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2010 PIG COST OF PRODUCTION IN SELECTED COUNTRIES

AHDB Market Intelligence

BPEX

CONTENTS

BPEX is a division of the Agriculture and Horticulture Development Board (AHDB)

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INTRODUCTION

Welcome to the latest in a series of annual reports examining the relative costs of pig meat production up to farmgate level in selected countries. All these figures relate to 2010.

What confidence there was in the EU pig sector earlier in 2010 was considerably eroded as world grain prices increased throughout the summer months. Combined with wider economic and financial challenges in the EU, the challenge of profitability remained a large issue as consumption remained subdued.

The rise in cereal prices hit pig feed prices in the second half of 2010. This led to increases in costs of production in every country in InterPIG. Prices continued moving higher during the year, so that by the end of 2010 production costs were considerably higher than the 2010 average costs presented in this report. Feed prices remained high in 2011 impacting costs of production.

Throughout most of 2010 EU pig prices were generally less firm than in 2009, while slaughterings were higher. For weaners, prices also declined sharply as finishers looked to pay less for them in order to offset increased feed costs. Although weaner prices across the main producing EU Member States fluctuated at differing times throughout the year, the common trend since the summer was one of marked decline.

British pig meat production made some further performance gains in 2010 but overall, performance is still lagging behind the European average in many key areas.

In May 2010, BPEX launched the innovative Two-Tonne Sow (2TS) campaign with the aim of lifting average sow productivity in England to 2,000kg of pig meat per sow per year. Closing the performance gap with European competitors is crucial to ensure the long-term competitiveness of the English pig sector. The campaign focuses on six pillars of activity in breeding, finishing, buildings, health, staff training and nutrition. BPEX will provide information, advice and support to producers in addressing this challenge. For more information on the campaign and to find out how to participate in the programme, either as a producer or as a member of the allied industries, go to www.bpex.org.uk/2ts

To assist producers compare their physical performance with other pig businesses in England, BPEX has a Key Performance Indicators (KPIs) section on its website which is updated quarterly based on Agrosoft data. The section provides average, top third and top 10 per cent performance for the 'super six' KPIs for indoor and outdoor breeding herds, rearing and finishing herds. For more information visit the Market Intelligence section of the BPEX website at www.bpex.org.uk

METHODOLOGY

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

- Great Britain – AHDB Market Intelligence, BPEX
- Austria – VLV Upper Austria
- Belgium – Boerenbond Belgie
- Brazil – Embrapa Swine and Poultry
- Canada – Sask Pork
- Czech Republic – Czech Institute of Agricultural Economics and Information (UZEI)
- Denmark – Landbrug & Fødevarer, Videncenter for Svineproduktion
- 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 – Svenska Pig.

This year's publication welcomes the return of Canada to the InterPig group. Sask Pork has submitted results for the Canadian industry. In addition for 2010, the Brazilian representative has provided data for two different states, Santa Catana and Mato Grosso. The InterPig group has also received a good level of interaction and data from a Czech Republic organisation and, working through the LEI, has provided data for 2008 to 2010.

We continue to work with other countries and organisations who wish to provide standardised results for international comparison.

The cost and performance data relates to average performance 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 to provide an accurate comparison within 1-2p/kg deadweight. In an attempt to continue to improve the accuracy of the data provided, the glossary of terms and formulae used in calculations is monitored and updated. As a result, there may be some discrepancies between previous publications as formulae are re-aligned.

KEY POINTS

- The cost of pig meat production in Great Britain increased by nine per cent in 2010, to 145.8p/kg. The average cost of production in the EU was 136.7p/kg deadweight, up two per cent. Production costs in Great Britain were above the European average in part due to significant increases in feed prices. As a result, Great Britain became less competitive in terms of costs of production than in previous years

- Despite the higher relative cost of production in Great Britain, there were some improvements in physical performance, eg litters/sow/year

- Producer prices decreased notably during 2010 which resulted in reduced net margins compared with 2009, with many countries having negative margins

- Feed prices increased following lower quotations during 2009. This impacted on most member countries costs of production

- In Great Britain, the cash costs of production, ie excluding finance costs, were 125.5/kg in 2010. This was about 10p higher than in 2009. The UK cash costs of production were 9p more than the EU average

- In 2010 as a whole, EU feed costs increased by four per cent compared with a year earlier, in sterling terms. The cost increase (in sterling) was 13 per cent in Great Britain to 85p/kg deadweight

- The overall average number of pigs weaned/sow/year in the European InterPIG countries showed a two per cent increase in 2010, up from 23.97 in 2009 to 24.35. There was a one per cent decrease in pigs weaned/sow in Great Britain

- Great Britain maintained a post-weaning mortality of 5.6 per cent, the same as the average for the European countries in 2010

