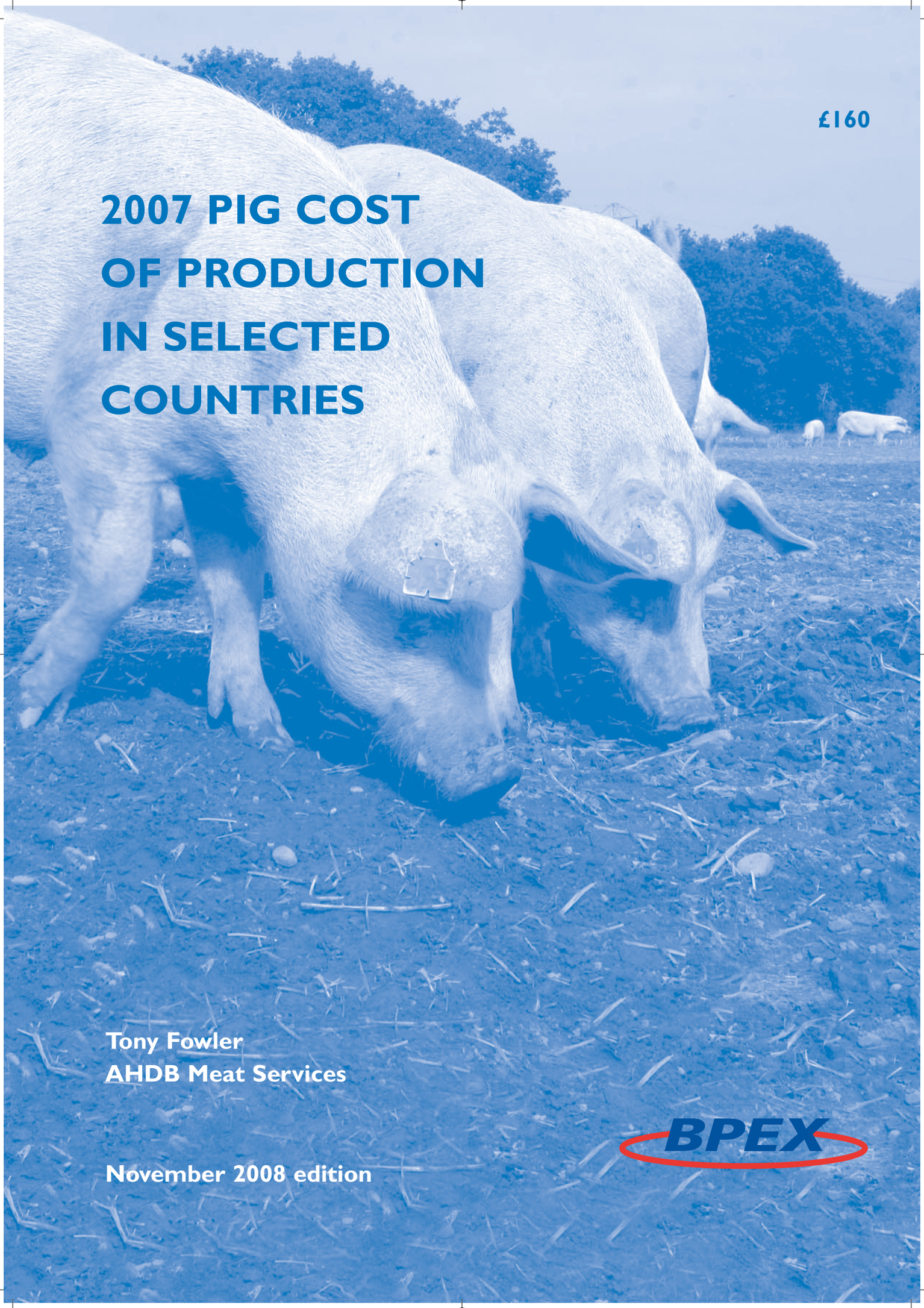

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2007 PIG COST OF PRODUCTION IN SELECTED COUNTRIES

Tony Fowler
AHDB Meat Services

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BPEX

CONTENTS

INTRODUCTION

This is the seventh in a series of annual reports that examines the relative costs of pig meat production up to farmgate level in selected EU countries.

The latest results in this report relate to 2007. British pig meat production made some further performance gains in 2007, but performance is still lagging behind the European average in many key areas. However, a comparison of average and top-third results (see Appendix 4) shows that producers can achieve results comparable with the current European high-achievers. In doing this, producers can improve margins or minimise any cost increases, which will help them cope with the continuing cost: price pressures in the pig sector.

It should be noted that inferior physical performance means that any increase in input prices will push up production costs more than in a country with the same price rises but with better performance.

The dominant factor in the pig industry worldwide in 2007 was the increase in feed prices to record levels. This led to increases in costs of production in every country in InterPIG. Prices trended higher during the year, so that by the end of 2007 production costs were considerably higher than the 2007 average costs presented in this report. Feed prices remained high in the first half of 2008 but have now started to weaken. The implications of changing feed prices on costs of production in 2008 are also examined in this report.

A factor which is influencing relative production costs in 2008, but which is outside of pig producers' influence, is a decline in the sterling:Euro exchange rate. In September 2008, the Euro was worth 80p compared with 69p a year earlier, equivalent to a 14 per cent devaluation in sterling. Other things being equal, this would lead to an improvement in relative competitiveness of Great Britain pig production of the same amount. However, foreign exchange markets are notoriously unpredictable, and the future value of sterling could just as easily strengthen against the Euro.

In the second half of 2008 the "credit crunch" crisis, which began with the failure of the sub-prime market in the United States, has taken centre stage on the world economies. This is increasing market uncertainties in a number of ways, for example:

- The United Kingdom and some other countries are moving into a recession, which means weaker consumer demand and may lead to downward pressure on producer prices.
- However worldwide recession could lead to lower input prices. Oil prices are currently (October 2008) around half the level seen earlier in the year. Feed prices have also fallen but still remain above average 2007 levels.
- In the United Kingdom, the policy response to the banking liquidity crisis and recession is likely to involve lower interest rates. However, Governments around the world have instituted different poli cies, which means that exchange rates and relative interest rates could behave in unpredictable ways.

Against this background of increasing market uncertainty it is clear that a knowledge of the costs of production, which is a first step to reducing them, will help producers cope with potential fluctuations in market prices and input costs.

One positive factor in 2008 has been the distribution of the PCV2 vaccine, assisted by BPEX, to English pig producers. This vaccine is used to control PMWS and should therefore lead to reduced post-weaning mortality and an increase in pigs finished/sow. The programme, which began in April 2008, has been very successful. In the first two months of the scheme, applications representing 250,000 sows – 70 per cent of the English breeding herd – had been received. The impact of this is likely to be seen in results for 2009.

METHODOLOGY

This report is the seventh in a series that examines the relative costs of production in selected countries. This is a joint project involving the following organisations in 14 countries, which are known collectively as InterPIG.

- Great Britain – BPEX Ltd
- Austria - VLV Upper Austria
- Belgium – Boerenbond Belgie
- Brazil – Empresa Brasileira de Pesquisa Agropecuária (Embrapa)
- Canada - Manitoba Agriculture, Food and Rural Initiatives
- Denmark – Danske Slagterier
- France – Institute Technique du Porc
- Germany - Institut für Betriebswirtschaft (FAL), and Interessengemeinschaft der Schweinehalter (ISN)
- Ireland – Teagasc Rural Economy Research, Dublin
- Italy – Centro Ricerche Produzioni Animali
- Netherlands – Agricultural Economics Research Institute (LEI), and Productschappen Vee, Vlees en Eieren (PVE)
- Spain - SIP Consultors
- Sweden – LRF Konsult
- United States – AgStar Financial Services

Although Brazilian financial figures were supplied this year, there were no new physical performance figures. Therefore the sections of this report dealing with physical performance exclude Brazil. The United States figures were supplemented with data from Iowa State University.

The cost and performance data relates to average performance data from the national recording systems operating in the participating countries. Definitions have been standardised across countries. For example, the definition of a sow is from first insemination to slaughter, and the results are based on average present sows (average daily number of sows in the year).

There will inevitably still be some national differences in definition, but where this has occurred the data has been adjusted in the most appropriate way. The results are believed to provide a clear indication of the relative average costs of production within each country and an accurate comparison within 1-2pkg deadweight.

KEY POINTS

- The cost of pig meat production in Great Britain production increased by 12 per cent in 2007, to 121.7/kg. Most of the increase was due to higher feed costs, although there were also some increases in other variable costs. Some of the impact of the increase in input prices was, however, offset by higher average carcase weights and a further improvement in pigs finished/sow.

- Feed prices in 2007 rose by an average of 22 per cent, similar to the EU average increase of 21 per cent. GB feed costs were 61p/kg pig meat, about 8p higher than in Denmark and the Netherlands; this was mainly due to higher average feed prices in Great Britain, although lower feed conversion ratios in Denmark and the Netherlands were also a contributory factor.

- Costs of production increased in all the Interpig countries. Within the EU, cost increases ranged from six per cent in Austria to 19 per cent in Belgium. The average EU cost of production increased by 12 per cent to 109.7p.

- Great Britain remains one of the highest-cost countries in the EU, second only to Italy, which produced much heavier pigs. The lowest cost of production was 96p in Denmark.

- Total costs include a significant amount for depreciation. If this item is excluded, the cash costs of production in 2007 were 104.7p, about 15p higher than in 2006. The GB cash costs of production were 14p higher than the EU average.

- Compared with 2006 there was a slight improvement in pigs born alive/litter although litters/sow fell slightly. However, a sharp fall in pre-weaning mortality meant that pigs weaned rose slightly to 21.61. This was seven per cent below the EU average of 23.26, the same differential as in 2006.

- Post-weaning mortality in Great Britain continued to decline in 2007, down from 8.0 per cent to 7.0 per cent, and it is now much closer to the EU average. Mortality fell in both the rearing and finishing herds. Although the decline in 2007 was particularly high in finishing herds, over a longer time period there has been a more marked decline in the rearing herd mortality.

- The decline in post-weaning mortality gave a further boost to the numbers of pigs finished/sow in Great Britain. This was up from 19.7 to 20.1, the third consecutive year there had been an improvement. The GB average was 1.7 (8.0%) below the EU average but as much as 4 pigs lower than the main suppliers to the British market – Denmark and the Netherlands. There was no improvement in relative GB performance in 2007.

- Average daily liveweight gain for finishing herds increased by 28g to 683g in 2007. This was the fourth consecutive annual increase. Although GB again saw the most marked increase in the EU, it still has a lower DLG than many other countries.

- Average Feed Conversion Ratio showed little change between 2006 and 2007.

- The amount of carcase meat produced per sow in Great Britain was 1.54 tonnes in 2007, five per cent higher than in 2006, due to increased average carcase weights and higher pigs finished/sow. This remains significantly below the EU average (excluding Italy) of 1.88 tonnes, but the differential has narrowed slightly.

- During the course of 2007 the price of feed trended higher, so that by the end of the year, production costs in all countries were higher than the annual average. In Great Britain the estimated costs of production in December 2007 was 139.6 p, 18p higher than the 2007 average of 121.7p. Feed prices remained high in the first half of 2008, and June 2008 production costs are estimated at 148p. However, by September, costs of production fell back to 139p.

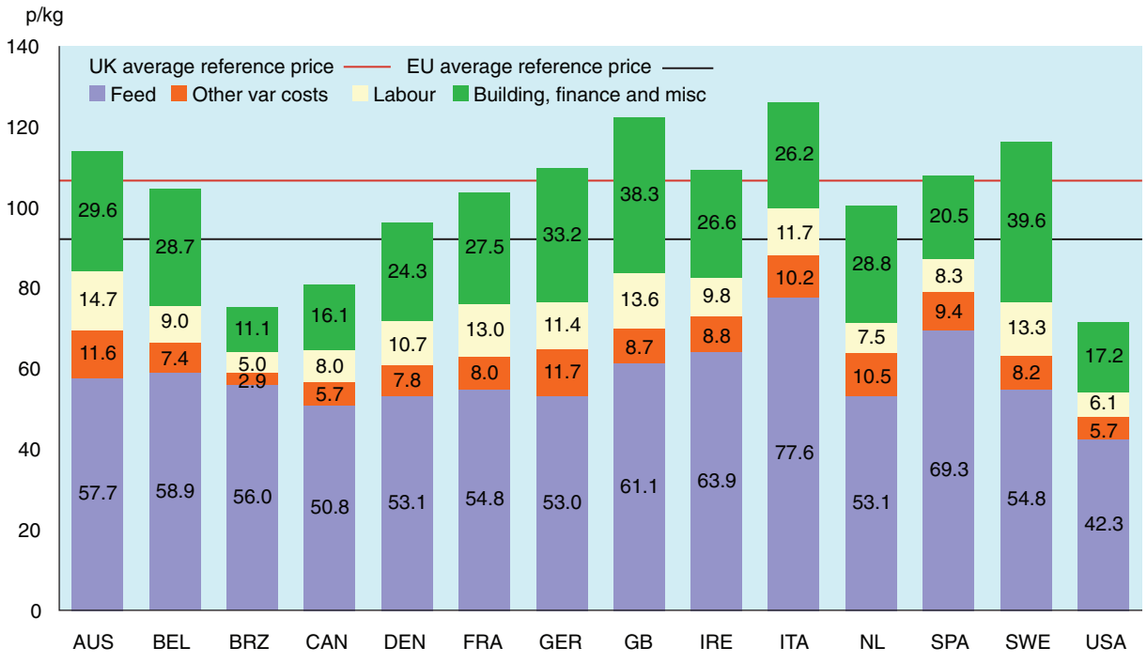
- The decline in the value of sterling in 2008 has had a major impact on relative production costs. It is estimated that in 2008, GB costs have fallen below those of Germany.

COST OF PRODUCTION

Aggregate results for 2007

The production costs of pig meat in 2007 for all the countries covered in this report are shown below in Figure 1. This data includes all variable costs (other than transport of pigs to abattoirs) and fixed costs. Fixed costs include depreciation and interest costs for capital items such as buildings and equipment. Costs for regular and casual labour are included but no allowances are made for directors' salaries or partners' drawings.

Figure 1 Cost of production in selected countries, 2007



Within the EU, Italy had the highest production costs in 2007, at 125.7p. This is because Italian pigs are generally finished to heavier weights than in other EU countries. The second highest production cost was in Great Britain, at 121.7p, 12p above the EU average. Lowest production costs in the EU were in Denmark (96.1p) and the Netherlands (100.6p). Because feed costs were moving higher during the course of 2007, end-year costs of production in most countries are likely to have been considerably higher than the annual averages.

The average UK reference price was above the EU average in 2007, as it had been in most recent years. But, at 104.6p, it failed to keep pace with the rising cost of production. This implies a loss of 17p on every kg of pig meat produced (compared with 3p in 2007) if a sustainable level of reinvestment is undertaken by producers in their businesses. This was equivalent to a loss of £13/pig or £123 million across the entire UK industry.

Comparisons with previous years (in sterling terms)

Costs of production in 2007 compared with results for the four previous years are shown in Table 1.

The average cost of production in the EU countries increased by 11 per cent in 2007 to 109.7p/kg, due to the impact of record feed costs. The range of cost increases was wider than in 2006, ranging from six per cent in Austria and nine per cent in Ireland to 16 per cent in the Netherlands and 19 per cent in Belgium. However despite the above average cost increase, the Netherlands still has one of the lowest costs in the EU. Cost increases in Denmark and Germany (+10%), Great Britain (+12) and France (+12%) were near the EU average

Outside the EU, there were marked increases in 2007 in Canada (+18%) and Brazil (+21%), although Canadian and Brazilian costs were still lower than in all the EU countries. United States' costs were only

up three per cent in sterling terms in 2007, although by significantly more in dollar terms, due to the weak dollar. Total production costs in the United States were the lowest of the participating countries.

Table 1 Average costs of production, 2003-2007 (p/kg dw)

Year	2003	2004	2005	2006	2007	2007/08 % change
Austria	111.0	111.6	103.5	107.6	113.5	+6
Belgium	92.9	92.0	86.8	87.2	104.1	+19
Brazil	na	na	na	62.0	75.1	+21
Canada	67.0	65.3	62.7	68.1	80.7	+18
Denmark	93.3	92.4	88.3	87.3	96.1	+10
France	97.3	94.5	90.6	92.1	103.4	+12
Germany	99.1	105.6	99.1	99.4	109.3	+10
Great Britain	103.4	110.2	104.4	108.6	121.7	+12
Ireland	94.5	96.9	94.6	99.9	109.1	+9
Italy	118.8	121.8	117.0	114.2	125.7	+10
Netherlands	93.3	90.9	84.9	86.7	100.6	+16
Spain	na	na	na	96.5	107.5	+11
Sweden	103.0	100.3	96.3	102.3	115.9	+13
United States	na	61.3	62.2	69.2	71.4	+3
EU	100.7	101.6	96.6	98.3	109.7	+12
Overall average	97.6	95.2	90.9	91.5	102.4	+12

Table 2 examines EU national cost structures in rank order and looks at how these rankings have varied over time. The last few years have seen only minor changes in relative costs. There are three broad bands of costs structure within the EU. Countries may change position within the band, but there is only limited movement between bands.

High costs in Italy, Great Britain, Sweden and Austria. Countries are in the high-cost band due to a combination of factors including relatively high feed prices, lower sow productivity than in some other countries and carcase weights. Low carcase weights in Great Britain contribute to high costs because the cost per pig is divided by fewer kg but paradoxically, in Italy, higher carcase weights also contribute to higher costs because the feed conversion rate deteriorates as pigs get heavier.

Medium costs in Germany, Ireland and Spain. Again, costs in these countries are lower than in Great Britain due to different combinations of technical and economic factors. For example, Ireland and Spain have some of the highest feed costs in the EU while German feed costs are the second lowest.

