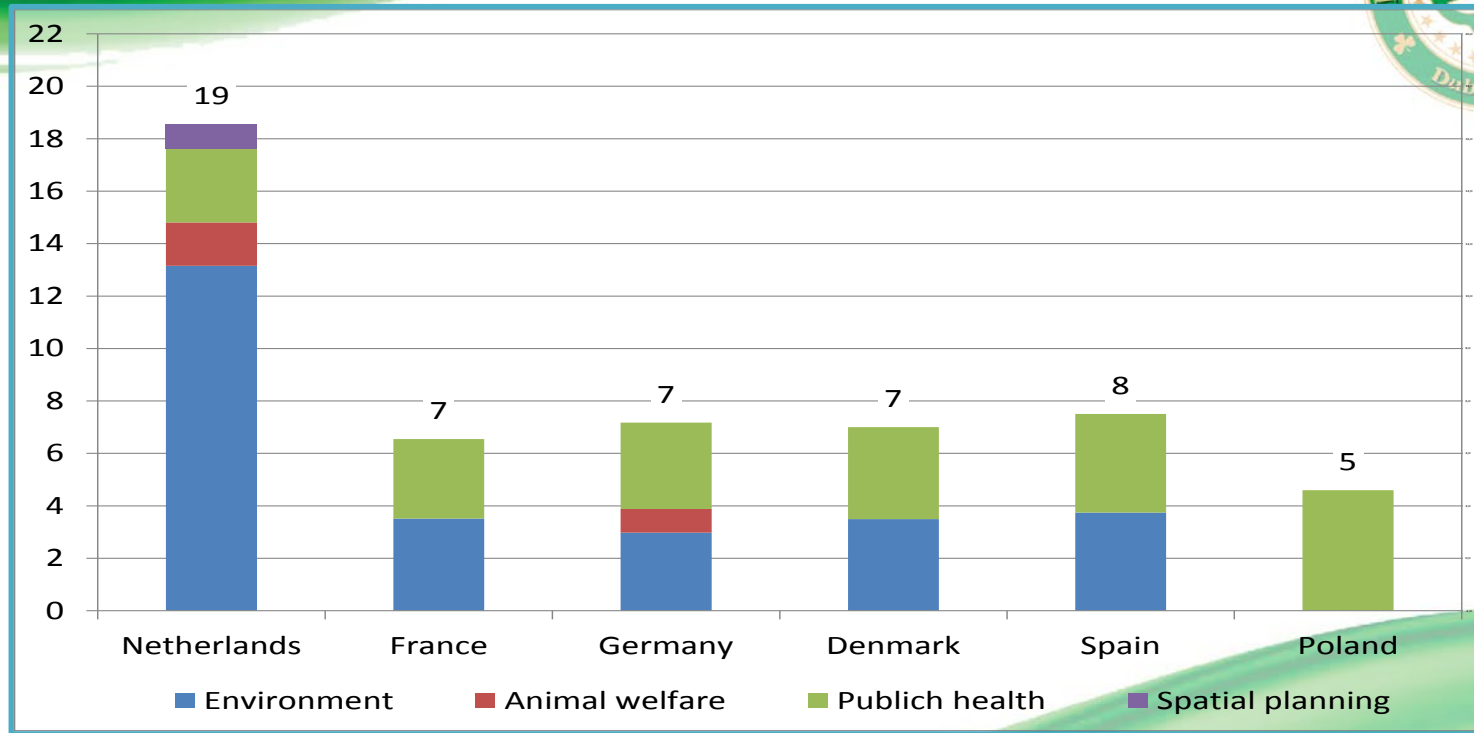
Combination of 3 skills on the farm is strong basis for pig production