- The average number of pigs finished/sow in Great Britain decreased slightly in 2010. At 21.4 pig/sow, average performance was 0.3 pigs lower than in 2009 but was still 0.6 pigs higher than in 2005

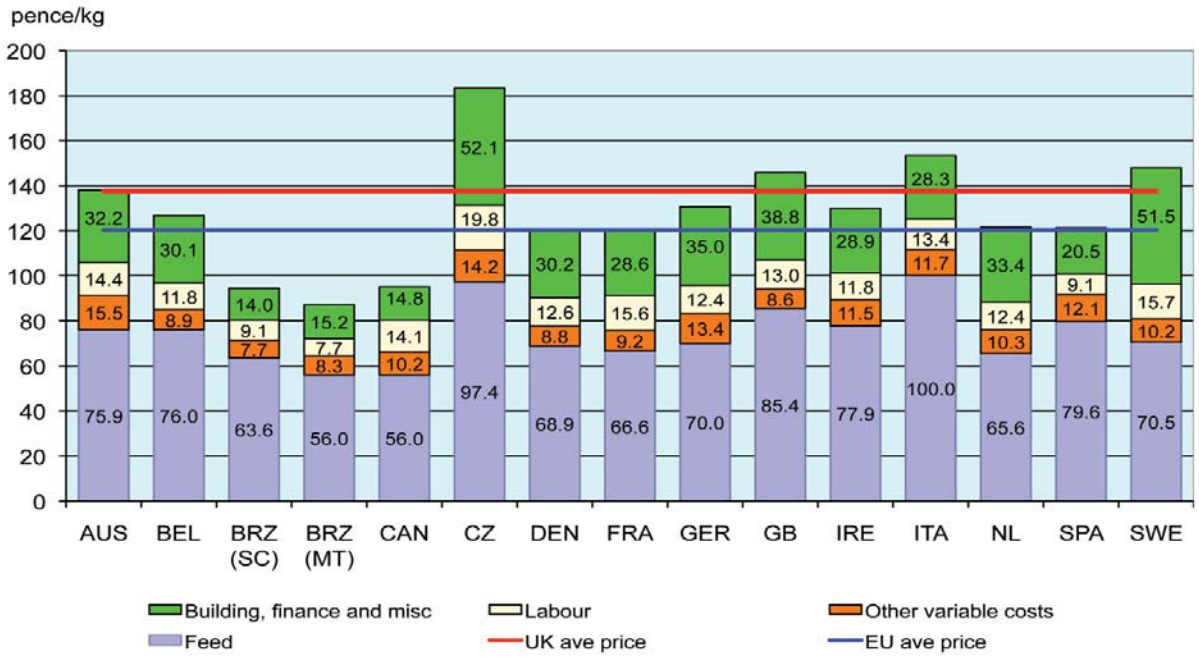
- Following two years of strong improvements in Daily Liveweight Gain (DLG), Great Britain slipped back in 2010 to 766g/day, a fall of six per cent. This is the first fall seen since 2003 but the 2010 figure is still over 20 per cent higher than it was then. Despite the fall, Great Britain's average DLG still matches the EU average

- Great Britain produced 1.63 tonnes of carcase meat/sow in 2010, one per cent lower than in 2009 because of lower numbers of pigs finished/sow, while average carcase weights were little changed.

Aggregate results for 2010

The production costs of pig meat in 2010 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, 2010



The average cost of production in the EU in 2010 was 136.7p/kg deadweight, two per cent higher than the previous year. Costs of production in Great Britain were substantially higher at 145.8p, a rise of nine per cent compared with the previous year, when UK costs were marginally below the EU average. The Czech Republic had the highest cost of production, due to the poor productivity of its breeding herd. Its average costs stood at 183.4p, following a rise of 12 per cent. Italy had the second highest costs at 153.5p, due to Italian pigs being finished at heavier weights than in other EU countries. The third highest production cost, in Sweden, also experienced a rise of 12 per cent year on year, taking its cost to 147.9p. The lowest production costs in the EU were in France (119.9p) and Denmark (120.6p).

Despite the increased costs of production, the average UK reference price was lower during 2010 than in 2009, averaging 138p/kg, although this was 14 per cent above the EU average of 120p/kg. The decrease in prices meant that average costs of production throughout the year were above the average price received during the 12 months. These figures imply a loss of eight pence on every kg of pig meat produced in the UK in 2010 (compared with an 11p surplus in 2009). Across the EU countries which were sampled, there was a technical loss of 17 pence on every kg of pig meat produced, with only France having production costs below the EU average reference price.