Low costs in France, Belgium, the Netherlands and Denmark. Countries in the low-cost band are characterised by a combination of superior technical performance and low feed prices. Within this cost band, Denmark moved from third place to first place in 2007 while the Netherlands fell from first place to second place.

Table 2 Ranking of EU production costs, 2003-2007

Year	2003	2004	2005	2006	2007	%of EU ave
Denmark	2	3	3	3	1	88
Netherlands	3	1	1	1	2	92
France	5	4	4	4	3	94
Belgium	1	2	2	2	4	95
Spain	na	na	na	5	5	98
Ireland	4	5	5	7	6	99
Germany	6	7	7	6	7	100
Austria	9	9	8	9	8	103
Sweden	7	6	6	8	9	106
Great Britain	8	8	9	10	10	111
Italy	10	10	10	11	11	115

Note: Rankings: 1 = lowest, 10 = highest

The impact of exchange rate movements

Movements in exchange rates can have a significant effect on a country's relative competitiveness from year to year. A stronger sterling will reduce the relative competitiveness of British pig production while a decline in sterling will improve competitiveness. Figure 2 and Table 3 indicate changes in exchange rates since 2003.

Euro

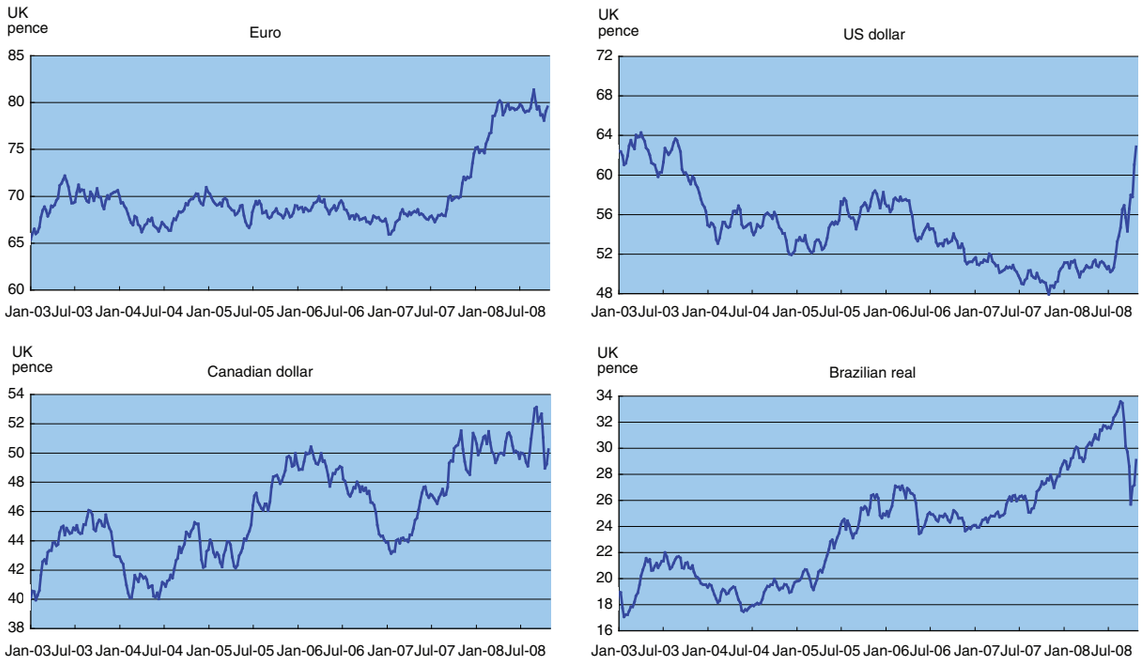
Between 2003 and late 2007, the sterling Euro exchange rate was relatively steady, with the Euro trading between 66p and 70p. The annual exchange rate, which has been used to convert Eurozone results into sterling, changed very little between 2006 and 2007 (from 68.2p to 68.4p), so this will not have affected the relative competitiveness of British pigs in 2007.

The exchange rate position changed during the first quarter of 2008 when economic problems led to a decline in the sterling exchange rate. By April the value of the Euro had increased to 80p in sterling terms. This will lead to an improvement in British competitiveness in 2008. The chapter on changing feed costs gives an indication of this impact. However, these benefits to the British pig industry are nothing to do with any technical improvements, and they can therefore disappear if sterling strengthens again in the future.

US dollar

Between the beginning of 2003 and late 2007, the US dollar lost over 30 per cent of its value against sterling, due to economic concerns and low interest rates. This led to a significant improvement in the relative competitiveness of US pigs, a factor that has been reflected in booming export sales. Sterling reached a 26-year high against the dollar in November 2007 ($2.09). It has fallen back significantly since then, and is currently (November 2008) worth $1.60.

Figure 2 Exchange Rate Movements, 2003-2008



Canadian dollar and Brazilian real

The Canadian dollar has fluctuated more against sterling over the past five years. In 2007 as a whole the Canadian dollar weakened by three per cent against sterling. The Brazilian Real has strengthened against sterling, by 22 per cent between 2003 and 2007, which will have increased Brazilian production costs in sterling terms. The Real continued to strengthen in the first half of 2008, but the trend has recently gone into reverse.

The banking liquidity crisis in the autumn of 2008 has had significant impacts on the exchange rates of some currencies. In particular the value of the Brazilian real has fallen, although the Canadian dollar is also lower. It is too early to say at the time of writing whether these movements will just be temporary or not. If the lower values are maintained, this will lead to a reduction in relative Brazilian and Canadian production costs.

Table 3 Annual exchange rates

Year	1€ =	€:£	$US:£	$C:£	Real:£
2003	69.1p	1.45	1.63	2.29	5.02
2004	67.8p	1.47	1.83	2.38	5.36
2005	68.4p	1.46	1.82	2.21	4.44
2006	68.2p	1.47	1.84	2.09	4.01
2007	68.4p	1.46	2.00	2.16	3.92
2008 (forecast)	78.5p	1.27	1.87	1.97	3.34

CASH COSTS OF PRODUCTION

Table 4 gives a breakdown of the costs of production in Great Britain compared with the overall EU results and the non-EU countries.

The production costs estimated for Great Britain and other countries include "Finance Costs", ie the depreciation of buildings and machinery. While this is the true cost of production, it is recognised that for many purposes (cash flow analyses, business plans, etc) producers will be more interested in the cash tied up in the production process.

The overall cost of producing a kg of pig meat in Great Britain in 2007 was 121.7p. However, if the finance costs element (17.0p) is excluded, the cash costs of production fall to 104.7p/kg. This was about 15p higher than in 2006. The UK cash costs of production were 14p higher than the EU average and 30-40p higher than the three non-EU countries.

Table 4 Cash costs of production in 2007

	GB		EU		Brazil		Canada		United States	
Variable costs	**89.2**	Cash costs = 104.7p	**78.2**	Cash costs = 90.9p	**63.62**	Cash costs = 69.67p	**61.3**	Cash costs = 70.3p	**54.7**	Cash costs = 61.6p
Feed	61.1		59.8		55.97		50.8		42.3	
Breeding cost	2.1		2.4		0.81		1.9		1.2	
Vet and med	2.7		3.4		1.10		2.1		2.5	
Energy	3.9		3.5		1.00		1.7		2.0	
Maintenance	7.6		3.0		1.33		0.6		1.3	
Levies, insurance, inspection	3.0		1.1		0.6		0.0		0.6	
Miscellaneous	8.8		5.0		2.79		4.1		4.8	
Fixed costs	**32.5**		**31.4**		**11.44**		**19.4**		**16.7**	
Labour	13.6		11.2		5.04		8.0		6.1	
Interest on working capital	1.9		1.5		1.01		1.0		0.8	
Building and finance costs	17.0		18.8		5.39		10.4		9.7	
Total costs (a)	**121.7**		**109.7**		**75.1**		**80.7**		**71.4**	

In estimating the depreciation charges we have assumed that buildings are amortized over a period of 20 years and equipment over a period of 10 years. These are the default amortization periods for EU countries, although the periods may be changed if there is evidence that they are different.

Since the late 1990s the British pig industry has been characterised by a lack of investment in buildings and equipment as a result of a long run of economic and health crises. Consequently, many producers will be in the position of using buildings/machinery that have been completely amortized. Therefore, assuming they do not intend to replace their existing assets, their total costs will be much closer to the cash costs of production. However this is not a sustainable position for those businesses in the medium term.

Producing pigs in ageing buildings is, however, also likely to mean higher maintenance costs, and this trend has been apparent in Great Britain in recent years.

FINANCIAL PERFORMANCE SUMMARY

Table 5 contains financial performance data for 2007, while Table 9 presents, where available, comparisons with 2003-2006. Among the EU countries there is a range of 30p between the highest-cost producer and the lowest-cost producer, while the range within all the InterPIG member countries is even greater. The recorded differences are due to a combination of differences in physical performance and differences in the prices of inputs (eg feed prices or wage rates). This chapter examines the cost centres of pig production to try to identify the causes of the wide range of total production costs.

Table 5 Summary of financial performance, 2007

	AUS	BEL	BRZ	CAN	DEN	FR	GER	GB
Feed	57.67	58.93	55.97	50.84	53.10	54.81	53.04	61.07
Other Variable Costs	11.59	7.45	2.91	5.67	7.75	7.99	11.66	8.71
Total Variable Costs	69.26	66.37	58.88	56.51	60.85	62.80	64.70	69.78
Labour	14.67	8.97	5.04	8.03	10.74	13.04	11.42	13.62
Building, finance and misc	29.58	28.74	11.14	16.13	24.26	27.53	33.21	38.30
Total fixed costs	44.25	37.71	16.18	24.16	35.00	40.57	44.63	51.92
Total	113.51	104.08	75.06	80.67	95.85	103.37	109.33	121.70

	IRE	IT	NL	SPA	SWE	USA	AVE EU	AVE ALL
Feed	63.90	77.59	53.10	69.32	54.75	42.28	60.25	57.60
Other Variable Costs	8.77	10.24	10.55	9.40	8.24	5.74	9.41	8.33
Total Variable Costs	72.66	87.84	63.64	78.72	62.99	48.02	69.66	65.93
Labour	9.76	11.71	7.52	8.32	13.32	6.14	10.98	10.16
Building, finance and misc	26.64	26.17	28.80	20.48	39.59	17.21	28.37	26.27
Total fixed costs	36.40	37.88	36.32	28.80	52.90	23.35	39.35	36.43
Total	109.06	125.71	99.97	107.52	115.90	71.37	109.01	102.36

Feed costs

Market developments in 2007

The feed grains market started to move up in price from August 2006 following a relatively poor harvest in Europe. The very hot weather that affected most parts of Europe in the summer of 2006 resulted in EU-25 production falling by four per cent compared with a year earlier.

Following a few months of stability, prices started to accelerate in 2007, with the weather having an adverse impact in major producing countries such as Argentina and Australia. In addition, demand continued to rise with countries such as India and China importing significant quantities of wheat. Additional drivers of world grain prices in 2007/08 were high maize prices in the United States caused by the increasing switch to industrial use, which had a knock on effect on cereal prices worldwide.

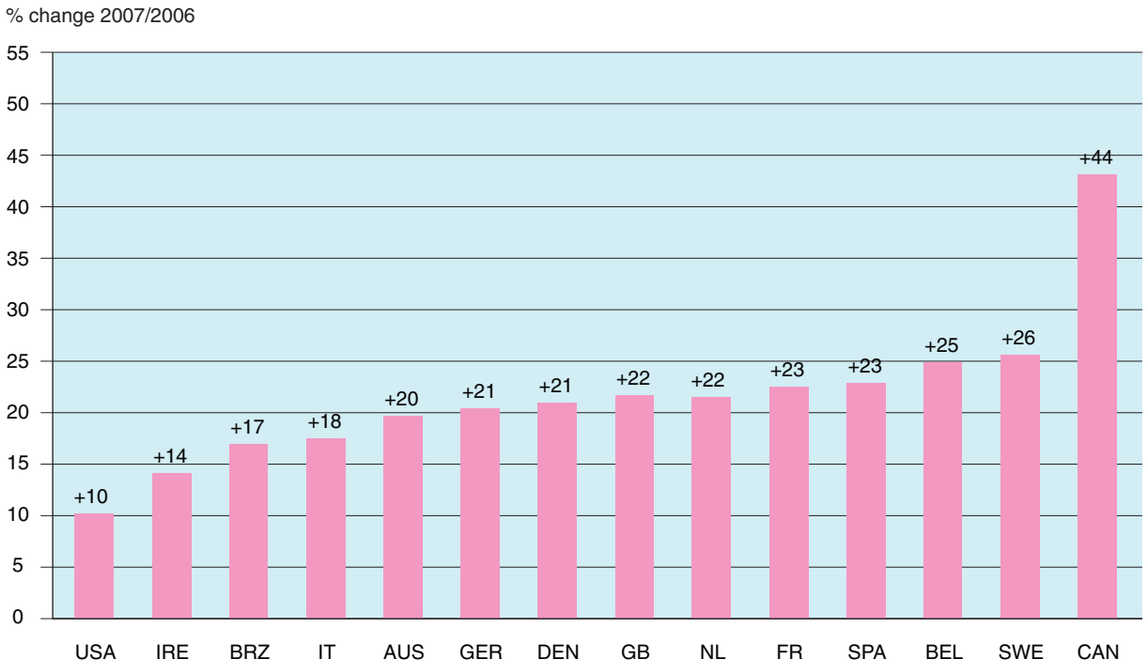
Against a background of tightening global supplies, world grain prices moved sharply higher in August 2007. Markets were also underpinned by strong demand from importers seeking to safeguard their needs, as supply forecasts from some major producing countries were revised downwards. At the end of 2007 the delivered price of feed wheat stood at £178/tonne, 85 per cent higher than a year earlier.

As well as higher cereal prices, the prices of most other feed ingredient prices also rose in 2007. Soya prices were relatively low earlier in the year but expectations of reduced US plantings and production in the 2007/08 season, and later by concerns over the Brazilian crop, pushed the price up. The UK price averaged about 80 per cent more than a year earlier in late December.

The impact on pig producers' feed costs in 2007

Although feed prices began to rise in autumn 2006, the main impact of this was only felt in 2007. Across the EU average costs increased by 21 per cent, with increases ranging from 14 per cent in Ireland to 26 per cent in Sweden. Feed costs in Great Britain increased by 22 per cent, about the same as the EU average increase.

Figure 3 Changes in feed costs, 2007

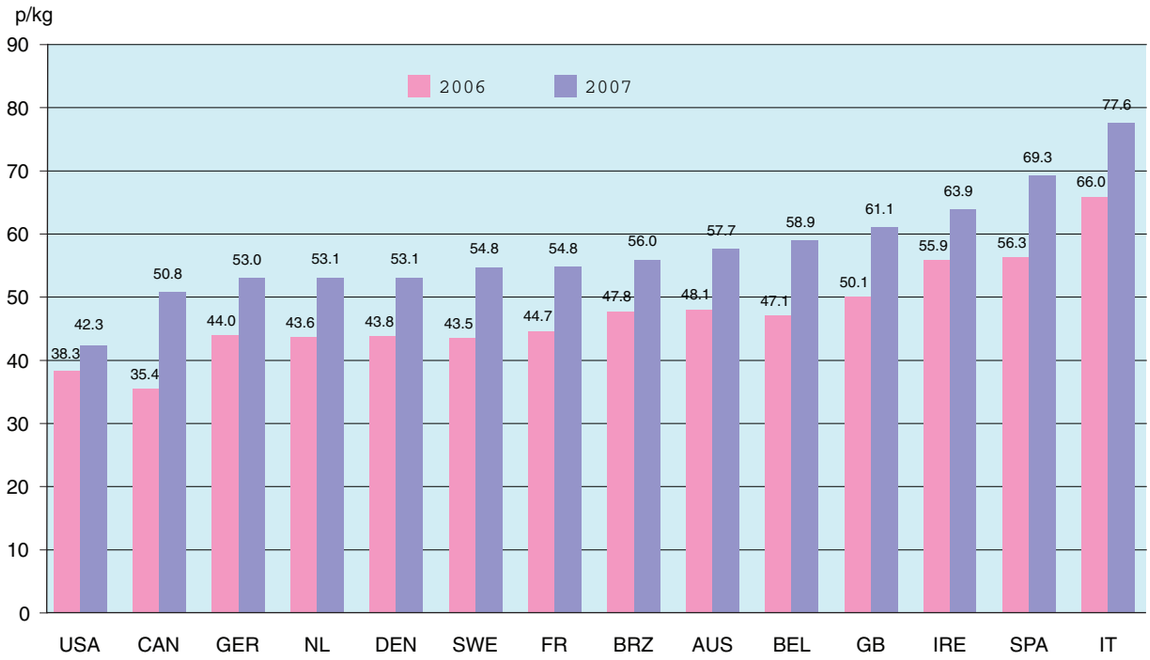


Feed costs averaged 60.8p/kg in Great Britain compared with the 50.1p recorded in 2006. The range in feed costs is less than for other cost centres, but it is clear from the chart that the lower feed costs in the Netherlands, Denmark, Germany and France – all at around the 53-55p level – are an important factor in the relatively high cost of producing British pigs.

Italy has by far the highest feed costs in the EU countries because of its heavier pigs. However, Ireland also has relatively high feed costs (64p); this is not because of production inefficiencies but because feed is more expensive in Ireland than other countries. Spanish feed costs are also high; this is associated with the fact that it is a net importer of grains.

Feed costs in Canada rose more in 2007 than in the other InterPIG countries but, in terms of p/kg of pig meat produced, costs are considerably lower than in any of the EU countries. United States feed costs were significantly higher in national currency terms but, due to the lower value of the dollar, they only increased by 10 per cent in sterling terms; at 42p/kg, US feed costs were the lowest of the InterPIG countries. Brazilian costs, on the other hand, were at EU levels.