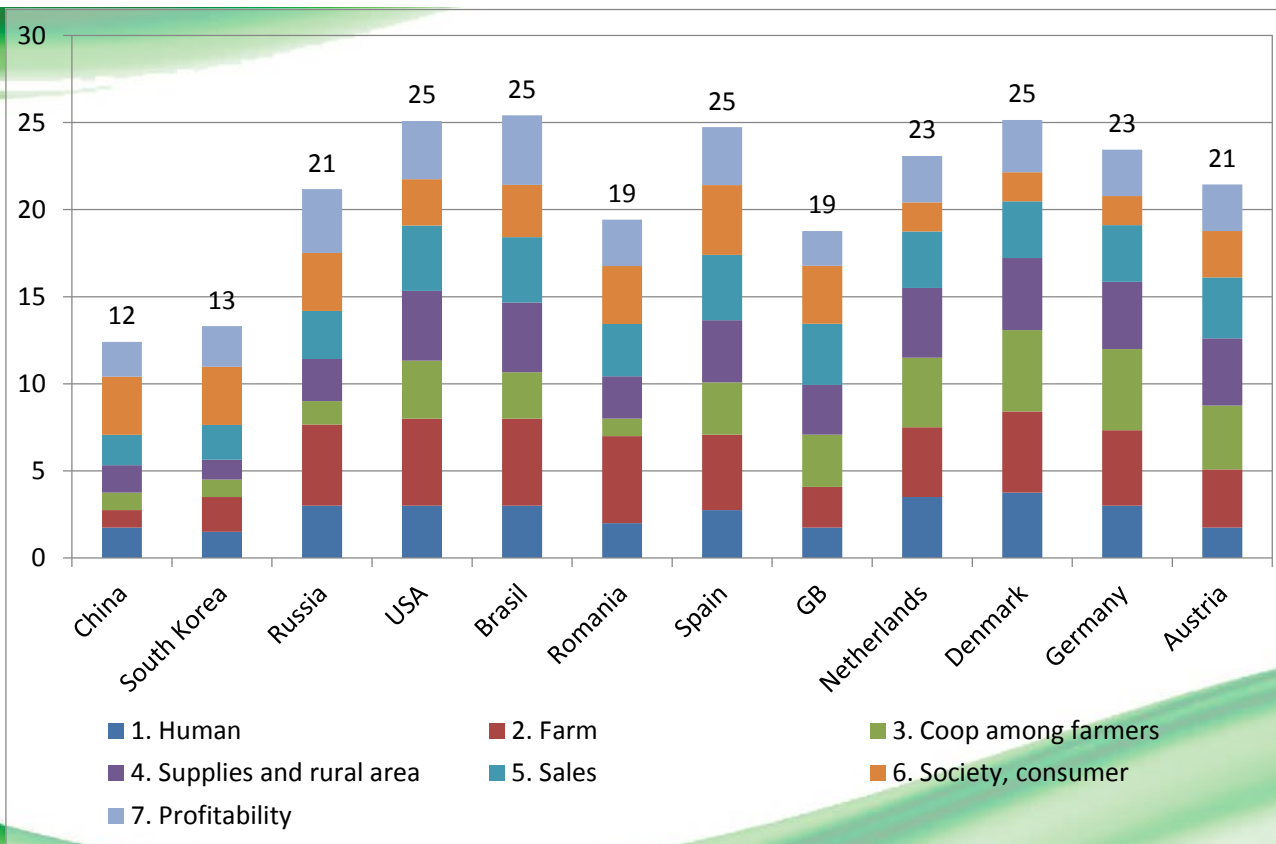
Multi-stage Economies of scale



High costs for societal demands (€/ct/kg carcass)



Competitiveness assessment (draft)



Promised land perception



Spain, US, Canada, Brazil, Eastern Germany, Poland, Spain once again – ‘promised land’