Comparisons with previous years (in sterling terms)

Costs of production in 2010, compared with results for the five previous years, are shown in Table 1. The average cost of production in the EU countries was up two per cent compared with 2009 levels for the same countries and stood at 136.7p/kg. An increase in feed costs was partially offset by falls in other cost categories. Five EU countries experienced increased costs of production, mainly due to

higher feed costs. In sterling terms, costs reduced in seven of the EU countries sampled, with costs in the Netherlands six per cent lower than in 2009, although this was in part due to the strengthening of the pound relative to the euro during the year.

Table 1 Average costs of production, 2005-2010 (pence/kg deadweight)

Year	2005	2006	2007	2008	2009	2010	2010/09 % change
Austria	99.0	103.0	108.7	137.0	128.9	138.1	+7
Belgium	88.4	89.7	105.0	131.5	125.5	126.8	+1
Brazil (SC)	na	na	64.5	88.8	88.4	94.4	+7
Brazil (MT)	na	na	na	na	na	87.2	na
Canada	56.8	62.3	92.2	85.8	91.7	95.1	+4
Czech	na	na	na	189.4	163.4	183.4	+12
Denmark	84.8	83.7	95.4	127.2	125.5	120.6	-4
France	86.2	88.0	100.2	127.4	123.6	119.9	-3
Germany	99.1	99.5	109.4	139.1	137.4	130.8	-5
Great Britain	99.6	103.5	120.2	135.1	134.4	145.8	+9
Ireland	95.0	99.9	109.9	136.2	132.0	130.1	-1
Italy	117.1	114.3	125.8	150.6	154.8	153.5	-1
Netherlands	85.0	87.2	100.5	129.4	129.2	121.7	-6
Spain	na	95.2	106.6	130.9	128.4	121.4	-5
Sweden	96.4	102.3	116.4	146.2	131.5	147.9	+12
EU	95.1	96.9	108.9	140.0	134.6	136.7	+2

Table 2 examines national cost structures in rank order and looks at how these rankings have varied over time. The ranking of countries is indicative of the range of costs involved amongst the member countries although this has changed over time as countries amend and improve their data.

The Czech Republic and Italy have consistently been the highest cost producers. The Czech Republic's high costs are mainly because of the performance of their pig herd and particularly their low breeding productivity and poor feed conversion rates. The high costs in Italy are due to higher carcase weights and poorer feed conversion ratios. Sweden and Great Britain also had costs which were well above the EU average. This is due, in part, to the relative weakness of the euro during 2010, although both countries have often had some of the higher costs of production in previous years too. Austria reverted to having above average costs this year, following a sharp increase in feed costs compared with 2009.

France and Denmark retained their positions as the two EU countries with the lowest costs of production, as they have since 2007. However, Spain and the Netherlands had costs which were only slightly higher, with both having reduced costs compared with 2009 levels. The costs of production in Belgium, Ireland and Germany were also below average.

Outside the EU, the cost of production in Brazil was substantially lower than in any EU member state. Costs were lower across all categories but finance costs were particularly low. Nevertheless, costs rose substantially in sterling terms, partly due to the strength of the Brazilian real.

Table 2 Ranking of EU production costs, 2005-2010

Year	2005	2006	2007	2008	2009	2010	% of EU ave
France	3	3	2	2	1	1	88.6
Denmark	1	1	1	1	2	2	89.0
Spain	na	5	5	4	4	3	89.6
Netherlands	2	2	3	3	6	4	89.9
Belgium	4	4	4	5	3	5	93.7
Ireland	5	7	8	7	8	6	96.0
Germany	8	6	7	9	10	7	96.6
Austria	7	9	6	8	5	8	102.0
Great Britain	9	10	10	6	9	9	107.7
Sweden	6	8	9	10	7	10	109.2
Italy	10	11	11	11	12	11	113.3
Czech	na	na	na	12	11	12	124.4

Note: Rankings: 1 = lowest, 11 = highest

Exchange Rate Movements

Exchange rate fluctuations influence the competitiveness of a country's exports and can even affect its domestic industry through direct competition with imports. Historical evidence has shown that movements in the exchange rate can have a significant effect on relative competitiveness and consequent implications for trade flows. This issue has been at the forefront of the argument for the adaptation of the euro and encouraging intra-EU trade since its beginning.

Of the 27 EU countries, 17 are currently in the Eurozone, following the inclusion of Estonia from the start of 2011, while several others have directly pegged their currencies to the euro. Trade between these states benefits from the reduced influence of currency fluctuations on their competitiveness. However, of the EU's major pig producers, Poland and the UK lie outside the Eurozone, increasing the extent to which exchange rates influence pig trade within the EU. Of the other EU countries covered in this report, Sweden and the Czech Republic are also outside the Eurozone.