Figure 4 Feed costs in 2007



Market developments in 2008

Uncertainties in the cereals markets have caused some considerable fluctuations in prices in 2008. Indeed, some daily movements in prices have been as much as annual fluctuations in some previous years.

Cereal prices peaked in March but subsequently fell back in advance of this year's harvest. They continued to move lower over the summer and autumn due to increasing crop production estimates. Another factor which has helped drive prices lower has been the banking crisis, with investment funds cashing in their positions to generate much-needed short term finance.

The EU-27 wheat crop estimate for 2008 was raised in October to 139.5 million tonnes, 1.9 million tonnes above the September estimate and 25 per cent more than in 2007. The USDA forecast world wheat production of 650 million tonnes in 2008/09, up 50 million tonnes from the current 2007/08 estimates. UK delivered feed wheat prices averaged £90.50/tonne in mid-October, 45 per cent lower than a year earlier.

The EU commission announced on 16 October that they were planning to reintroduce import duties in the EU-27. Tariffs were suspended on most grain imports in December 2007, amid rising prices and dwindling supplies with the import duty suspension extended in June 2008 for the 2008/09 season.

Soya prices this year followed a similar pattern, increasing in the first half of 2008 and then trending downwards in the second half of the year. Prices reached £300/tonne in May/June, almost double what they were a year earlier. The main cause of this was a strike by Argentinean producers in response to an export levy imposed by the government. Argentina is the world's third largest soya exporter. Uncertainty over the size of the US soyabean plantings this year and concern over adequate supplies in 2008/09 also resulted in volatility in soyabean futures market prices. Influenced by falling crude oil prices and improved crop estimates in the United States, soya prices have since fallen. In South America, dry conditions have prevented growers planting the intended wheat and sunflower seed crops and they have instead turned to soyabean plantings.

Soya is traded internationally in US dollars and therefore UK soya prices have not fallen as much as the Chicago price because of a weakening of sterling against the dollar. The average soyameal price in week ended 17 October (Hipro, ex-mill, Liverpool) was £237/tonne, 6 per cent higher than a year earlier.

Futures market prices indicate lower cereal prices in the 2008/09 and 2009/10 seasons than in the two preceding seasons. However, prices will still be higher than earlier years. World supply and demand

remains finely balanced and world cereal stocks remain historically low. Consequently cereals market prices are going to continue to be subject to considerable instability.

Feed prices/tonne and energy content

Table 6 indicates, that within the EU, feed prices/tonne show a considerable range. At the lower end of the range, Italian feed prices are 88 per cent of the EU average while prices in Germany, Denmark and France are between 91 and 95 per cent of the average. At the top end of the range, Irish prices are 116 per cent of the average.

Table 6 Feed prices and energy content

	AUS	BEL	BRZ	CAN	DEN	FR	GER	GB
£/tonne								
Sow	171.12	152.64	147.90	109.38	136.34	141.68	137.14	125.38
Rearer	225.87	234.63	211.52	253.66	195.18	196.44	212.92	226.33
Finisher	133.47	152.09	139.51	137.77	132.71	132.10	126.13	155.57
Average	150.77	159.10	146.71	142.43	141.42	141.81	137.11	160.94
Energy content (MJ ME/kg)								
Sow	12.20	12.30	12.22	12.95	12.86	12.80	12.90	13.02
Rearer	13.00	13.10	14.13	13.65	14.09	13.30	13.40	13.73
Finisher	12.80	12.90	14.02	12.05	13.38	12.80	13.20	12.96
Average	12.74	12.82	13.68	12.32	13.37	12.86	13.17	13.11
Cost of feed (p/kg MJ ME)								
Sow	1.40	1.24	1.21	0.84	1.06	1.11	1.06	0.96
Rearer	1.74	1.79	1.50	1.86	1.39	1.48	1.59	1.65
Finisher	1.04	1.18	0.99	1.14	0.99	1.03	0.96	1.20
Average	1.18	1.24	1.07	1.16	1.06	1.10	1.04	1.23

	IRE	IT	NL	SPA	SWE	USA	AVE EU	AVE All
£/tonne								
Sow	157.91	121.34	146.06	150.58	141.21	112.51	143.76	138.27
Rearer	250.54	242.94	211.60	286.79	203.02	202.51	226.02	232.90
Finisher	157.43	121.34	140.11	162.22	125.63	102.51	139.89	134.87
Average	174.62	131.84	147.52	168.96	138.23	112.03	150.21	145.53
Energy content (MJ ME/kg)								
Sow	13.30	11.90	12.90	na	12.40	13.80	12.66	12.86
Rearer	14.00	13.78	13.60	na	12.68	14.30	13.47	13.67
Finisher	13.20	12.72	13.80	na	12.50	14.05	13.03	13.25
Average	13.37	12.71	13.65	na	12.50	14.04	13.03	13.25
Cost of feed (p/kg MJ ME)								
Sow	1.19	1.02	1.13	na	1.14	0.82	1.13	1.06
Rearer	1.79	1.76	1.56	na	1.60	1.42	1.63	1.63
Finisher	1.19	0.95	1.02	na	1.01	0.73	1.06	0.98
Average	1.31	1.04	1.08	na	1.11	0.80	1.14	1.07

There is also a considerable variation in the relative costs of sow, rearer and finisher feed. Sow feed in Great Britain is the lowest in the EU, at 87 per cent of the average, although rearer and finisher feed is above the average. Overall, GB feed costs/tonne are 107 per cent of the EU average. Feed prices in the United States were the lowest in the InterPIG sample in 2007, with the average price being just 75 per cent of the EU average.

Some of the variations in feed costs will be due to national differences in the composition of pig rations. Table 6 also compares the Metabolizable Energy (ME) of pig feed with the cost of the feed. Within the EU the average cost of feed per kg MJ ME, varied from 1.04p in Germany to 1.31p in Ireland, with Great Britain at 1.23p.

Labour

There is a substantial range in each of the three elements in labour cost: the amount of labour per pig, labour cost per hour and the average carcase weight.

Labour input: EU

Labour input expressed as hours/year per finished pig can vary for a number of reasons including differences in husbandry methods, types of building and the availability of labour. Labour input will also be influenced by sow productivity, with an increase in pigs finished/sow/year leading to a decline in hours/year. This trend has, in fact, improved labour productivity in a number of countries over the past five years.

The EU average figure was 0.99 hours/pig in 2007, the same as the previous year. National results ranged from 0.50 hours in the Netherlands and 0.64 hours in Denmark to 1.52 hours in Austria. Labour input in Great Britain (1.12 hours) was 13 per cent higher than the EU average, with poorer physical performance being a contributory factor; nevertheless it has improved from 1.23 hours in 2004 due to gains in sow productivity.

Labour cost per hour: EU

The average labour cost per hour in the EU was £10.49 in 2007, one per cent higher than in 2006. There was a substantial range in costs, from £7.87 in Ireland to £13.29 in the Netherlands. These variations not only reflect average wage rates but also national differences in social security payments made by employers as well as differences in the relative usage of unskilled labour. Cost per hour in Great Britain was £9.25, five per cent more than in 2006.

Labour cost per kg: EU

The average labour cost per pig in the EU was £10.04 in 2007, one per cent less than in 2006 due to a two per cent improvement in the number of pigs finished per sow. Costs ranged from £6.58 in Spain and £6.70 in the Netherlands, which benefited from a superior labour productivity, and £7.40 in Ireland to £13.53 in Austria. Italian costs were the highest in the EU, at £15.14/pig, but this was due to the very heavy Italian pigs. Costs in Great Britain per pig were £10.41/pig, up from £10.14 in 2006.

The cost of labour per pig in Great Britain is just four per cent above the EU average. However, the average weight of British pigs is lower than in most other countries. When this factor is taken into account, the labour cost per kg (13.62p) rose to 121 per cent of the overall EU average. British costs per kg were exceeded only by Austria. The lowest labour costs in the EU were in the Netherlands (7.52p/kg), which declined from 9.22p in 2006.

Labour costs in non-EU countries

Canadian labour costs/kg declined from 8.28p in 2006 to 8.03p in 2007. Although labour productivity fell, with labour per finished pig increasing from 1.11 hours to 1.16 hours, relative costs/kg benefited from a weaker Canadian dollar and from higher average carcase weights.

Brazilian labour costs per hour increased from 75p in 2006 to £1.25 in 2007. Labour costs in Brazil are by far the lowest of the countries covered in the survey, so even though the number of hours per finished pig is over three times the EU average, Brazilian labour costs/kg are the lowest in the sample.

Table 7 Labour costs in 2007 (p/kg dw)

	AUS	BEL	BRZ	CAN	DEN	FR	GER	GB
Labour per finished pig (hours/year)	1.52	0.84	3.19	1.16	0.64	1.00	1.02	1.12
Labour cost/hour (£)	8.90	9.66	1.25	6.52	13.66	11.55	10.40	9.25
Labour cost/pig (£)	13.53	8.16	4.00	7.54	8.80	11.55	10.61	10.41
Average carcase weight (cold)	92.20	91.06	79.38	93.90	81.89	88.59	92.90	76.40
Labour cost/kg (p)	14.67	8.97	5.04	8.03	10.74	13.04	11.42	13.62

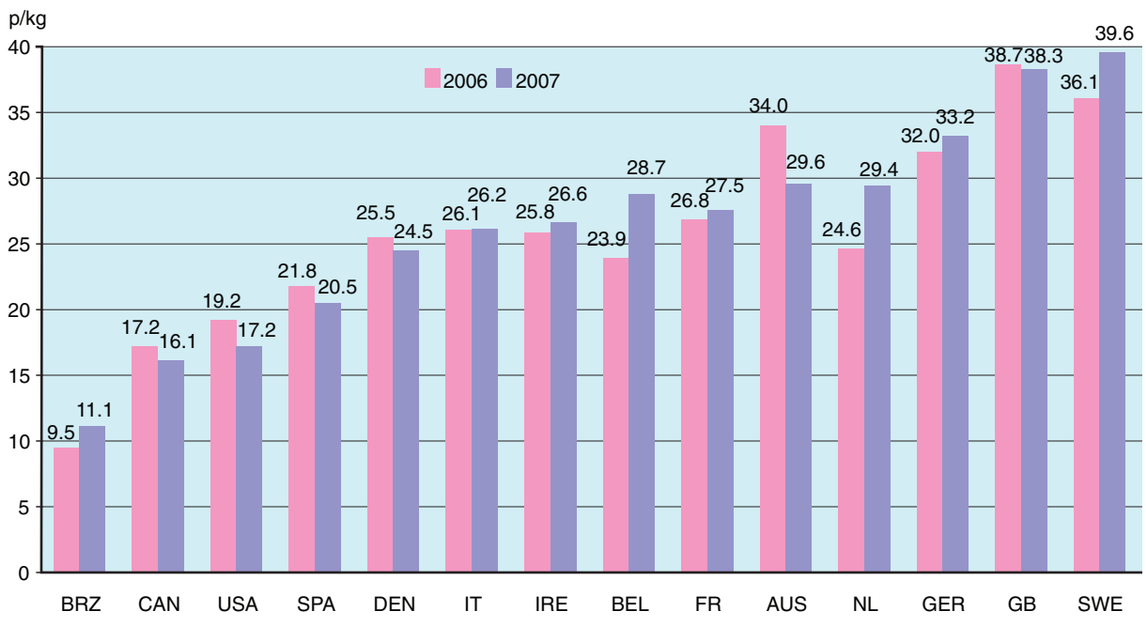
	IRE	IT	NL	SPA	SWE	USA	AVE EU	AVE All
Labour per finished pig (hours/year)	0.94	1.68	0.50	0.74	0.90	na	0.99	1.17
Labour cost/hour (£)	7.87	9.03	13.29	8.90	12.87	na	10.49	9.47
Labour cost/pig (£)	7.40	15.14	6.70	6.58	11.56	6.14	10.04	9.15
Average carcase weight (cold)	75.90	127.50	89.08	79.04	86.80	92.81	89.21	89.10
Labour cost/kg (p)	9.76	11.88	7.52	8.32	13.32	6.62	11.21	10.21

Building, Finance and Miscellaneous (BFM)

Building, finance and miscellaneous costs include depreciation charges on buildings and machinery, maintenance charges, interest on working capital, levies, manure disposal charges and costs of disposal of dead animals. The depreciation estimates are based on replacement costs, with buildings being amortized over a default period of 20 years and equipment over a period of 10 years. Countries can choose a different amortization period, although the only ones currently doing so are Denmark and the Netherlands.

BFM costs averaged 29.5p/kg dw across the EU countries in 2007, two per cent higher than in 2006. The lowest costs were in Spain, at 20.5p/kg. Clearly the relatively low BFM costs in Spain have been a major contribution to the rapid expansion in production. In previous years, BFM costs have been highest in Great Britain but in 2007 Swedish costs were slightly higher as a result of the strength of the Euro against sterling. Swedish and GB costs are significantly higher than in the other EU InterPIG countries.

Figure 5 Building, finance and miscellaneous costs, 2007



The three non-EU countries all recorded lower costs than in the EU. Brazilian costs in 2007 were less than 40 per cent of the EU average.

Interestingly, the relatively high BFM costs in Great Britain are not due to high building costs, as these are below the EU average, but are due to a combination of other factors. Maintenance costs are more than twice the EU average while 'Levies, Insurance and Inspection' charges are nearly three times the average. Miscellaneous costs, which include items such as disposal of dead animals and disposal of dead animals, are also high.

The lower total costs in Brazil, Canada and the United States are due largely to lower building costs in these countries

Table 8 Analysis of building, finance and miscellaneous costs in 2007

	AUS	BEL	BRZ	CAN	DEN	FR	GER	GB
Building/equipment costs per pig place	£506	£321	£53	£109	£502	£504	£523	£330
Ave mortgage interest rate	3.3%	5.5%	6.2%	3.5%	4.6%	4.6%	5.1%	6.0%
Finance costs	18.6	20.3	5.4	10.4	15.8	18.8	21.5	17.0
Maintenance	8.0	0.8	1.3	0.6	2.1	0.8	2.9	7.6
Levies, insurance, inspection	1.1	1.3	0.6	0.0	0.3	0.6	0.8	3.0
Miscellaneous	1.0	4.7	2.8	4.1	4.9	6.2	6.5	8.8
Interest on working capital	1.0	1.6	1.0	1.0	1.1	1.1	1.4	1.9
Total BFM	29.6	28.7	11.1	16.1	24.3	27.5	33.2	38.3

	IRE	IT	NL	SPA	SWE	USA	AVE EU	AVE All
Building/equipment costs per pig place	£427	£382	£324	£273	£514	£167	£419	£352
Ave mortgage interest rate	6.0%	3.8%	6.0%	5.0%	5.0%	6.5%	5.0%	5.1%
Finance costs	18.9	18.4	16.1	13.0	28.3	9.7	18.8	16.6
Maintenance	1.5	2.2	2.2	1.9	2.8	1.3	3.0	2.6
Levies, insurance, inspection	1.7	0.5	0.1	2.2	0.8	0.6	1.1	1.0
Miscellaneous	2.7	3.0	8.9	2.3	6.5	4.8	5.0	4.8
Interest on working capital	1.8	2.1	1.5	1.2	1.3	0.8	1.5	1.4
Total BFM	26.6	26.2	28.8	20.5	39.6	17.2	29.4	26.3

Table 9 Summary of Financial Performance 2003 – 2007

	AUS					BEL					BRZ		CAN				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2006	2007	2003	2004	2005	2006	2007
Feed	51.38	50.45	45.69	48.09	57.67	49.75	52.26	46.01	47.10	58.93	47.77	55.97	44.34	38.34	31.54	35.41	50.84
Other Variable Costs	11.41	12.09	11.10	11.40	11.59	6.75	6.14	6.83	7.37	7.45	1.73	2.91	5.57	5.82	6.56	6.86	5.67
Total Variable Costs	62.79	62.54	56.79	59.49	69.26	56.50	58.40	52.84	54.47	66.37	49.51	58.88	49.90	44.16	38.10	42.27	56.51
Labour	15.70	16.51	14.92	14.12	14.67	10.99	10.56	10.46	8.87	8.97	3.01	5.04	6.97	6.53	8.23	8.59	8.03
Building, finance and misc	32.52	32.54	31.78	33.97	29.58	25.43	23.07	23.50	23.90	28.74	9.46	11.14	10.08	14.59	16.35	17.22	16.13
Total fixed costs	48.22	49.06	46.70	48.09	44.25	36.42	33.63	33.96	32.77	37.71	12.47	16.18	17.05	21.12	24.58	25.81	24.16
Total	111.01	111.60	103.49	107.58	113.51	92.92	92.03	86.80	87.24	104.08	61.97	75.06	66.95	65.28	62.68	68.09	80.67

	DEN					FR							GER				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007		
Feed	45.89	46.12	44.49	43.81	53.10	47.54	49.54	44.31	44.66	54.81	46.80	47.24	42.53	43.99	53.04		
Other Variable Costs	7.43	7.88	8.02	7.78	7.75	7.59	7.38	7.57	7.80	7.99	10.70	10.81	11.24	11.35	11.66		
Total Variable Costs	53.32	53.99	52.52	51.59	60.85	55.13	56.92	51.87	52.46	62.80	57.50	58.05	53.77	55.33	64.70		
Labour	11.49	11.16	10.03	10.28	10.74	13.15	12.01	12.63	12.78	13.04	11.42	13.54	13.34	12.08	11.42		
Building, finance and misc	28.48	27.21	25.79	25.47	24.50	28.99	25.54	26.08	26.81	27.53	30.22	34.00	32.02	32.01	33.21		
Total fixed costs	39.97	38.36	35.82	35.75	35.25	42.13	37.55	38.70	39.60	40.57	41.64	47.55	45.36	44.09	44.63		
Total	93.29	92.36	88.33	87.34	96.10	97.26	94.47	90.58	92.05	103.37	99.14	105.59	99.13	99.42	109.33		