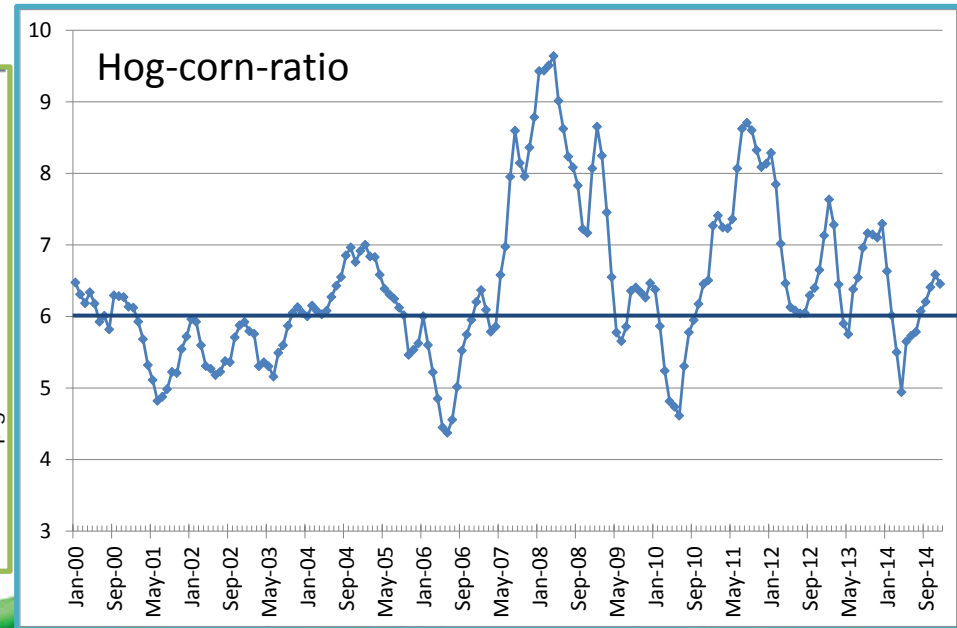
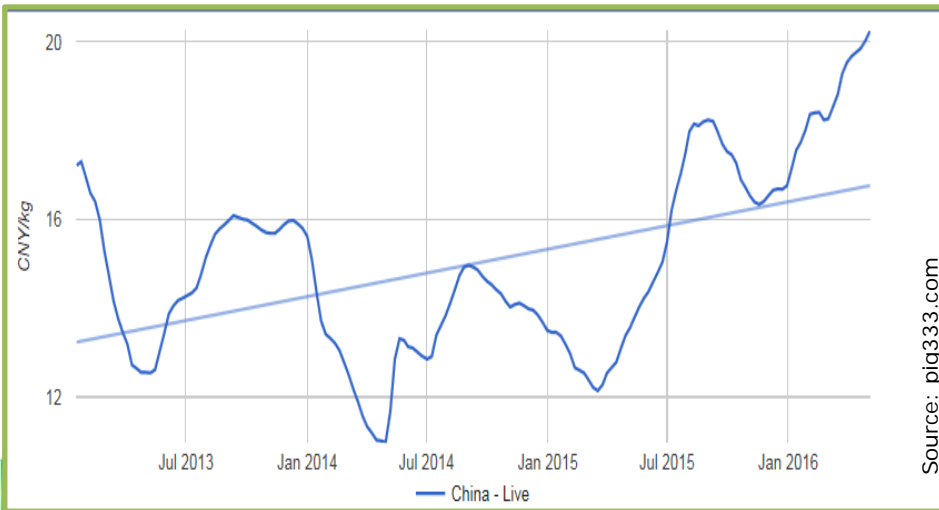
Then comes: less preparedness of workers, increasing wages, societal complaints, environmental burden and costs