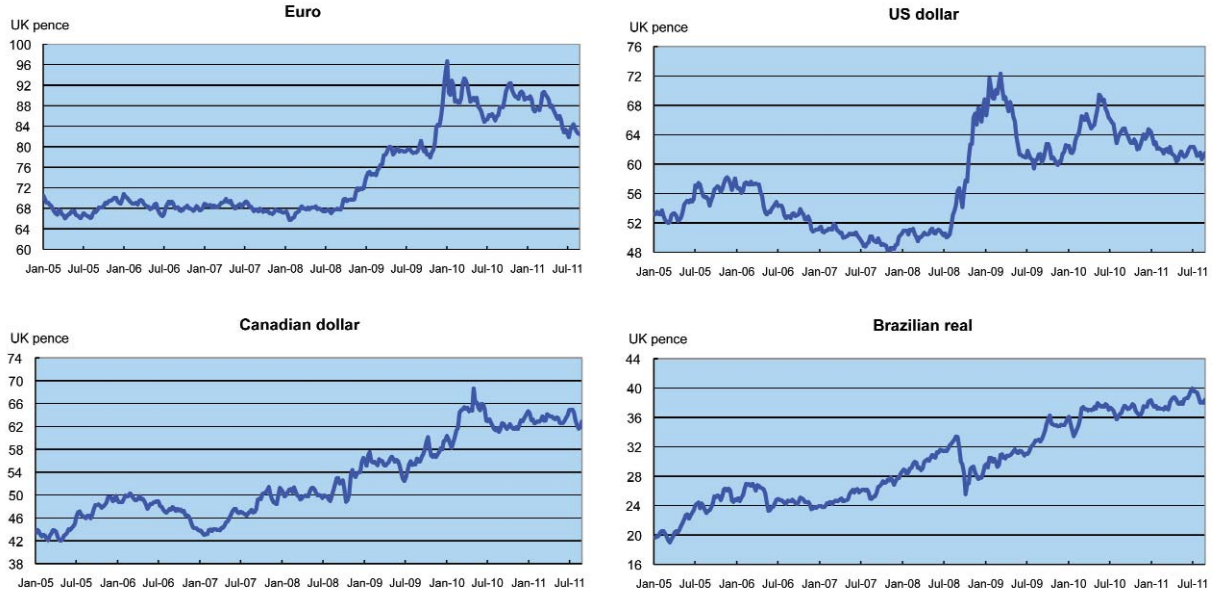
Euro

Between 2003 and mid-2007, the euro remained relatively steady against the pound, trading between 66p and 70p. Between then and early 2009, sterling depreciated significantly against the euro, trading as high as 95p. Since then, the exchange rate has fluctuated, with the euro mostly in the range of 80p to 90p. Through much of 2011, the euro has traded towards the top of that range.

The sharp movements in the exchange rate that occurred at the start of the financial crisis largely reflected the perceived vulnerability of the UK economy and the relative strength of the EU. The sharpest depreciation of the sterling to the euro occurred in the final few months of 2008, as the financial crisis intensified following the bankruptcy of Lehman Brothers in September 2008, as well as higher UK relative inflation.

During 2010, the euro fell in value as sovereign debt concerns undermined it, while the UK's faster and more aggressive fiscal tightening bolstered support for sterling. Despite the continuing debt concerns in some Eurozone countries, the euro strengthened against the pound during the first half of 2011, due to low UK interest rates and ongoing concerns about the strength of the UK economy.

Figure 2 Exchange rate movements, 2006-2011



US dollar

Between 2003 and late 2007, the US dollar lost over 30 per cent of its value against the pound due to concerns about the state of the US economy and its low interest rates. The start of the financial crisis saw little movement in the sterling/US dollar exchange rate as both economies were perceived to be similarly affected. Both sterling and the US dollar depreciated relative to other currencies but at levels fairly consistent with each other.

The US dollar appreciated sharply at the end of 2008 before a reversal in the first half of 2009 as confidence in the dollar fell amid increasing anxiety about long-term inflation resulting from massive government borrowing and anticipated ongoing deficit spending. Early 2010 witnessed a further appreciation of the dollar, due to its perceived relative strength in the global economy amid concerns of flailing European economies and the debt crises. This was followed by a sharp depreciation during the second half of the year, since when the sterling/US dollar exchange rate has remained largely stable.

Canadian dollar

The Canadian Dollar has been steadily strengthening since early 2007, apart from a sharp depreciation in mid 2010, following strong appreciation earlier in the year as investors moved away from the euro. The strength of the Canadian Dollar partly reflects the rise in the price of oil, given Canada's status as a significant oil exporter, while the currency has also increasingly been seen as a safe alternative to the US Dollar, given uncertainties about the strength of the US Economy.