	GB					IRE							IT				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007		
Feed	48.71	54.77	48.74	50.11	61.07	55.65	58.77	54.61	55.92	63.90	70.12	74.48	70.44	65.96	77.59		
Other Variable Costs	8.61	6.91	6.60	6.18	8.71	7.46	6.87	7.70	8.49	8.77	8.90	8.62	9.35	10.30	10.24		
Total Variable Costs	57.33	61.68	55.33	56.28	69.78	63.11	65.64	62.32	64.41	72.66	79.02	83.10	79.79	76.26	87.84		
Labour	12.60	13.27	13.34	13.64	13.62	9.62	9.09	9.19	9.65	9.76	12.34	11.88	12.07	11.88	11.71		
Building, finance and misc	33.49	35.21	35.78	38.65	38.30	21.72	22.14	23.10	25.81	26.64	27.45	26.80	25.16	26.08	26.17		
Total fixed costs	46.09	48.49	49.12	52.30	51.92	31.35	31.23	32.30	35.46	36.40	39.79	38.68	37.23	37.96	37.88		
Total	103.42	110.17	104.45	108.58	121.70	94.46	96.86	94.61	99.87	109.06	118.80	121.77	117.02	114.22	125.71		

	NL					SPA		SWE					USA				
	2003	2004	2005	2006	2007	2006	2007	2003	2004	2005	2006	2007	2004	2005	2006	2007	
Feed	44.01	44.76	40.38	43.64	53.10	56.29	69.32	45.05	45.71	40.76	43.52	54.75	34.44	34.43	38.34	42.28	
Other Variable Costs	8.25	8.58	9.08	9.08	10.55	9.58	9.40	7.89	6.38	6.88	7.62	8.24	4.50	4.42	5.23	5.74	
Total Variable Costs	52.26	53.34	49.46	52.71	63.64	65.87	78.72	52.94	52.09	47.64	51.15	62.99	38.94	38.85	43.57	48.02	
Labour	12.48	11.96	10.97	9.32	7.52	8.88	8.32	13.39	12.80	15.24	15.05	13.32	5.89	5.93	6.38	6.14	
Building, finance and misc	28.60	25.59	24.50	24.65	29.41	21.75	20.48	36.63	35.39	33.47	36.07	39.59	16.50	17.42	19.21	17.21	
Total fixed costs	41.08	37.55	35.47	33.97	36.94	30.63	28.80	50.02	48.19	48.71	51.13	52.90	22.39	23.35	25.59	23.35	
Total	93.34	90.88	84.93	86.68	100.58	96.50	107.52	102.96	100.27	96.35	102.27	115.90	61.33	62.21	69.15	71.37	

PHYSICAL PERFORMANCE SUMMARY

Table 10 contains physical performance data for selected EU countries in 2007, while Table 12 presents comparisons with 2003 to 2006.

Table 10 Summary of physical performance, 2007

	AUS	BEL	CAN	DEN	FRA	GER	GB	IRE
Pigs Weaned Per Sow Per Year	22.08	22.64	22.26	26.37	24.49	22.39	21.61	23.89
Pigs Sold Per Sow Per year	20.53	21.11	20.61	24.46	22.99	20.89	20.11	22.53
Litters/sow/year(1)	2.26	2.31	2.30	2.23	2.22	2.28	2.22	2.30
Pigs born alive per litter	11.10	11.19	11.00	13.80	12.80	11.50	10.93	11.53
Sow mortality	1.5%	4.1%	3.0%	15.0%	5.5%	6.0%	4.0%	6.4%
Pre Weaning Mortality	12.0%	12.4%	12.0%	14.3%	14.0%	14.6%	10.9%	9.9%
Rearing Mortality	3.5%	3.1%	3.0%	3.1%	2.2%	3.0%	2.5%	3.3%
Finishing Mortality	3.5%	3.8%	4.4%	4.3%	4.0%	3.8%	4.6%	2.4%
Sow replacement rate	40.9%	41.3%	40.0%	49.7%	42.9%	41.5%	42.7%	48.0%
Transfer weight from breeding to rearing unit (kg)	7.50	7.20	6.00	7.30	7.50	7.50	7.80	6.90
Age of weaning	28	26	21	32	25	27	28	29
Transfer weight from rearing to finishing unit (kg)	31.50	23.50	23.00	30.00	32.30	30.10	36.90	35.40
Rearing Daily Liveweight Gain (g/day)	430	346	450	434	474	440	466	445
Rearing Feed Conversion Ratio	2.00	1.74	1.57	1.74	1.74	1.63	1.76	1.79
Finishing Daily Liveweight Gain (g/day)	756	617	819	869	778	725	683	750
Finishing Feed Conversion Ratio	2.95	2.98	2.68	2.67	2.90	2.92	2.75	2.74
Ave number of days in rearing unit	56	50	38	52	52	51	62	64
Ave number of days in finishing unit	114	147	116	90	107	124	91	84
Pigs per pig place per year (finishing)	2.96	2.48	3.07	3.75	3.19	2.79	3.74	4.01
Average live weight at slaughter	118.00	114.23	118.00	108.47	115.80	120.00	98.80	98.40
Carcase weighed hot or cold?	H	H	cold	H	C	H	H	C
Average carcase weight - Hot	94.1	92.9	99.2	82.8	91.6	94.8	78.0	77.4
Adjustment from hot to cold	-2.0%	2.0%	-5.3%	-1.1%	-3.3%	-2.0%	-2.0%	-2.0%
Adjusted carcase weight - Cold	92.2	91.1	93.9	81.9	88.6	92.9	76.4	75.9
Killing out percentage	78.1%	80.3%	79.6%	75.5%	76.5%	77.4%	77.3%	77.1%
Carcase meat production per sow per year (kg)	1,893	1,922	1,935	2,003	2,037	1,941	1,536	1,710
Average lean meat percentage	59.3%	61.7%	60.0%	60.3%	60.1%	56.5%	61.2%	58.5%
Lean meat production per sow per year (kg)	1,122	1,186	1,161	1,208	1,224	1,096	940	1,000
Sow feed (kg) per sow per year	1,060	1,154	1,111	1,424	1,313	1,230	1,377	1,220
Sow ration Ave Energy Content (MJ ME/kg)	12.2	12.3	13.0	12.9	12.8	12.9	13.0	13.3
Weaner/Rearer feed (kg) per pig	45.0	28.3	26.7	39.5	43.2	38.0	51.2	51.0
Weaner/Rearer ration Ave Energy Content (MJ ME/kg)	13.0	13.1	13.7	14.1	13.3	13.4	13.7	14.0
Finishing pigs feed consumption (kg) per pig	256.0	254.3	254.6	209.7	242.2	262.5	170.2	172.6
Finisher ration Ave Energy Content (MJ ME/kg)	12.8	12.9	12.1	13.4	12.8	13.2	13.0	13.2

	ITA	NL	SPA	SWE	USA		AVE EU	AVE All
Pigs Weaned Per Sow Per Year	20.61	25.82	23.42	22.57	22.93		23.26	23.16
Pigs Sold Per Sow Per year	19.78	24.70	21.20	21.49	20.96		21.80	21.64
Litters/sow/year(1)	2.18	2.35	2.33	2.19	2.39		2.26	2.27
Pigs born alive per litter	10.57	12.60	11.20	12.30	11.05		11.77	11.66
Sow mortality	0.5%	5.0%	8.0%	7.5%	9.2%		5.8%	5.8%
Pre Weaning Mortality	10.6%	12.8%	10.3%	16.2%	11.0%		12.5%	12.4%
Rearing Mortality	3.4%	1.9%	3.6%	2.5%	3.0%		2.9%	2.9%
Finishing Mortality	0.7%	2.5%	5.9%	2.3%	3.1%		3.4%	3.5%
Sow replacement rate	36.0%	43.0%	54.0%	56.7%	54.0%		45.2%	45.4%
Transfer weight from breeding to rearing unit (kg)	7.60	8.41	6.30	10.00	5.10		7.64	7.32
Age of weaning	27	26	24	34	19		28	26
Transfer weight from rearing to finishing unit (kg)	35.00	25.50	19.20	30.90	24.40		30.03	29.05
Rearing Daily Liveweight Gain (g/day)	438	328	318	426	385		413	414
Rearing Feed Conversion Ratio	2.01	1.71	1.75	2.07	1.62		1.81	1.78
Finishing Daily Liveweight Gain (g/day)	626	784	695	880	755		742	749
Finishing Feed Conversion Ratio	3.90	2.71	2.85	2.78	3.05		2.92	2.91
Ave number of days in rearing unit	63	52	41	49	50		54	52
Ave number of days in finishing unit	208	114	125	97	130		118	119
Pigs per pig place per year (finishing)	1.70	2.94	2.66	3.51	2.74		3.07	3.04
Average live weight at slaughter	165.00	115.10	106.20	116.31	122.60		116.03	116.69
Carcase weighed hot or cold?	C	H	H	C	cold			
Average carcase weight - Hot	130.4	90.9	80.0	88.6	92.8		91.0	91.8
Adjustment from hot to cold	-2.2%	-2.0%	-1.2%	-2.0%	0.0%		-1.6%	-1.8%
Adjusted carcase weight - Cold	127.5	89.1	79.0	86.8	92.8		89.2	89.9
Killing out percentage	77.3%	77.4%	74.4%	74.6%	75.7%		76.9%	77.0%
Carcase meat production per sow per year (kg)	2,523	2,200	1,675	1,865	1,945		1,937	1,937
Average lean meat percentage	47.0%	56.3%	58.0%	57.6%	57.0%		57.9%	58.0%
Lean meat production per sow per year (kg)	1,186	1,239	972	1,074	1,109		1,113	1,117
Sow feed (kg) per sow per year	1,500	1,201	1,138	1,365	1,030		1,271	1,240
Sow ration Ave Energy Content (MJ ME/kg)	11.9	12.9	na	12.4	13.8		12.7	12.8
Weaner/Rearer feed (kg) per pig	55.1	29.2	22.6	43.2	31.3		40.6	38.8
Weaner/Rearer ration Ave Energy Content (MJ ME/kg)	13.8	13.6	na	12.7	14.3		13.5	13.6
Finishing pigs feed consumption (kg) per pig	507.0	242.8	248.0	237.1	299.5		254.8	258.2
Finisher ration Ave Energy Content (MJ ME/kg)	12.7	13.8	na	12.5	14.1		13.1	13.1

Pigs weaned per sow per year

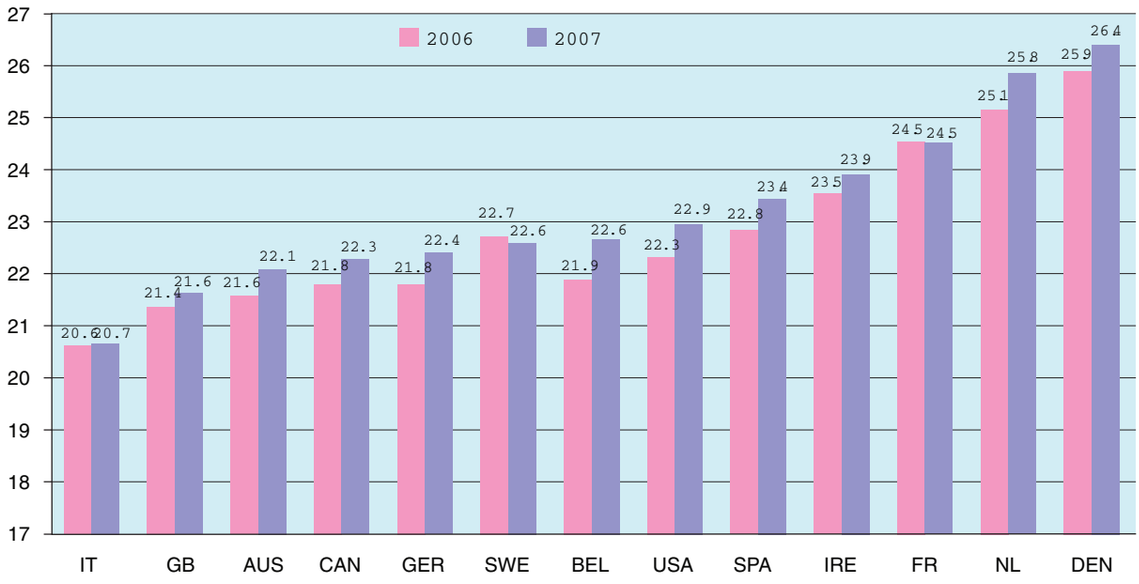
The overall average number of pigs weaned/sow/year in the European InterPIG countries showed a two per cent increase in 2007, up from 22.89 in 2006 to 23.26. Eight of the 11 countries showed an improvement, with no change in Italy and France and a slight decline in Sweden. Denmark and the Netherlands continued to have the best results for pigs weaned,

Performance results for Great Britain remain disappointing. Although there was a one per cent increase in 2007, we continued to have the second lowest pigs weaned/sow/year figure. Only Italy had a lower figure, and this is because Italian pig production is different from the other countries - with pigs typically being finished to much heavier weights. Despite performance increases in GB for four out of the past five years, average results in 2007 were only 0.5 pigs higher than in 2003 compared with an increase of 1.4 pigs for the EU.

Pigs weaned are made up of three different elements: pigs born alive/litter, litters/sow/year (together these give pigs born/sow/year) and pre-weaning mortality. The GB result for litters/sow was 2.22, just one per cent below the EU average, while pre-weaning mortality, at 10.9 per cent, was 15 per cent better than the EU average. The main reason that Great Britain has a below average number of pigs weaned/sow lies in the number of pigs born alive/litter; the 2007 average, at 10.93, was eight per cent less than the EU as a whole.

Outside the EU, the number of pigs weaned/sow also continued to improve in Canada and the United States in 2007, by two per cent and three per cent respectively. Results from the United States are similar to the EU average. The Canadian figure is slightly lower, at 22.3 in 2007, but it is increasing at a faster rate, up from 20.8 in 2003.

Figure 6 Pigs weaned per sow per year, 2006 – 2007



Post-weaning mortality

The number of pigs finished per sow per year is determined by pigs weaned and by post-weaning mortality. Table 11 below shows national comparisons of post-weaning mortality (rearing and finishing herd combined), and how these have changed between 2003 and 2007.

By far the most marked improvement in post-weaning mortality in recent years has occurred in Great Britain, due in particular to the declining incidence of PMWS. Between 2003 and 2007 mortality declined by 34 per cent in Great Britain compared with eight per cent in the EU as a whole. The decline in Great Britain was even greater between 2004, when the mortality rate peaked, and 2007. Post-weaning mortality in Great Britain is, however, still higher than in 2000, before the spread of PMWS, when it was at 5.3 per cent.

The continued decline in 2007 meant that post-weaning mortality in Great Britain was no longer the highest of the InterPIG countries. More recent quarterly data from Agrosoft (see Appendix 4) indicate that post-weaning

mortality continued to improve through to the first quarter of 2008, although there was some increase in the second quarter. In 2008, BPEX began distributing PCV2 vaccine to the English pig industry. The full benefits of this programme in terms of further reducing post-weaning mortality are unlikely to be seen before 2009.

There was a considerable range in national mortality levels. The lowest mortality in national herds in 2007 was in Italy (4.1%) and the Netherlands (4.4%). There was a slight improvement in the Netherlands in 2007. Surprisingly, in view of its otherwise superior performance measures, Denmark had the joint-highest mortality figure, at 7.3 percent

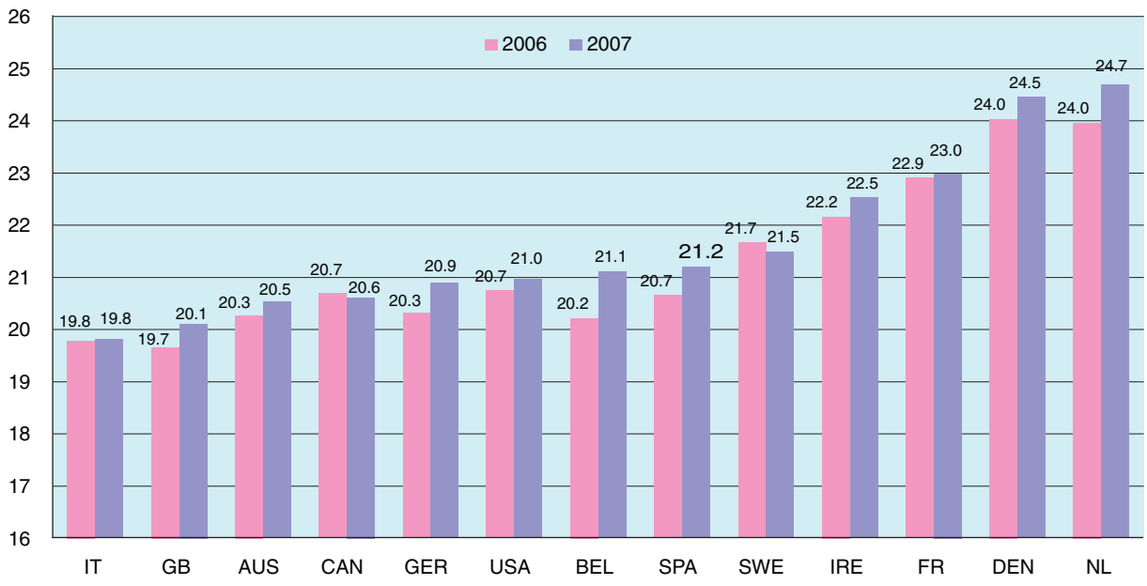
Table 11 Post-weaning mortality, 2003 – 2007

	2003	2004	2005	2006	2007	2007/03	2007/06
Austria	7.9%	5.9%	6.9%	5.9%	6.9%	-12%	+16%
Belgium	8.4%	7.4%	8.0%	7.6%	6.8%	-20%	-11%
Canada	5.9%	4.9%	4.9%	4.9%	7.3%	+23%	+48%
Denmark	7.3%	8.6%	7.9%	7.1%	7.3%	+0%	+3%
France	7.5%	7.4%	7.1%	6.6%	6.1%	-18%	-7%
Germany	6.4%	6.8%	7.0%	6.8%	6.7%	+5%	-1%
Great Britain	10.5%	11.4%	9.7%	8.0%	7.0%	-34%	-12%
Ireland	4.4%	5.5%	5.4%	5.7%	5.6%	+29%	-2%
Italy	3.8%	3.9%	3.9%	4.0%	4.1%	+8%	+2%
Netherlands	5.0%	4.6%	4.7%	4.6%	4.4%	-14%	-6%
Sweden	3.8%	3.9%	4.2%	4.5%	4.7%	+26%	+4%
United States	na	6.4%	6.3%	6.9%	6.0%	na	-13%
EU average	6.5%	6.5%	6.5%	6.2%	6.0%	-8%	-3%
InterPIG	6.4%	6.4%	6.3%	6.1%	6.1%	-6%	+0%

Pigs finished per sow per year

The average number of pigs finished/sow increased for the fourth consecutive year in 2007. At 21.7 sows/pigs, average performance was two per cent higher than in 2006 and seven per cent higher than in 2003. Results for Great Britain have been boosted by increases in pigs weaned/sow and the declining trend in post-weaning mortality, but we are still near the bottom of the European league. In 2007, there were 20.1 pigs finished/sow in Great Britain, two per cent higher than in 2006 and six per cent more than in 2003. Denmark and the Netherlands continue to have the highest number, and they both recorded an increase in 2007.