It's typically a matter of temporary position ahead

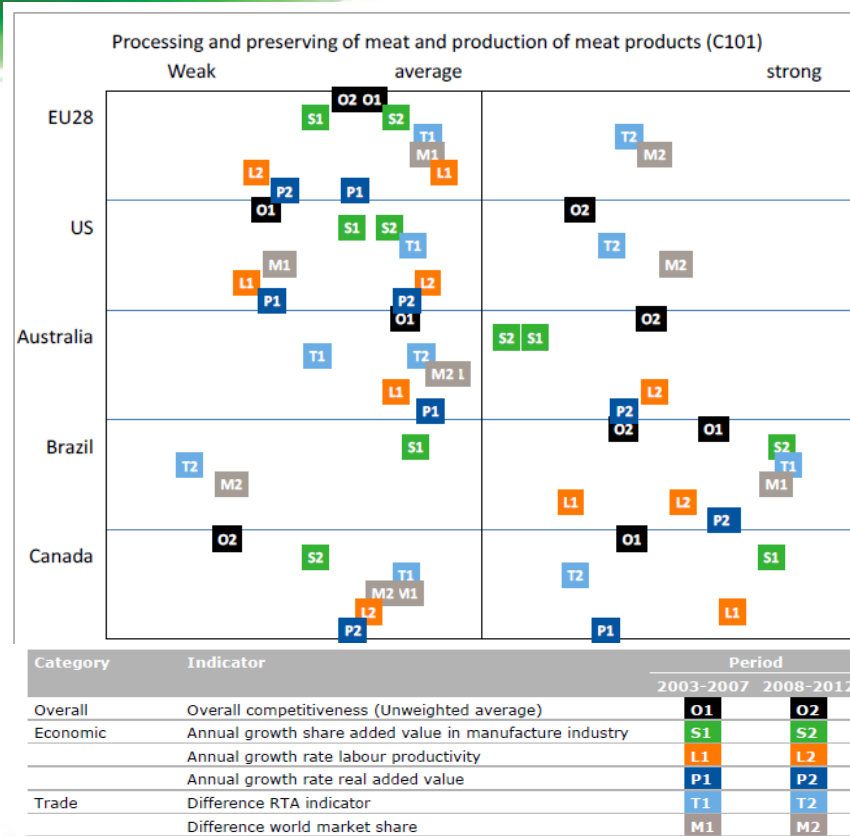


China's policy on pig production

Pig meat relevant for consumer price and inflation
Market balancing, using Hog-corn-ratio