Brazilian real

The real has appreciated dramatically since 2005, initially fuelled by capital inflows and the country's current account surplus. In early 2008, the surplus slipped into deficit but this was counterbalanced by continued high levels of foreign direct investment. Despite a sharp, yet fairly brief, depreciation in late 2008, following Brazil's economic contraction in the wake of the financial crisis, the currency has appreciated by over 30 per cent since the start of 2009. Continued endeavours to create more in-country resources have sustained the appreciation of the Brazilian real exchange rate as the country continues to attract investors.

Although the real's relative appreciation has been to the disadvantage of Brazil's exporters, the country has continued to improve its agricultural resources and livestock production systems that have, among other things, supported Brazil's international competitiveness. With domestic policies that have focused on import-substitution, the appreciation of the real has not led to increasing costs of agro-inputs.

Table 3 Annual exchange rates

Year	1€=	€:£	$US:£	$C:£	Real:£
2004	67.8p	1.474	1.83	2.38	5.36
2005	68.4p	1.463	1.82	2.21	4.44
2006	68.2p	1.467	1.84	2.09	4.01
2007	68.4p	1.461	2.00	2.15	3.89
2008	79.5p	1.258	1.85	1.96	3.35
2009	89.0p	1.123	1.57	1.78	3.11
2010	85.8p	1.166	1.55	1.59	2.72

Comparisons with previous years (in euro terms)

Between 2004 and 2007 there was very little change in the value of the Pound against the Euro, so exchange rate fluctuations had little impact on relative competitiveness. During 2008, however, the value of sterling declined by 12 per cent against the euro. The euro remained at a high level through most of 2009, before weakening during 2010. Consequently, although average EU prices were up just two per cent in sterling terms (Table 1) they increased by five per cent in euro terms (Table 4). The rise in cost of production was highest in the three EU countries outside the Eurozone, Great Britain, the Czech Republic and Sweden, an indication of the changes in competitiveness arising from exchange rate fluctuations.

Table 4 Average costs of production, 2005-2010 (Euro cents/kg deadweight)

Year	2005	2006	2007	2008	2009	2010	2010/09 % change
Austria	144.8	151.2	158.8	175.2	144.8	161.0	+11
Belgium	129.3	131.5	153.4	168.2	141.0	147.9	+5
Brazil (SC)	na	na	94.2	113.6	99.3	110.1	+11
Brazil (MT)	na	na	na	na	na	101.7	na
Canada	83.1	91.4	134.7	109.8	103.0	110.9	+8
Czech	na	na	na	209.9	172.2	196.4	+14
Denmark	124.0	122.8	139.4	162.7	141.0	140.6	-0
France	126.1	129.1	146.3	162.9	138.8	139.8	+1
Germany	144.9	145.9	159.8	177.9	154.3	152.5	-1
Great Britain	145.8	151.9	175.7	172.9	150.9	170.1	+13
Ireland	139.0	146.6	160.6	174.2	148.2	151.7	+2
Italy	171.4	167.7	183.8	192.6	173.8	179.0	+3
Netherlands	124.4	127.9	146.8	165.5	145.1	141.9	-2
Spain	na	139.6	155.7	167.4	144.2	141.5	-2
Sweden	141.1	150.1	170.1	187.0	147.6	172.4	+17
EU	139.1	142.2	159.1	176.4	150.2	157.9	+5

CASH COSTS OF PRODUCTION

Table 5 gives a breakdown of the costs of production in Great Britain compared with the overall results for the European members of InterPig.

The production costs estimated for Great Britain and other countries include “Finance Costs”, which include 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 2010 was 145.8p. However, if the finance costs element (20.4p) is excluded from the calculations, the cash costs of production fall to 125.5p/kg. This was about 10p higher than in 2009. The UK cash costs of production were nine pence higher than the EU average, a larger differential than in the previous two years when it stood at five pence.

Table 5 Cash costs of production, 2010 (pence/kg deadweight)

	GB		EU	
Variable costs	**110.7**	Cash costs = 125.5p	**101.3**	Cash costs = 116.2p
Feed	85.4		77.8	
Breeding cost	1.4		2.5	
Vet and med	2.9		4.5	
Energy	4.4		4.2	
Maintenance	3.2		2.5	
Levies, insurance, inspection	2.7		0.8	
Miscellaneous	10.7		9.0	
Fixed costs	**35.2**		**35.3**	
Labour	13.0		13.5	
Interest on working capital	1.8		1.4	
Finance costs	20.4		20.5	
Total costs (a)	**145.8**		**136.7**	

(a) Excludes transport from farm to abattoir

In estimating the depreciation charges different amortisation periods are used by different countries, depending on their own circumstances. For Great Britain, the periods used are 20 years for buildings and 10 years for equipment. Some other countries use the same periods but others use slightly longer amortisation periods.