Figure 7 Pigs finished per sow per year, 2006 – 2007



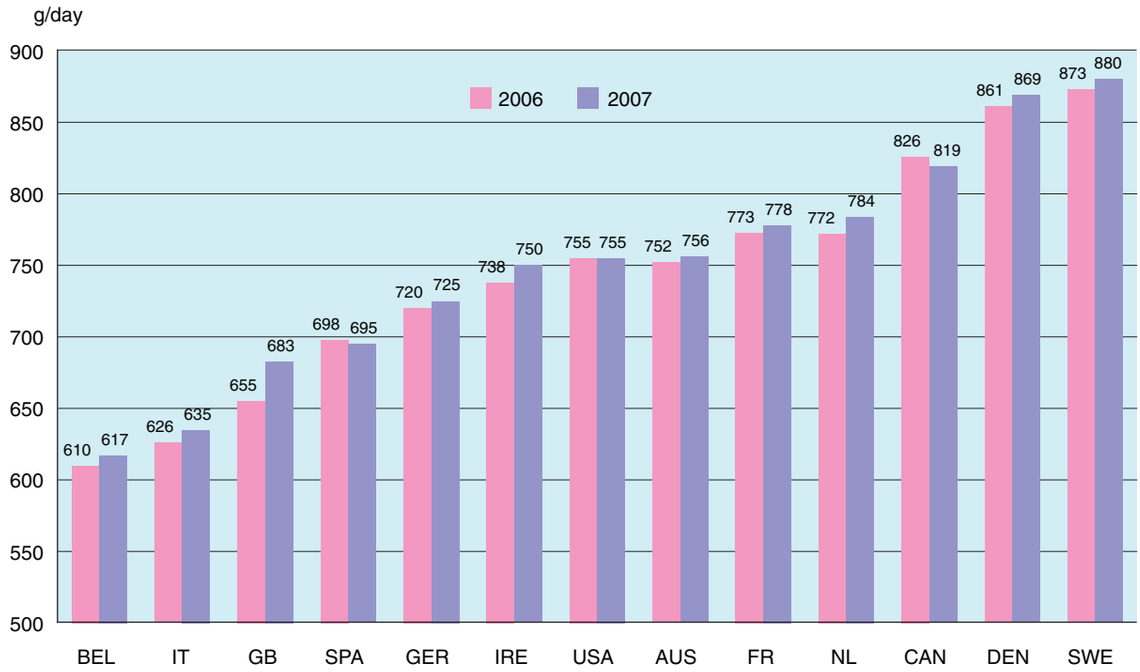
Daily Liveweight Gains (DLG)

The average DLG for finishing herds across the EU countries in 2007 was 737g, just one per cent higher than in 2006. Sweden (880g) and Denmark (869g) again had the best growth rates. The most marked improvement occurred in Great Britain, up four per cent to 683g. Great Britain results have increased every year since 2003, when they averaged 627g/day. This improvement in DLG has made an important contribution to holding costs of production down. It is estimated that if the DLG in 2007 had still been at the 2003 level, pigs would have needed to have spent eight days more in the finishing unit to reach the same weight, with consequent implications for production costs.

Previous reports have made the point that results for Great Britain are being hit by a lack of investment in new buildings and equipment arising from continued poor profitability and this continued to be the case. Despite the improvements, the GB results are still third lowest in the EU, with just Belgium and Italy showing poorer results.

The impressive performance results recorded for finishing DLG have not, unfortunately been matched by rearing DLG figures. Daily liveweight gain peaked in 2004 at 509g, but fell back in the following two years. Average results for 2007 were 466g, only slightly better than in 2003 and 2004.

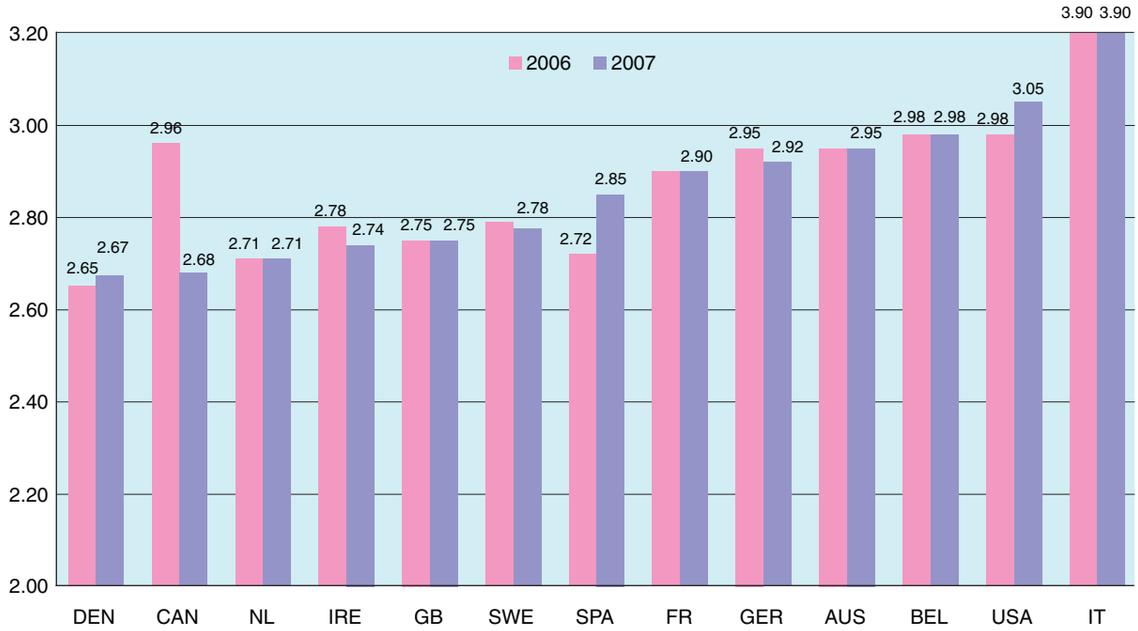
Figure 8 Daily liveweight gains (finishing herds) 2006 – 2007



Feed Conversion Ratios (FCR)

Great Britain has one of the lowest finishing herd feed conversion ratios in the InterPIG countries. The relatively good performance will have been due to the fact that pigs are finished to lower weights than in most other countries. Feed conversion ratios have been little changed since 2002. Among the European InterPIG countries, there was an average one per cent decline in 2007, although Spain recorded a five per cent increase.

Figure 9 Feed conversion ratios (finishing herds), 2006 – 2007



The rearing herd feed conversion ratio in Great Britain was 1.76 in 2007, slightly better than the EU average of 1.81. Great Britain results deteriorated slightly compared with 2006 and 2007, although they were still better than the results for the previous three years. There was a nine per cent decline in the German rearing herd FCR in 2007 to 1.63, and they consequently now have the lowest FCR in the EU. However FCR in the three non-EU countries are all lower (ie better) than Germany.

Carcase weight production per sow/year

The amount of carcase meat produced per sow is the product of the number of pigs finished per sow and the average carcase weight of pigs. Great Britain produces lighter pigs than elsewhere in Europe and this, together with the below-average number of pigs finished per sow, means that the amount of carcase meat produced per sow is the lowest of all the EU countries.

The amount of carcase meat produced per sow in the EU (excluding Italy) was 1.88 tonnes in 2007, three per cent more than the year before. Improvements in the number of pigs finished/sow and higher average carcase weights mean that production/sow has increased every year since 2003. The highest amount of pig meat produced per sow is in Italy, but this is by virtue of its much heavier pig production. Excluding Italy, the Netherlands and France were again the most productive countries.

Great Britain produced 1.54 tonnes in 2007, five per cent higher than in 2007 due to a combination of higher carcase weights and increased pigs finished/sow. The Great Britain figures have been on a longer-term upward trend, increasing from 1.35 tonnes in 2002. The increase in carcase weights in 2007 was in part due to the FMD outbreak in August, which led to a backlog of pigs awaiting slaughter. However, 2008 carcase weights are likely to be at least as high as in the previous year.

Spain also has a relatively low production/sow, at 1.68 tonnes in 2007. However, Great Britain and Spain recorded the most marked improvements in InterPIG in 2007.

Figure 10 Carcase meat production per sow/year

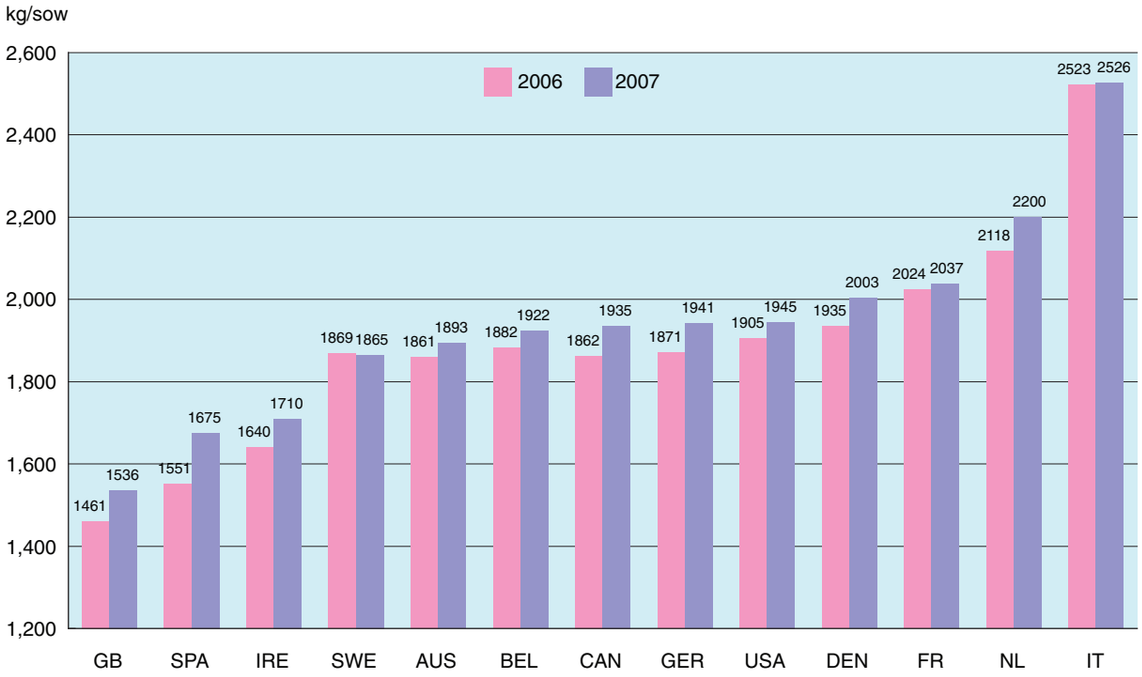


Table 12 Summary of physical performance 2003 – 2007 (Part 1)

	AUS					BEL					BRZ
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2006
Pigs Weaned Per Sow Per Year	20.34	20.69	21.56	21.56	22.08	20.59	20.86	21.41	21.88	22.64	19.97
Pigs Sold Per Sow Per year	18.71	19.45	20.05	20.27	20.53	18.86	19.32	19.69	20.22	21.11	18.52
Litters/sow/year	2.20	2.19	2.24	2.23	2.26	2.25	2.25	2.28	2.30	2.31	2.01
Pigs born alive per litter	10.60	10.79	10.90	11.00	11.10	10.42	10.57	10.72	10.92	11.19	10.67
Pre Weaning Mortality	12.8%	12.4%	11.7%	12.1%	12.0%	12.2%	12.3%	12.4%	12.7%	12.4%	6.9%
Rearing Mortality	5.0%	3.0%	4.0%	3.0%	3.5%	4.3%	3.6%	4.0%	3.9%	3.1%	3.4%
Finishing Mortality	3.0%	3.0%	3.0%	3.0%	3.5%	4.3%	3.9%	4.2%	3.9%	3.8%	4.0%
Finishing Daily Liveweight Gain (g/day)	730	740	747	752	756	590	604	608	610	617	788
Finishing Feed Conversion Ratio	3.00	2.95	2.93	2.95	2.95	3.03	2.99	2.99	2.98	2.98	2.54
Average live weight at slaughter	118.0	117.3	118.0	118.0	118.0	113.2	114.1	114.6	115.1	114.2	109.3
Adjusted carcase weight - Cold	92.1	91.6	92.0	91.8	92.2	90.9	91.7	92.1	93.1	91.1	79.4
Carcase meat production/sow/year (kg)	1723	1782	1845	1861	1893	1715	1771	1813	1882	1922	1470
Average lean meat percentage	60.5%	60.5%	59.2%	59.2%	59.3%	60.5%	60.5%	61.5%	62.0%	61.7%	57.4%
Lean meat production/sow/year (kg)	1043	1078	1092	1101	1122	1038	1072	1115	1167	1186	844

	CAN					DEN					
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	
Pigs Weaned Per Sow Per Year	20.79	21.38	21.38	21.78	22.26	23.97	24.66	25.43	25.86	26.37	
Pigs Sold Per Sow Per year	19.54	20.31	20.31	20.69	20.61	22.23	22.54	23.41	24.03	24.46	
Litters/sow/year	2.20	2.20	2.20	2.20	2.30	2.25	2.25	2.24	2.23	2.23	
Pigs born alive per litter	10.50	10.80	10.80	11.00	11.00	12.30	12.70	13.20	13.50	13.80	
Pre Weaning Mortality	10.0%	10.0%	10.0%	10.0%	12.0%	13.4%	13.7%	14.0%	14.1%	14.3%	
Rearing Mortality	3.0%	2.0%	2.0%	2.0%	3.0%	3.6%	4.6%	3.8%	3.2%	3.1%	
Finishing Mortality	3.0%	3.0%	3.0%	3.0%	4.4%	3.8%	4.2%	4.3%	4.0%	4.3%	
Finishing Daily Liveweight Gain (g/day)	826	826	826	826	819	831	835	842	861	869	
Finishing Feed Conversion Ratio	2.96	2.96	2.96	2.96	2.68	2.70	2.69	2.66	2.65	2.67	
Average live weight at slaughter	113.0	113.0	113.0	113.0	118.0	102.0	102.0	105.0	106.8	108.5	
Adjusted carcase weight - Cold	90.0	90.0	90.0	90.0	93.9	77.1	77.1	79.2	80.5	81.9	
Carcase meat production/sow/year (kg)	1759	1828	1828	1862	1935	1714	1738	1854	1935	2003	
Average lean meat percentage	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.1%	60.2%	60.3%	60.3%	
Lean meat production/sow/year (kg)	1055	1097	1097	1117	1161	1028	1044	1116	1167	1208	

	FR					GER					
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	
Pigs Weaned Per Sow Per Year	23.75	23.86	24.16	24.53	24.49	20.50	20.88	21.50	21.79	22.39	
Pigs Sold Per Sow Per year	21.98	22.10	22.45	22.91	22.99	19.18	19.46	20.00	20.31	20.89	
Litters/sow/year	2.24	2.23	2.24	2.26	2.22	2.23	2.24	2.26	2.27	2.28	
Pigs born alive per litter	12.30	12.50	12.60	12.70	12.80	10.80	10.90	11.10	11.20	11.50	
Pre Weaning Mortality	13.8%	14.2%	14.4%	14.4%	14.0%	14.9%	14.5%	14.3%	14.3%	14.6%	
Rearing Mortality	2.6%	2.5%	2.4%	2.3%	2.2%	2.8%	3.0%	3.0%	3.0%	3.0%	
Finishing Mortality	5.0%	5.0%	4.8%	4.4%	4.0%	3.7%	3.9%	4.1%	3.9%	3.8%	
Finishing Daily Liveweight Gain (g/day)	766	760	768	773	778	705	708	715	720	725	
Finishing Feed Conversion Ratio	2.91	2.94	2.92	2.90	2.90	2.97	2.96	2.95	2.95	2.92	
Average live weight at slaughter	113.8	114.9	114.6	115.5	115.8	118.0	118.2	119.0	119.0	120.0	
Adjusted carcase weight - Cold	87.1	87.9	87.7	88.4	88.6	93.2	91.8	92.3	92.1	92.9	
Carcase meat production/sow/year (kg)	1914	1943	1968	2024	2037	1788	1787	1845	1871	1941	
Average lean meat percentage	60.4%	61.1%	61.3%	61.5%	60.1%	56.0%	56.4%	56.5%	56.5%	56.5%	
Lean meat production/sow/year (kg)	1156	1187	1206	1245	1224	1001	1008	1042	1056	1096	