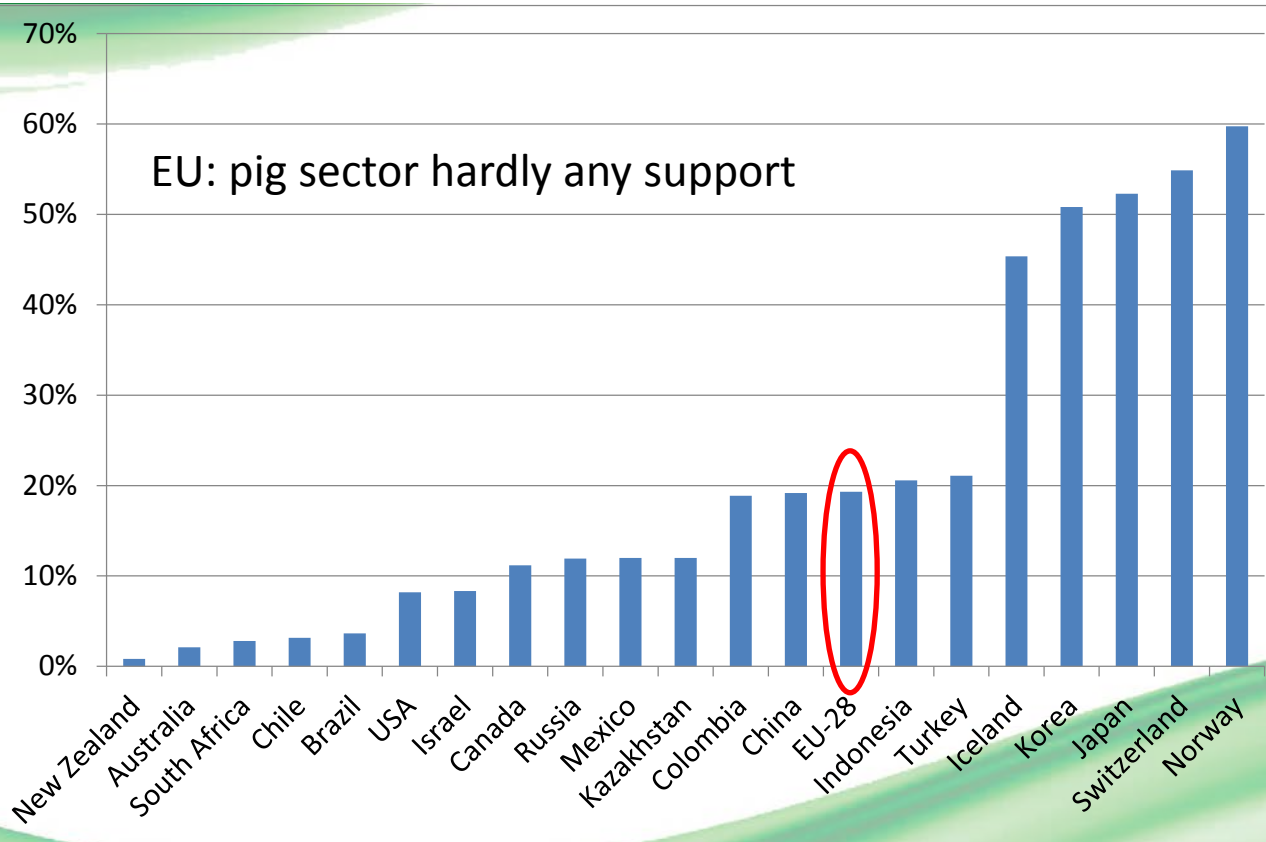
Competitive position of meat industry





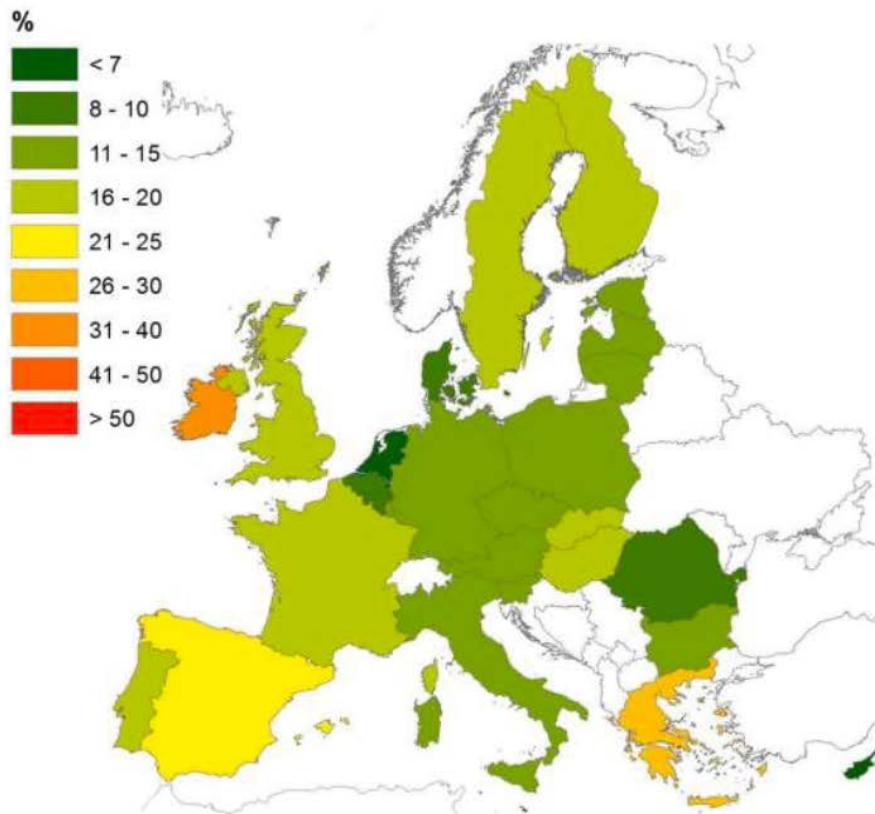
How should the pig production in the EU survive?