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 amortised. 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. Nevertheless, the return of higher costs of production during 2010 mean that any investment is likely to be limited in the immediate future, which could limit any performance improvements as well as leading to continuing high maintenance costs.

FINANCIAL PERFORMANCE SUMMARY

Table 6 contains financial performance data for 2010, while Table 10 presents, where available, comparisons with 2008 and 2009. Among the EU countries there was a range of 63p/kg between the highest-cost producer and the lowest-cost producer, a slightly larger range than in 2008. The recorded differences are due to a combination of physical performance and 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 6 Summary of financial performance, 2010 (pence/kg deadweight)

	AUS	BEL	BRZ (SC)	BRZ (MT)	CAN	CZ	DEN	FR
Feed	75.94	76.00	63.64	56.05	56.03	97.38	68.92	66.59
Other variable costs	15.52	8.95	7.65	8.27	10.15	14.16	8.79	9.16
Total variable costs	91.46	84.95	71.29	64.32	66.18	111.54	77.71	75.75
Labour	14.39	11.77	9.11	7.66	14.12	19.76	12.63	15.57
Building, finance and misc	32.21	30.12	14.04	15.21	14.82	52.05	30.24	28.60
Total fixed costs	46.61	41.90	23.15	22.88	28.94	71.81	42.87	44.16
Total	138.07	126.84	94.44	87.19	95.12	183.35	120.58	119.92

	GER	GB	IRE	ITA	NL	SPA	SWE	AVE EU
Feed	70.03	85.44	77.87	100.03	65.61	79.63	70.48	77.83
Other variable costs	13.43	8.63	11.54	11.74	10.33	12.14	10.24	11.22
Total variable costs	83.46	94.08	89.41	111.74	75.94	91.77	80.72	89.05
Labour	12.35	12.97	11.78	13.42	12.43	9.13	15.68	13.49
Building, finance and misc	34.96	38.80	28.88	28.29	33.36	20.46	51.50	34.12
Total fixed costs	47.31	51.77	40.66	41.71	45.79	29.59	67.18	47.61
Total	130.78	145.85	130.06	153.48	121.73	121.36	147.89	136.66

Feed costs

Market developments in 2010

It has been well documented that in 2010, wheat prices rose at their fastest rate since 1973, due to concerns of drought conditions throughout the major cereal-growing areas of Europe and Russia and the resultant impact on yields. Russia, the global leader in cheap wheat supply, subsequently announced a ban on wheat exports, causing a very sharp increase in wheat futures. This was coupled with a global increase in demand and the increased use for biofuels.

Other factors affecting the feed market included the growing demand for grain from China and fluctuating exchange rates.

The feed grains market, particularly wheat, started to move up in price in June 2010 as European harvests suffered and the drought in Russia became more apparent. Between the initial USDA global grain production estimates of May 2010 and September 2010, wheat production was revised down nearly 30 million tonnes (over four per cent of the total).

With reduced supplies and a growing demand for cereals across the globe, price volatility has returned in the 2010/2011 season.

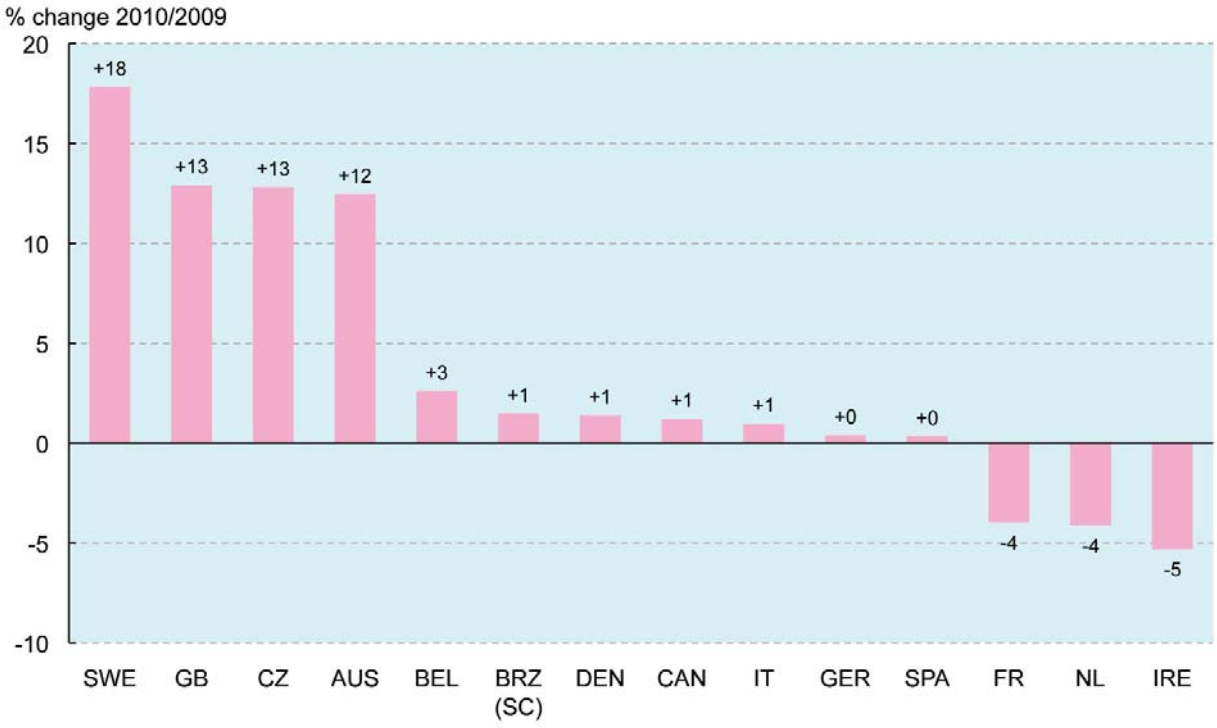
The drivers behind this volatility are:

- Export bans in both Russia and the Ukraine, resulting in the loss of the world's largest source of cheap wheat
- Price speculation on the financial markets
- High import demand, particularly from China
- Increased demand for non-food uses, primarily for bio-fuels
- Decreased cereal production, particularly in the Northern hemisphere (mainly Europe and Russia)
- Record demand for grain-fed meat coupled with stocks being at a 30-year low.

Global soyameal values were also volatile in 2010 trading, although not quite to the extent experienced in 2009. Soyameal prices ranged from $275/t through to $408/t. The upward volatility can be attributed to the severe drought in Argentina which had devastating impacts on its soyabean crop and so meal availability. China's growing demand for oilseed imports added another dimension to the market, which has shown no sign of slowing. In the UK this gave price ranges for Hi-Pro of £282-£368/t.

The impact on pig producers' feed costs in 2010

Figure 3 Changes in feed costs, 2010



With prices of raw ingredients rising, compound feed prices moved higher during 2010. In 2010 as a whole, higher feed costs (in sterling) were evident in all but three of the InterPIG countries, ranging from 18 per cent in Sweden to a five per cent reduction in Ireland. Czech Republic, Great Britain and Austria all saw feed costs increase between 12 and 13 per cent. Feed costs in the Netherlands and France fell four per cent. In contrast, Brazil, Denmark, Italy, Germany and Spain experienced little change in 2010.

Figure 4 Feed costs, 2010

Feed costs averaged 85.4p/kg in Great Britain compared with the 75.7p/kg recorded in 2009. The significant increase in feed costs in Great Britain during 2010 was amongst the highest in the InterPIG group and means that they were above the EU average. In 2009 feed costs in Great Britain were 101 per cent of the EU average and in 2010 were 110 per cent of the EU average.

Feed prices/tonne and energy content

Table 7 indicates that within the EU, feed prices/tonne show a considerable range. At the lower end of the range, Czech Republic feed prices were 85 per cent of the EU average in 2010, while prices in Great Britain were 112 per cent of the average, higher than in 2009 and greater than the other EU countries. Great Britain was at the top end of the range, followed by Italian prices which were 111 per cent of the average. Feed prices/tonne in Brazil (SC) and Brazil (MT) were comparable with prices in the lower end of the range and were 90 and 79 per cent respectively of the EU average.

There is also a considerable variation in the relative costs of sow, rearer and finisher feed. Sow feed in Czech Republic is again the lowest in the EU, at 87 per cent of the average and the most expensive in Italy where it is 110 per cent of the average. Sow feed in Great Britain is 102 per cent of the average. Rearer feed in Great Britain was more expensive than sow or finisher feed in 2009 but was still below the EU average.By 2010 it had risen in price and was 97 per cent of the EU average. Finisher feed in Great Britain was 112 per cent of the average of selected EU countries and had risen 12 per cent since 2009.

Some of the variations in feed costs will be due to national differences in the composition of pig rations. Table 7 also compares the Metabolisable Energy (ME) of pig feed with the cost of the feed. Within the EU, the average cost of feed/kg MJ of ME, varied from 1.35p in Denmark and France to 1.66p in Italy, with Great Britain at 1.62p, higher than in 2009.