Table 12 Summary of physical performance 2003 – 2007 (Part 2)

	GB					IRE					IT				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
Pigs Weaned Per Sow Per Year	21.12	21.27	21.50	21.36	21.61	22.74	23.13	23.14	23.52	23.89	19.53	20.20	20.55	20.61	20.66
Pigs Sold Per Sow Per year	18.90	18.85	19.42	19.66	20.11	21.74	21.84	21.87	22.16	22.53	18.79	19.41	19.74	19.78	19.81
Litters/sow/year(1)	2.20	2.21	2.22	2.26	2.22	2.28	2.28	2.28	2.29	2.30	2.17	2.15	2.17	2.18	2.17
Pigs born alive per litter	10.74	10.74	10.87	10.90	10.93	11.01	11.16	11.19	11.35	11.53	10.31	10.52	10.60	10.57	10.60
Pre Weaning Mortality	10.6%	10.4%	10.9%	13.3%	10.9%	9.4%	9.1%	9.3%	9.5%	9.9%	12.7%	10.7%	10.7%	10.6%	10.2%
Rearing Mortality	4.3%	5.0%	3.4%	2.5%	2.5%	2.3%	3.2%	3.2%	3.3%	3.3%	3.3%	3.3%	3.3%	3.4%	3.4%
Finishing Mortality	6.5%	6.7%	6.5%	5.6%	4.6%	2.2%	2.4%	2.3%	2.5%	2.4%	0.5%	0.6%	0.6%	0.7%	0.7%
Finishing Daily Liveweight Gain (g/day)	627	630	639	655	683	743	738	740	738	750	620	623	625	626	635
Finishing Feed Conversion Ratio	2.74	2.77	2.74	2.75	2.75	2.73	2.79	2.74	2.78	2.74	3.90	3.90	3.90	3.90	3.90
Average live weight at slaughter	96.1	97.9	96.9	99.1	98.8	94.1	96.5	98.6	97.4	98.4	163.0	168.0	163.0	165.0	165.0
Adjusted carcase weight - Cold	72.4	73.7	74.2	74.3	76.4	71.3	73.0	75.1	74.0	75.9	128.7	129.7	126.3	127.5	127.5
Carcase meat production/sow/year (kg)	1368	1389	1441	1461	1536	1550	1594	1642	1640	1710	2418	2517	2493	2523	2526
Average lean meat percentage	61.1%	61.3%	61.1%	61.3%	61.2%	58.0%	58.3%	58.9%	58.6%	58.5%	47.3%	47.0%	47.0%	47.0%	47.0%
Lean meat production/sow/year (kg)	836	852	880	895	940	899	929	967	961	1000	1143	1183	1172	1186	1187

	NL					SPA		SWE				
	2003	2004	2005	2006	2007	2006	2007	2003	2004	2005	2006	2007
Pigs Weaned Per Sow Per Year	23.78	24.34	24.52	25.13	25.82	22.82	23.42	21.96	22.75	22.91	22.71	22.57
Pigs Sold Per Sow Per year	22.59	23.21	23.36	23.96	24.70	20.66	21.20	21.12	21.86	21.95	21.66	21.49
Litters/sow/year(1)	2.31	2.33	2.33	2.34	2.35	2.31	2.33	2.19	2.21	2.22	2.20	2.19
Pigs born alive per litter	11.70	11.90	12.00	12.30	12.60	11.10	11.20	11.70	12.10	12.10	12.20	12.30
Pre Weaning Mortality	12.0%	12.2%	12.3%	12.7%	12.8%	11.0%	10.3%	14.3%	14.8%	14.7%	15.4%	16.2%
Rearing Mortality	1.9%	1.8%	1.9%	2.0%	1.9%	3.6%	3.6%	2.5%	2.5%	2.6%	2.7%	2.5%
Finishing Mortality	3.2%	2.9%	2.9%	2.7%	2.5%	6.1%	5.9%	1.3%	1.4%	1.6%	1.9%	2.3%
Finishing Daily Liveweight Gain (g/day)	762	774	779	772	784	698	695	877	873	874	873	880
Finishing Feed Conversion Ratio	2.67	2.65	2.66	2.71	2.71	2.72	2.85	2.76	2.79	2.79	2.79	2.78
Average live weight at slaughter	115.8	113.0	113.8	114.2	115.1	99.6	106.2	115.0	115.8	114.8	115.6	116.3
Adjusted carcase weight - Cold	88.6	87.5	88.1	88.4	89.1	75.1	79.0	86.1	86.4	85.7	86.3	86.8
Carcase meat production/sow/year (kg)	2001	2031	2058	2118	2200	1551	1675	1819	1889	1881	1869	1865
Average lean meat percentage	56.2%	56.1%	56.2%	56.4%	56.3%	58.0%	58.0%	57.4%	57.4%	57.5%	57.5%	57.6%
Lean meat production/sow/year (kg)	1124	1140	1157	1194	1239	900	972	1044	1084	1082	1075	1074

	USA				EU AVERAGE				
	2004	2005	2006	2007	2003	2004	2005	2006	2007
Pigs Weaned Per Sow Per Year	22.16	22.13	22.31	22.93	21.92	22.37	22.60	22.88	23.22
Pigs Sold Per Sow Per year	20.72	20.71	20.74	20.96	20.43	20.84	21.19	21.53	21.87
Litters/sow/year(1)	2.41	2.39	2.37	2.39	2.24	2.24	2.24	2.25	2.25
Pigs born alive per litter	10.46	10.52	10.69	11.05	11.18	11.37	11.54	11.70	11.86
Pre Weaning Mortality	12.1%	12.0%	12.0%	11.0%	12.5%	12.2%	12.6%	13.1%	12.9%
Rearing Mortality	3.1%	3.0%	3.3%	3.0%	3.3%	3.3%	3.1%	2.9%	2.8%
Finishing Mortality	3.4%	3.4%	3.7%	3.1%	3.6%	3.6%	3.2%	3.1%	3.0%
Finishing Daily Liveweight Gain (g/day)	735	744	755	755	723	725	747	750	759
Finishing Feed Conversion Ratio	3.01	3.00	2.98	3.05	2.92	2.93	2.91	2.92	2.92
Average live weight at slaughter	120.2	120.7	121.3	122.6	113.5	114.9	115.8	116.5	116.8
Adjusted carcase weight - Cold	90.5	91.4	91.8	92.8	87.5	88.1	89.0	89.3	89.8
Carcase meat production/sow/year (kg)	1875	1892	1905	1945	1778	1829	1878	1916	1956
Average lean meat percentage	57.0%	57.0%	57.0%	57.0%	57.8%	57.9%	57.9%	58.0%	57.8%
Lean meat production/sow/year (kg)	1069	1079	1086	1109	1019	1050	1079	1103	1123

STANDARDISING THE PHYSICAL RESULTS

Methodology

There is a wide variation in physical performance measures reported by InterPIG countries. However some of these variations could in fact be due to differences between countries in the weight of animals produced. Other things being equal, an increase in slaughter weights, and the length of time an animal is in the system, will lead to a decline in both the marginal daily liveweight gain and the marginal feed conversion ratio.

Using methodology created by our French InterPIG partner, ITP, the figures have been standardised on the basis of three weights:

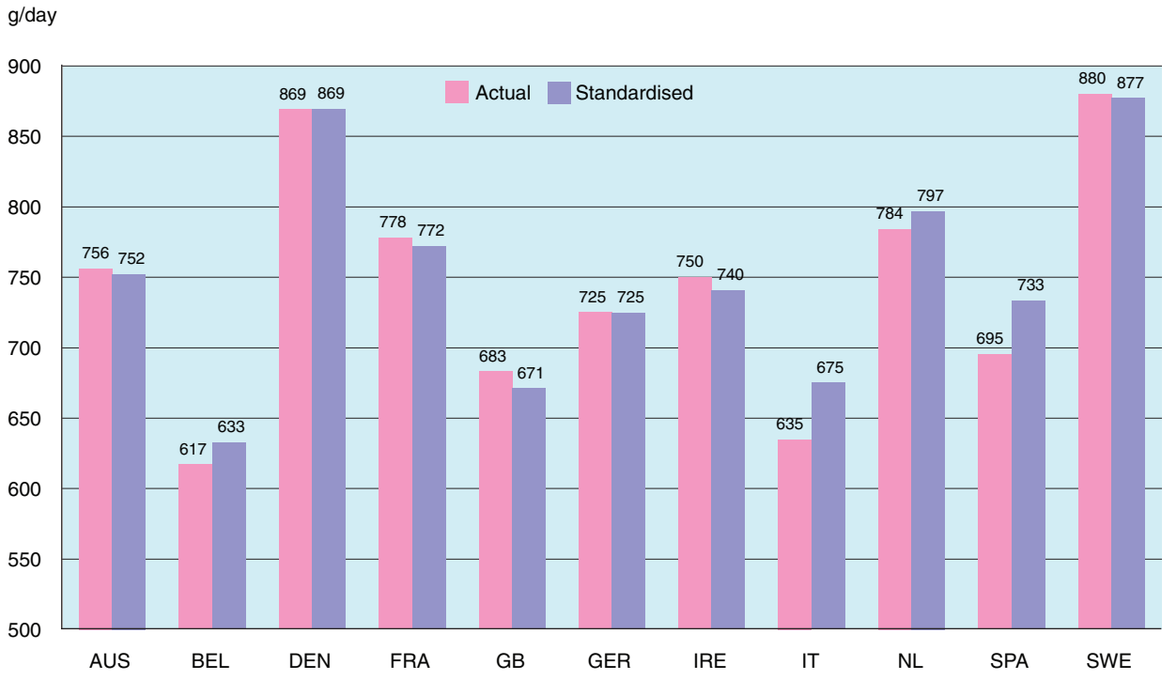
- Transfer from breeding unit to rearing unit: 8kg (GB = 7.8kg in 2007)
- Transfer from rearing unit to finishing unit: 30kg (GB = 36.9kg)
- Liveweight at slaughter: 120kg (GB = 98.8kg)

This section examines the adjustments that have been made to the finishing FCR and DLG figures in the European InterPIG countries to exclude the differences caused by variations in national transfer and slaughter weights.

Daily liveweight gain (DLG)

Average liveweight at slaughter in Great Britain in 2007 was 99kg, well below the EU average of 117kg. Increasing the average weight to the standardised figure of 120kg and reducing the transfer weight from the rearing herd to 30kg would imply a reduction in daily liveweight gain from 683g to 671g. In actual terms, GB DLG is ranked ninth of the 11 EU countries but in standardised terms it is tenth. As a proportion of the EU average, Great Britain falls from 92 per cent (actual) to 90 per cent (standardised). The most marked upwards adjustment as a result of standardisation is in Italy, up from 635g to 675g.

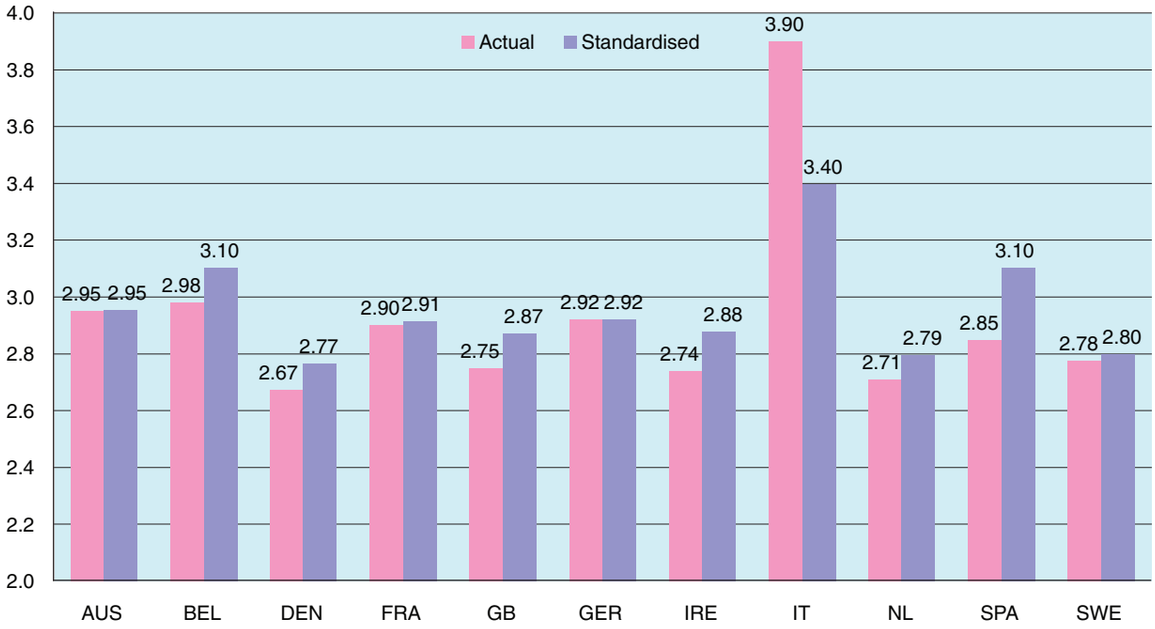
Figure 11 Standardised daily liveweight gains (finishing herds), 2007



Feed conversion ratios (FCR)

An increase in average liveweight at slaughter in Great Britain from 99kg to 120kg implies deterioration in the average feed conversion ratio from 2.75 to 2.87. However, after standardisation, Great Britain still ranks fourth in the EU countries. Again, the Italian figures change most, down from 3.90 to 3.40.

Figure 12 Standardised feed conversion ratios, 2007



PERFORMANCE AND PRODUCTION COSTS

Comparison of GB results with EU average

Table 13 shows 2007 Great Britain and overall EU comparisons of physical results. These indicate the areas where British performance falls short of the EU average, thus contributing to relatively high costs of production. They are therefore the potential areas that we should pay particular attention to in order to improve our relative performance. The table also shows improvement/deterioration in these performance measures compared with 2006.

Table 13 GB and EU physical results

	GB	EU ave	GB deviation (per cent) (a)	
			2007	2006
Pigs Weaned Per Sow Per Year	21.6	23.3	-7	-2
Pigs Sold Per Sow Per year	20.1	21.8	-8	-0
Litters/sow/year	2.2	2.3	-2	-5
Pigs born alive per litter	10.9	11.8	-7	+4
Sow mortality	4.0%	5.8%		
Pre Weaning Mortality	10.9%	12.5%	+13	-33
Rearing Mortality	2.5%	2.9%	+15	0
Finishing Mortality	4.6%	3.4%	-34	-23
Transfer weight from breeding to rearing unit (kg)	7.8	7.6		
Age of weaning (days)	28.0	27.7		
Transfer weight from rearing to finishing unit (kg)	36.9	30.0		
Rearing Daily Liveweight Gain (g/day)	466	413	+13	+14
Rearing Feed Conversion Ratio	1.76	1.81	+3	-1
Finishing Daily Liveweight Gain (g/day)	683	742	-8	-4
Finishing Feed Conversion Ratio	2.75	2.92	+6	+4
Ave number of days in rearing unit	62.4	53.9		
Ave number of days in finishing unit	90.6	118.4		
Pigs per pig place per year (finishing)	3.74	3.07	+22	+2
Average live weight at slaughter	98.8	116.0	-15	-2
Adjusted carcase weight - Cold	76.4	89.2	-14	+0
Killing out percentage	77.3%	76.9%	+1	+2
Carcase meat production per sow per year (kg)	1536	1937	-21	-0
Average lean meat percentage	61.2%	57.9%	+6	-1
Lean meat production per sow per year (kg)	940	1113	-16	-1
Sow feed (kg) per sow per year	1377	1271	-8	-19
Weaner/Rearer feed (kg) per pig	51	41	-26	-22
Finishing pigs feed consumption (kg) per pig	170	255	+33	+12
Labour per finished pig per year in hours	1.12	0.99	-13	-13

(a) Where the production factor makes a definite contribution to costs, a -ve implies higher costs and a +ve implies lower costs

Impact on costs of improving performance

There are, therefore, a number of key areas where the performance of the British pig industry falls short of the EU average. Improvements in these areas will lead to reductions in costs of production.

The following table shows the impact on production costs of improvements in key variables where GB performance is currently below the EU average. It shows the effect on average production costs if performance improves to the EU average. Each of the variables is examined in turn, with the other variables held constant.

Table 14 Impact of changes in performance on production costs (a)

Improvements in GB performance up to the European average in each of these variables will trim up to

	GB	EU	Cost change p/kg
Born alive per litter	10.9	11.8	-2.7
Litters/sow/year	2.22	2.26	-0.6
DLWG (Finishing Herds)(g)	683	742	-0.6
Post-weaning mortality (%)	7.0	6.0	-0.4
Increase weight at slaughter (kg lw)	98.8	116.0	-2.0
Total of above			**-6.3**

(a) Based on improving GB performance figures to the EU average

2.7p/kg off the average cost of producing a pig. If there were a simultaneous improvement in each of the variables, the costs of production would be reduced by 6p/kg. This would reduce the cash costs of production from 105p/kg to 99p

In practical terms there could be constraints on increasing the average weight at slaughter by 17kg lw, due to the implications for housing and contract specifications. However, offsetting this, the fact that British pigs are significantly lighter than the EU average means that producers should be aiming for a daily liveweight gain of more than the average of 742 grams.

ADJUSTMENTS TO PRICES

The impact on relative costs

Variations in national prices are not always reflected in the returns received by producers. Consequently, the national reference prices which are published weekly by the EU Commission are not necessarily an ideal basis on which to base market analysis.