Producer support estimate (total agriculture)



Average payment (% of production value)

Of farms with payment, 2009-2011; agriculture as a whole

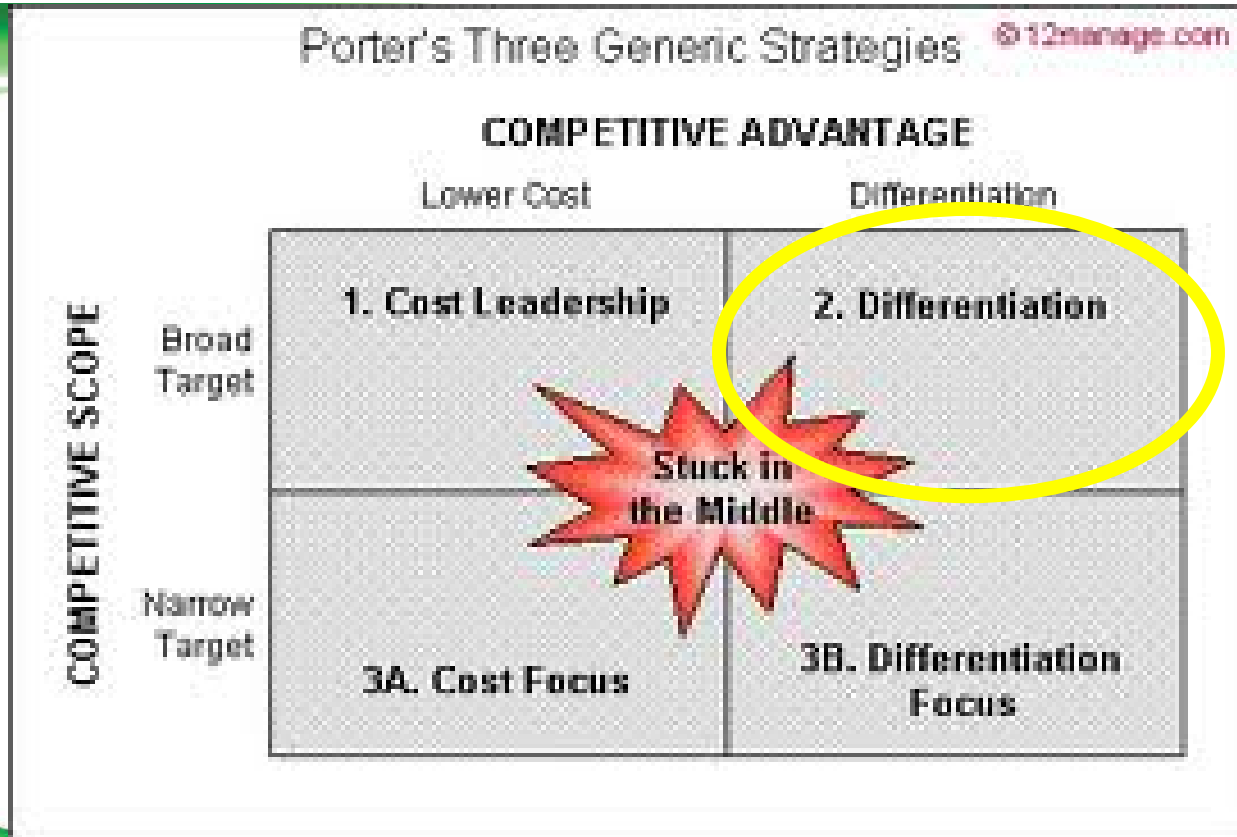




Hard times .. a guarantee for innovation



Porter's competitive advantage theory





The future EU pig production should not rely on subsidies, and has limited focus on 3rd market export, but has a focus on a healthy EU home market demanding and paying for added value high quality pig meat.



Thank you for your attention





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