Inconsistencies between countries can arise because :

- Some reference prices exclude bonuses paid to producers
- Some reference prices exclude deductions from prices paid to producers
- There are differences in the E grade definitions used by member states. The definition in some member states is 55 per cent lean meat and above and in others it is 55 to 59 per cent lean meat.

In addition there are differences in carcase dressing specifications (see Appendix lll)

As a first step to ironing out potential inconsistencies and improving market transparency the individual member states were asked to complete a questionnaire that detailed what lean meat percentages were used and whether there were bonuses/deductions not reported in the weekly reference price.

The results, which were also published in the previous report, indicated some marked differences in reporting methodology between member states. Reference prices in France, Italy, the Netherlands and the United Kingdom exclude bonus payments. Deductions (for example for transport or classification) are not made from reference prices in Denmark, Spain, France, the Netherlands, Austria, Sweden and the United Kingdom.

Some more information has since become available:

- Belgian sources have reported that the reference price is a gross price before deductions. There are no bonuses payable to Belgian producers except in special circumstances.
- German reference prices include additions and deductions for characteristics such as quality and weight. However, they are not net of charges made for collection and transport to the abattoir

Table 15 Selected results from the reference prices questionnaire

	Grade definition used for price reporting (Lean Meat %)	Do farmers receive extra payments when selling their pigs that are not reported in your weekly reference price?	Do farmers have deductions made from the price reported in your country when selling their pigs?
Austria	55-59	No	No
Czech Republic	55+	No	No
Denmark	55-59	No	No
France	55+	Yes	No
Hungary	55-59	No	No
Ireland	55-60	No	Yes
Italy	55+	Yes	Yes
Netherlands	56	Yes	No
Poland	55+	No	No
Spain	55+	No	No
Sweden	55-59	No	No
United Kingdom	55-59	Yes	Yes
Belgium		No	Yes
Germany		No	Yes

The intention was that after further discussion at future pig management committee meetings the inconsistencies caused by differences in grade definitions and in the treatment of bonuses/deductions would eventually be removed. But so far there appears to have been limited progress made in these areas. However, information is available from InterPIG countries on bonuses/deductions which can be applied to national reference prices, where relevant, in order to iron out some of the inconsistencies.

Deductions

Table 16 itemises the deductions in the participating InterPIG countries. In some cases no information was provided, and the InterPIG sample has been supplemented with information from other sources. Deductions will apply to national quoted price series but, as indicated in the previous table, reference prices in some of these countries will already be net of deductions. Both deductions and bonuses have been converted into a sterling equivalent based on average exchange rates in September 2008.

Table 16 Deductions from quoted pig prices

	AUS £/pig	BEL	DEN	FRA	GER	UK
Promotion	0.6	0.1			0.4	0.8
Research			0.6	0.1		0.2
Animal health		0.1				
Carcase classification	0.3		1.4	0.4	0.1	0.4
Veterinary inspections and testing				0.0	1.4	0.5
Transport			0.8		2.0	2.5
Offal disposal	06					0.2
Health deductions					0.7	
Carcase disposal (a)		0.0			0.4	0.2
Marketing fee				0.0		0.4
Credit insurance	0.2			0.1	0.2	0.1
Other	0.7				1.2	0.1
Total deductions (£/pig)	**2.4**	**0.2**	**2.8**	**0.6**	**6.3**	**5.3**
Total deductions (p/kg)	**2.6**	**0.2**	**3.4**	**0.7**	**6.8**	**6.9**

	IRE	ITA	NL	SPA	SWE	
Promotion	0..2					
Research	0.0					
Animal health		0.5				
Carcase classification			0.2			
Veterinary inspections and testing	1.0					
Transport				2.5	0.6	
Offal disposal						
Health deductions			0.3			
Carcase disposal (a)						
Marketing fee						
Credit insurance						
Other			0.9			
Total deductions (£/pig)	**1.3**	**0.5**	**1.5**	**2.0**	**0.6**	
Total deductions (p/kg)	**1.7**	**0.4**	**1.7**	**2.5**	**0.7**	

(a) Carcase disposal charge based on a typical condemnation rate of 1.5%, except in Sweden where there is a flat rate charge across all pigs

The highest deductions are in Germany (6.8p/kg dw) and Great Britain (6.9p) while the lowest deductions are made in Belgium (0.2p), Italy (0.4p) and Sweden (0.7p).

Bonuses

The bonuses payable to producers are analysed in Table 17. Bonuses are not paid in all countries. Producers in Austria, Ireland and Italy do not receive any bonuses. The highest bonuses are paid in France (£11.40/pig or 12.8p/kg) and Denmark (£5.80/pig or 7.1p/kg). Some bonuses are mainly based on

quality standards, eg France, while some are mainly profit-sharing, eg Denmark and Sweden.

Table 17 Additions to quoted pig prices

	AUS	BEL	DEN	FRA	GER	UK
Total bonuses (£/pig)	0.0	0.0	5.8	11.4	2.1	0.4
Total bonuses (p/kg)	0.0	0.0	7.1	12.8	2.3	0.6
	IRE	**ITA**	**NL**	**SPA**	**SWE**	
Total bonuses (£/pig)	0.0	0.0	1.1	0.0	3.2	
Total bonuses (p/kg)	0.0	0.0	1.3	0.0	3.7	

Total adjustments to reference prices

Table 18 and Figure 11 summarise the effect of bonuses and deductions on national reference prices in cases where these bonuses/deductions are applicable. In three of the European InterPIG countries - Austria, Spain and Sweden – the reported reference prices already take account of any relevant bonuses/deductions. In two of the remaining eight countries – Belgium and Italy – the size of the adjustment is very small.

Table 18 Adjustments to reference prices

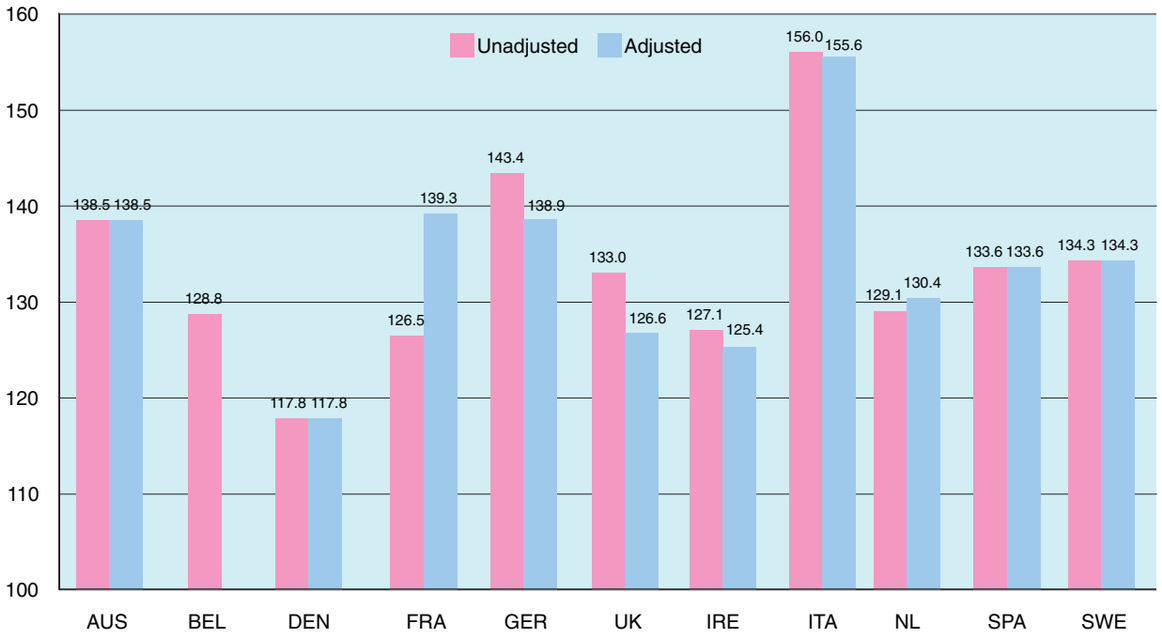
	AUS p/kg	BEL	DEN	FRA	GER	UK
Reference price (p/kg) (a)	135.5	128.8	117.8	126.5	143.4	133.0
Deductions	0.0	-0.2	0.0	0.0	-6.8	-6.9
Bonuses	0.0	0.0	0.0	+12.8	+2.3	+0.6
Adjusted price	138.5	128.5	117.8	139.3	138.9	126.6
	IRE	**ITA**	**NL**	**SPA**	**SWE**	
Reference price (p/kg) (a)	127.1	156.0	129.1	133.6	134.3	
Deductions	-1.7	-0.4	0.0	0.0	0.0	
Bonuses	0.0	0.0	1.3	0.0	0.0	
Adjusted price	125.4	155.6	130.4	133.6	134.3	

(a) Monthly average for September 2008

Negative adjustments are made to reference prices in Germany, the United Kingdom and Ireland, although the most marked adjustment (-6.4p/kg) occurs in the UK. Consequently the adjusted GB price was actually lower than the Dutch price in September 2008. However, the price relationship in that month was not typical, as usually the United Kingdom reference price is well above the Dutch price.

Positive adjustments are made to reference prices in the Netherlands and France. Although the Dutch adjustment is relatively small (a bonus equivalent to 1.3p/kg) the French adjustment is much larger (+12.8p/kg). So, whereas the unadjusted French price was 6.5p below the UK price, the adjusted French price was 12.7p above the UK price.

Figure 13 Adjusted reference prices



The estimated national price adjustments are mainly based on 2007 figures, which have been adjusted to the sterling equivalent on the basis of average September 2008 exchange rates. Clearly bonuses/deductions can change from year to year, and exchange rates can be very volatile – especially during periods of economic turbulence as in 2008. Therefore these adjustments should be considered as a snapshot picture at a point in time.

Further work needs to be done to improve comparability between national reference prices. In particular there needs to be a common definition of grade E pigs or, alternatively, a commonly accepted methodology for ironing out the differences in definitions.

There are also differences in the ways that reference prices are collected. In the United Kingdom, the reference price is derived from the same sample as the DAPP price series. But in some countries the reference price comes from a different, often smaller, sample than the main national price series. Therefore reference price trends may be different from national price series.

MONITORING CHANGES IN COSTS OF PRODUCTION

The relative costs analysed in this report relate to the 2007 calendar year. However, feed prices trended higher during the course of 2007, so that by the end of the year production costs in most countries were significantly higher than the annual average. Feed prices remained at or near record levels in the first half of 2008 but since the middle of the year they have moved lower.

This chapter examines how the changes in monthly average feed prices have affected relative costs of production. In these calculations, feed prices are the only factors that have been changed; all other variables have been left unchanged. For this reason, and also because the current feed costs will not have applied throughout 2008, these figures should not be considered as provisional 2008 results.

Feed cost movements

During the first few months of 2008 cereal ingredient prices continued to increase, reaching record levels in the spring. Since then prices have fallen on the back of improved crop estimates. They are currently (October 2008) about half of the peak levels. Soya prices have shown similar patterns, although the extent of the downward adjustment in UK terms has been lessened by a slide in the value of sterling against the US dollar.

Table 19 Changes in feed costs in 2008

	2007	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Sep-08 compared with 2007
Weighted average feed prices (€/tonne)											
Austria	220.3	na	268.2	270.3	276.1	281.9	288.4	288.4	253.7	219.0	-1
Belgium	232.4	274.4	281.0	281.0	286.0	286.0	281.3	276.8	276.8	269.8	+16
Brazil	214.3	261.0	261.0	253.1	243.8	264.0	278.9	292.4	294.7	273.7	+28
Canada	208.1	226.1	248.8	233.2	230.2	na	225.1	240.9	na	231.1	+11
Denmark	206.6	274.9	294.6	294.6	294.6	294.6	283.8	283.8	283.8	263.3	+27
France	207.2	279.6	280.6	283.8	279.6	277.4	273.0	266.6	260.2	249.5	+20
Germany	200.3	277.8	283.5	286.4	286.7	283.3	280.3	276.5	258.8	249.5	+25
GB	235.1	282.6	267.7	271.9	283.5	289.2	290.8	289.1	278.1	256.7	+9
Ireland	255.1	298.2	298.2	299.9	302.8	302.1	306.2	305.8	302.4	292.9	+15
Italy	227.4	na	268.8	na	na	260.3	269.6	na	na	na	na
Netherlands	215.5	260.5	265.7	269.0	272.9	274.1	274.3	274.2	271.4	263.8	+22
Spain	246.9	287.3	283.0	283.3	289.5	286.1	288.1	295.1	280.7	278.0	+13
Sweden	201.9	260.5	265.2	270.2	na	na	na	na	na	na	na
Average	**220.9**	**271.2**	**274.3**	**274.7**	**276.9**	**281.7**	**278.3**	**280.9**	**276.0**	**258.8**	**+17**
Weighted average feed prices (£/tonne)											
Austria	150.8	na	201.4	209.5	219.5	223.1	228.2	228.5	201.1	174.7	+16
Belgium	159.1	205.1	211.1	217.8	227.4	226.4	222.6	219.3	219.4	215.2	+35
Brazil	146.7	195.0	196.0	196.2	193.8	209.0	220.7	231.7	233.6	218.3	+49
Canada	142.4	169.0	186.9	180.8	183.0	na	178.1	190.8	na	184.3	+29
Denmark	141.4	205.5	221.3	228.3	234.2	233.2	224.6	224.9	225.0	210.0	+49
France	141.8	208.9	210.8	220.0	222.2	219.6	216.1	211.3	206.3	199.0	+40
Germany	137.1	207.6	213.0	222.0	227.9	224.2	221.8	219.1	205.2	199.0	+45
GB	160.9	211.2	201.1	210.7	225.4	228.9	230.1	229.1	220.5	204.8	+27
Ireland	174.6	222.8	224.0	232.5	240.8	239.1	242.3	242.3	239.7	233.6	+34
Italy	155.7	na	201.9	na	na	206.0	213.3	na	na	na	na
Netherlands	147.5	194.7	199.6	208.5	217.0	216.9	217.1	217.3	215.1	210.5	+43
Spain	169.0	214.7	212.6	219.6	230.1	226.4	228.0	233.9	222.5	221.8	+31
Sweden	138.2	194.7	199.2	209.5	na	na	na	na	na	na	na
Average	**151.2**	**202.7**	**206.1**	**213.0**	**220.1**	**223.0**	**220.2**	**222.6**	**218.8**	**206.5**	**+37**

Compound feed prices, on which Table 19 is based, will not necessarily change as quickly as spot raw ingredient prices. This is because manufacturers would have bought cover forwards a few months and in a weakening market this is likely to have been at higher prices. Average feed prices in most InterPIG countries began to decline in the April-July period, although in September 2008 they were still higher than the 2007 average. In sterling terms, feed prices in September were on average 37 per cent more than in the 2007 year, but due to the depreciation of sterling, they were just 17 per cent higher in Euro terms. The exchange rate factor means that the increase in GB feed prices (in sterling terms) of 27 per cent is well below the overall increase.

Total production costs

The estimates of total production costs in Table 20 are based on the changes in feed costs only, with all other factors being held constant. In reality, of course, there will be other changes affecting production costs. In the first half of 2008, for example, there were rising fuel and energy prices, although these have been falling in the second half of the year. However, the dominance of feed in the cost of producing pig meat means that these other factors are likely to be dwarfed by the effects of feed price changes.

Consequently, the pattern of changes in total production costs mirrors the changes in feed prices. Average total production costs peaked in May 2008, at 31 per cent above the 2007 average, but have since fallen back. In September 2008, average production costs were 23 per cent higher than in 2007 in sterling terms although only six per cent higher in Euro terms. The lower value of sterling against the Euro has improved the relative competitiveness of British pigs; in September 2008, production costs were below German costs and only slightly higher than in Ireland.

Table 20 Changes in total production costs in 2008

	2007	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Sep-08 compared with 2007
Pigmeat production costs (Euro cents/kg)											
Austria	165.8	na	189.7	190.5	192.7	194.9	191.9	191.9	178.6	165.3	0
Belgium	152.1	156.1	158.5	158.5	160.4	160.3	168.1	166.4	168.5	165.9	+9
Brazil	109.7	121.0	121.0	117.9	114.3	122.0	127.8	132.3	140.3	132.3	+21
Canada	117.9	126.4	135.2	129.1	128.0	na	123.9	129.6	na	126.1	+7
Denmark	140.0	173.2	180.7	180.7	180.7	180.6	169.0	169.0	169.0	161.3	+15
France	151.0	178.2	178.6	179.9	178.2	177.2	176.5	174.0	na	167.4	+11
Germany	159.7	191.5	193.8	195.0	195.1	193.5	190.7	189.2	182.3	178.7	+12
GB	177.8	189.4	183.1	182.4	185.2	187.8	187.5	186.8	182.5	174.4	-2
Ireland	159.3	176.7	176.7	177.4	178.5	178.1	178.0	177.9	176.6	173.1	+9
Italy	183.7	na	227.6	na	na	222.4	204.7	na	na	na	na
Netherlands	146.0	158.5	160.5	161.7	163.1	163.4	167.2	167.2	166.2	163.4	+12
Spain	157.1	173.6	171.8	172.0	174.5	173.1	174.0	176.9	171.0	169.9	+8
Sweden	169.3	189.9	191.7	193.8	194.2	na	na	na	na	na	na
Average	**153.0**	**166.8**	**174.5**	**169.9**	**170.4**	**177.6**	**171.6**	**169.2**	**170.6**	**161.6**	**+6**
Pigmeat production costs (p/kg)											
Austria	113.5	na	142.5	147.7	153.2	154.3	151.9	152.1	141.6	131.9	+16
Belgium	104.1	116.7	119.1	122.9	127.5	126.8	133.0	131.8	133.6	132.3	+27
Brazil	75.1	90.4	90.9	91.4	90.9	96.6	101.1	104.9	111.2	105.5	+41
Canada	80.7	94.4	101.6	100.1	101.7	na	98.1	102.7	na	100.6	+25
Denmark	95.9	129.5	135.7	140.1	143.7	142.9	133.7	133.9	134.0	128.7	+34
France	103.4	133.2	134.2	139.5	141.7	140.3	139.6	137.9	na	133.5	+29
Germany	109.3	143.1	145.6	151.1	155.1	153.1	150.9	149.9	144.6	142.6	+30
GB	121.7	141.6	137.5	141.4	147.2	148.6	148.4	148.0	144.7	139.1	+14
Ireland	109.1	132.1	132.8	137.5	141.9	141.0	140.9	141.0	140.0	138.1	+27
Italy	125.7	na	170.9	na	na	176.1	162.0	na	na	na	na
Netherlands	100.0	118.5	120.5	125.3	129.7	129.3	132.3	132.5	131.7	130.4	+30
Spain	107.5	129.7	129.1	133.3	138.7	137.0	137.7	140.2	135.5	135.5	+26
Sweden	115.9	141.9	144.0	150.2	154.3	na	na	na	na	na	na
Average	**104.7**	**124.6**	**131.1**	**131.7**	**135.5**	**140.5**	**135.8**	**134.1**	**135.2**	**128.9**	**+23**

Net margins in Great Britain

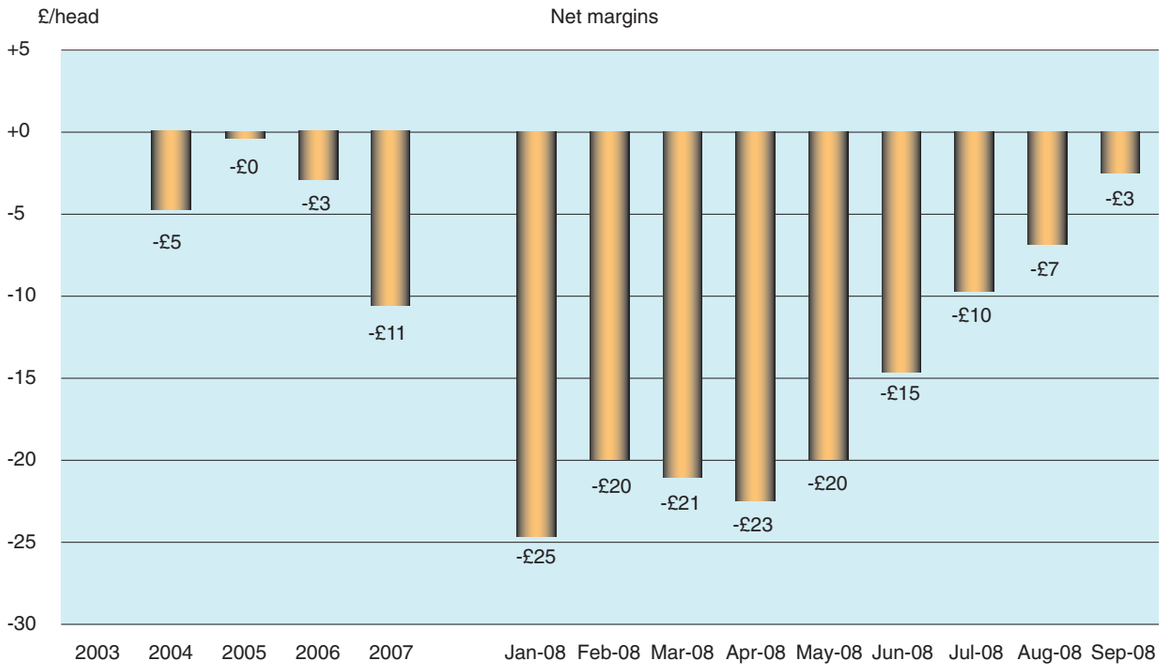
During the first five months of 2008, British pig producers were losing on average between £20 and £25 per pig. But since then there has been a significant improvement. At the same time that costs of production have been increasing, producer prices have risen to their highest in 11 years – due to a number of factors including lower domestic production, cutbacks in Continental supplies and higher import prices. Consequently, by September 2008, the estimated loss per pig had fallen to £3.

The final quarter of 2008 should see a move into profitability, as compound feed prices follow raw ingredient prices lower.

These estimates should only be regarded as indicative of general trends. They are based on spot compound prices, but there are many different ways in which pig producers can source their feed supplies. They may buy spot, they may buy on contract, they may buy straights and do home milling and mixing, or they may buy manufactured compound feeds. And if they buy on contract, the timing of the contract and its length will also affect their production costs.

So producers who took out forward contracts at higher prices earlier in 2008, are likely to have higher production costs than indicated in this chapter, until their contracts come up for renewal.

Figure 14 Estimated net margins in Great Britain



APPENDIX I

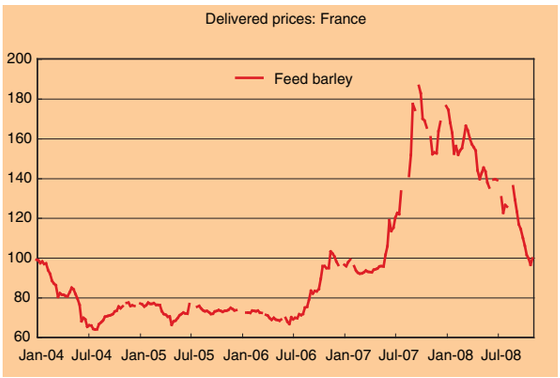
European pig industry trends in 2007

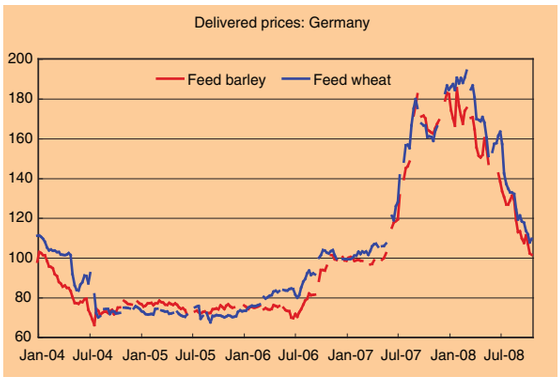
	AUS	BEL	DEN	FR	UK	GER	IRE	IT	NL	POL	SP	SWE
Breeding sow numbers (000 head)	230	526	1,090	1,106	453	2,130	143	691	915	1,528	2,497	146
Annual pig slaughterings (000 head)	5,599	11,370	21,385	25,730	9,484	53,311	2,615	13,596	14,187	24,744	42,151	3,004
Pig meat production (000 tonnes)	531	1,073	1,802	2,281	739	4,985	205	1,603	1,290	2,091	3,513	265
Pig meat imports (000 tonnes cwe)*	157	96	86	570	911	1,111	109	975	480	238	122	101
Pig meat exports (000 tonnes cwe)*	167	649	1,630	620	133	1,568	120	138	798	260	700	30
Pig meat consumption (000 tonnes cwe)*	521	521	258	2,231	1,517	4,528	194	2,440	972	2,069	2,936	335
Pig meat consumption (kg/head)*	62.3	47.5	47.3	36.2	25.0	54.8	45.2	41.4	59.1	54.3	66.0	36.8

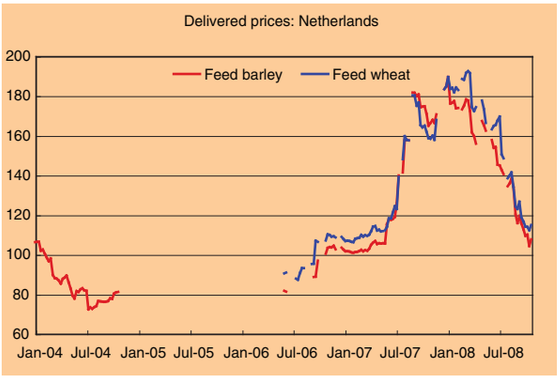
* Estimated figures for 2007
All figures are subject to revision
Source: AHDB Meat Services, Eurostat

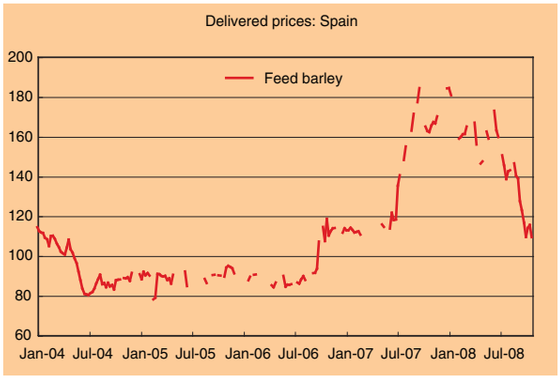
APPENDIX II

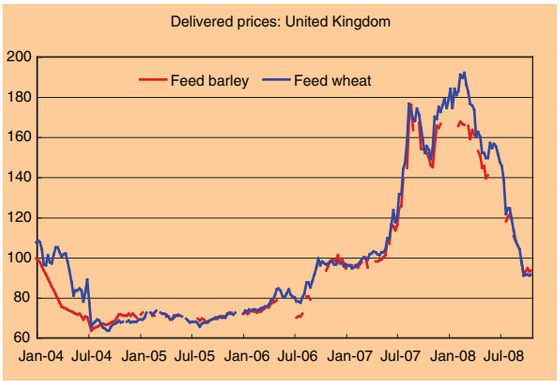
European feed price trends

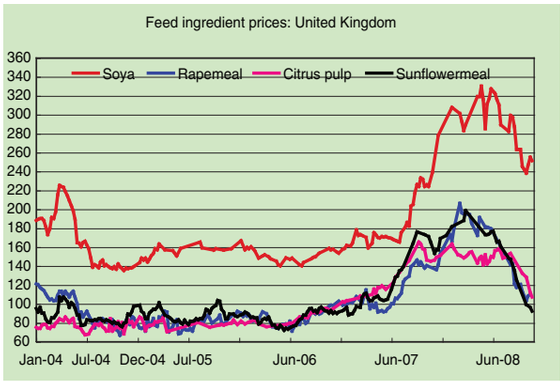












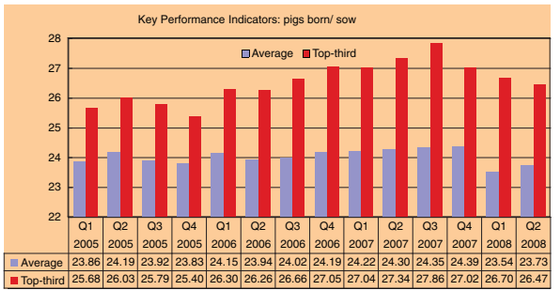
APPENDIX III

National carcase dressing specifications

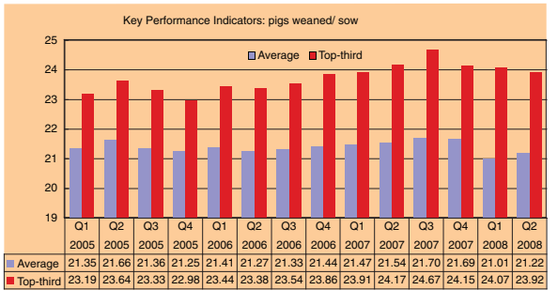
country	Presentation of the carcass	payment
Denmark	with head and feet, without flare fat, kidneys and trimmings	hot
Belgium	without head and feet, without flare fat, kidneys and trimmings	hot -2%
France	with head (including eyes, ear and tongue), with hooves and tail, without kidneys, diaphragm and flare fat	cold
Netherlands	with the head and the feet (without nails), without flarefat, kidneys and trimmings	hot
UK	with head, feet and tail but without flare fat,	cold
Czech Republic	kidneys and diaphragm with the head, flare fat, skin,without brain, kidneys and organs ind breast, abdomen and pelvic cavity	hot
Germany	without reproductive organs, tongue, spinal cord, lard, kidneys, diaphragm, brain, and the organs of thoracic cavity and abdominal cavity	hot
Sweden	with the head, feet and tail. No intestines of any kind. No flare fat.	cold
Ireland	REMOVED : Oesophagus, stomach, intestines, spleen, bladder,heart,liver, lungs,testicles,hair,neck glands,fatty tissue, blood,flare fat,kidneys and diaphragm	cold
Austria	without reproductive organs, tongue, spinal cord, lard, kidneys, diaphragm, brain, and the organs of thoracic cavity and abdominal cavity,with the head and the feet (without nails)	hot

APPENDIX IV

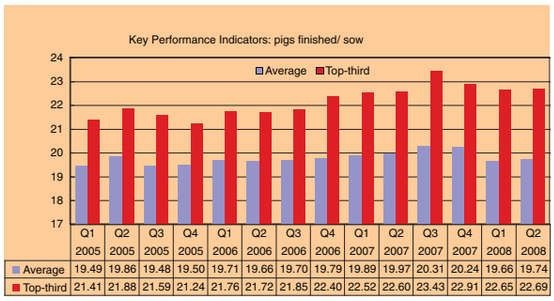
Quarterly key performance indicators



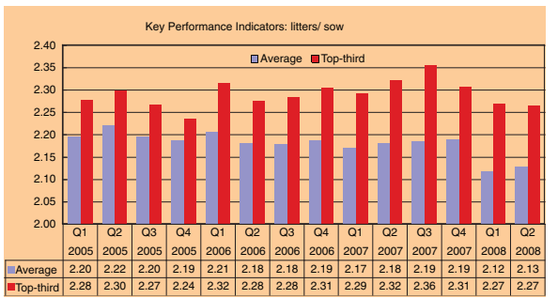
	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008
Average	23.86	24.19	23.92	23.83	24.15	23.94	24.02	24.19	24.22	24.30	24.35	24.39	23.54	23.73
Top-third	25.68	26.03	25.79	25.40	26.30	26.26	26.66	27.05	27.04	27.34	27.86	27.02	26.70	26.47



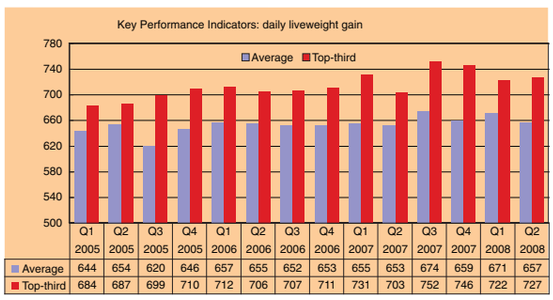
	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008
Average	21.35	21.66	21.36	21.25	21.41	21.27	21.33	21.44	21.47	21.54	21.70	21.69	21.01	21.22
Top-third	23.19	23.64	23.33	22.98	23.44	23.38	23.54	23.86	23.91	24.17	24.67	24.15	24.07	23.92



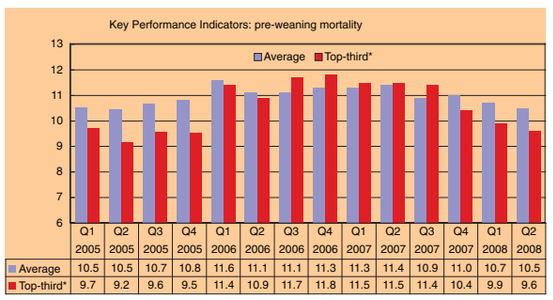
	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008
Average	19.49	19.86	19.48	19.50	19.71	19.66	19.70	19.79	19.89	19.97	20.31	20.24	19.66	19.74
Top-third	21.41	21.88	21.59	21.24	21.76	21.72	21.85	22.40	22.52	22.60	23.43	22.91	22.65	22.69



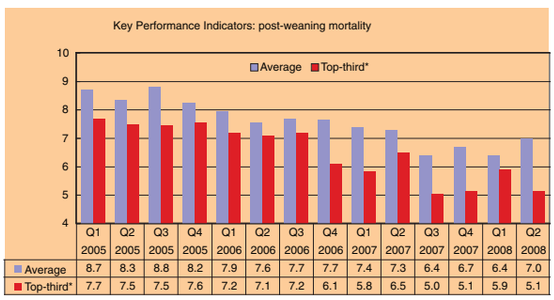
	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008
Average	2.20	2.22	2.20	2.19	2.21	2.18	2.18	2.19	2.17	2.18	2.19	2.19	2.12	2.13
Top-third	2.28	2.30	2.27	2.24	2.32	2.28	2.28	2.31	2.29	2.32	2.36	2.31	2.27	2.27



	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008
Average	644	654	620	646	657	655	652	653	655	653	674	659	671	657
Top-third	684	687	699	710	712	706	707	711	731	703	752	746	722	727



	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008
Average	10.5	10.5	10.7	10.8	11.6	11.1	11.1	11.3	11.3	11.4	10.9	11.0	10.7	10.5
Top-third*	9.7	9.2	9.6	9.5	11.4	10.9	11.7	11.8	11.5	11.5	11.4	10.4	9.9	9.6



	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008
Average	8.7	8.3	8.8	8.2	7.9	7.6	7.7	7.7	7.4	7.3	6.4	6.7	6.4	7.0
Top-third*	7.7	7.5	7.5	7.6	7.2	7.1	7.2	6.1	5.8	6.5	5.0	5.1	5.9	5.1

APPENDIX V

List of tables and charts

LOOK FOR THE MARK OF DISTINCTION

All pork, bacon, ham and sausages that carry the Quality Standard Mark come from farmers and processors committed to high standards of animal welfare, quality control and traceability. The productionchain is independently audited to ensure compliance with these standards.

BPEX Ltd • AHDB Meat Services
PO Box 44, Winterhill House, Snowdon Drive, Milton Keynes MK6 1AX
Telephone: 01908 844368 • Website: www.bpex.org.uk

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