Table 7 Feed prices and energy content, 2010

	AUS	BEL	BRZ (SC)	BRZ (MT)	CAN	CZ	DEN	FR
£/tonne								
Sow	194.68	191.72	175.17	107.59	142.84	157.56	167.61	174.30
Rearer	269.30	298.15	286.09	263.04	228.38	188.09	245.86	261.87
Finisher	183.53	186.75	161.33	149.61	132.22	157.56	172.45	158.87
Average	196.32	197.32	173.00	152.20	146.74	163.48	182.03	174.59
Energy content (MJ ME/kg)								
Sow	12.30	12.30	na	na	12.95	na	12.95	12.80
Rearer	13.00	13.10	na	na	13.65	na	14.07	13.30
Finisher	12.90	12.90	na	na	12.05	na	13.32	12.80
Average	12.73	12.77	na	na	12.88	na	13.45	12.97
Cost of feed (p/kg MJ ME)								
Sow	1.58	1.56	na	na	1.10	na	1.29	1.36
Rearer	2.07	2.28	na	na	1.67	na	1.75	1.97
Finisher	1.42	1.45	na	na	1.10	na	1.29	1.24
Average	1.54	1.55	na	na	1.14	na	1.35	1.35

	GER	GB	IRE	ITA	NL	SPA	SWE	AVE EU
£/tonne								
Sow	181.99	184.80	193.26	200.69	185.93	180.96	170.85	182.03
Rearer	271.87	259.51	282.17	290.74	279.70	332.76	239.42	268.29
Finisher	171.18	211.26	190.95	204.12	178.14	197.26	161.72	181.15
Average	183.90	214.85	209.16	211.80	188.57	204.49	173.09	191.63
Energy content (MJ ME/kg)								
Sow	13.00	13.02	13.30	11.90	12.90	na	12.24	12.67
Rearer	13.40	13.70	14.00	13.73	13.60	na	12.30	13.42
Finisher	13.20	13.00	13.20	12.70	13.80	na	12.32	13.01
Average	13.20	13.24	13.50	12.78	13.43	na	12.29	13.03
Cost of feed (p/kg MJ ME)								
Sow	1.40	1.42	1.45	1.69	1.44	na	1.40	1.44
Rearer	2.03	1.89	2.02	2.12	2.06	na	1.95	2.00
Finisher	1.30	1.63	1.45	1.61	1.29	na	1.31	1.39
Average	1.39	1.62	1.55	1.66	1.40	na	1.41	1.47

Labour costs

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

Labour input

Labour input expressed as hours/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 per year. This trend has, in fact, improved labour productivity in a number of countries over the past seven years.

The EU average figure was 1.21 hours/pig in 2010, a seven per cent rise on the 2009 results of 1.13 hours/pig. The inclusion of Czech Republic data has increased the average number of hours/pig. Labour input in Czech Republic is reported to be 4.71 hours/pig in 2010. Other national results ranged from 0.55 hours in Denmark and 0.62 hours in Spain to 2.42 hours in Brazil (SC) and 1.48 hours in Italy. The Italian labour input figures are, however, not directly comparable with other countries because of the much heavier pigs. Labour input in Great Britain, at 1.03 hours, was significantly lower than the 1.23 hours recorded in 2004 and a decrease on the 2009 figure of 1.09. Productivity has been improving in recent year and together with feed, this is a key determinant of the improved relative production costs.

Labour cost/hour

The average labour cost/hour in the EU was £12.86 in 2010, similar to 2009 when Czech Republic is included. There was a substantial range in costs, from £4.71 in Czech Republic to £18.76 in Denmark. 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. The cost/hour in Great Britain was £9.98, little changed from 2009.

Table 8 Labour costs, 2010

	AUS	BEL	BRZ (SC)	BRZ (MT)	CAN	CZ	DEN	FR
Labour per finished pig (hours/year)	1.12	0.84	2.42	1.41	1.16	4.71	0.55	0.91
Labour cost/hour (£)	12.01	12.75	3.31	4.65	11.30	3.54	18.76	15.20
Labour cost/pig (£)	13.44	10.66	8.01	6.57	13.06	16.70	10.28	13.87
Average carcase weight (cold)	93.39	90.56	87.91	85.67	92.50	84.51	81.39	89.08
Labour cost per kg (pence)	14.39	11.77	9.11	7.66	14.12	19.76	12.63	15.57
	GER	**GB**	**IRE**	**ITA**	**NL**	**SPA**	**SWE**	**AVE EU**
Labour per finished pig (hours/year)	0.85	1.03	0.90	1.48	0.63	0.62	0.83	1.21
Labour cost/hour (£)	13.46	9.89	10.29	11.66	18.11	11.84	16.81	12.86
Labour cost/pig (£)	11.51	10.16	9.29	17.21	11.33	7.38	13.89	12.14
Average carcase weight (cold)	93.20	78.30	78.90	128.20	91.11	80.80	88.60	89.84
Labour cost per kg (pence)	12.35	12.97	11.78	13.42	12.43	9.13	15.68	13.49

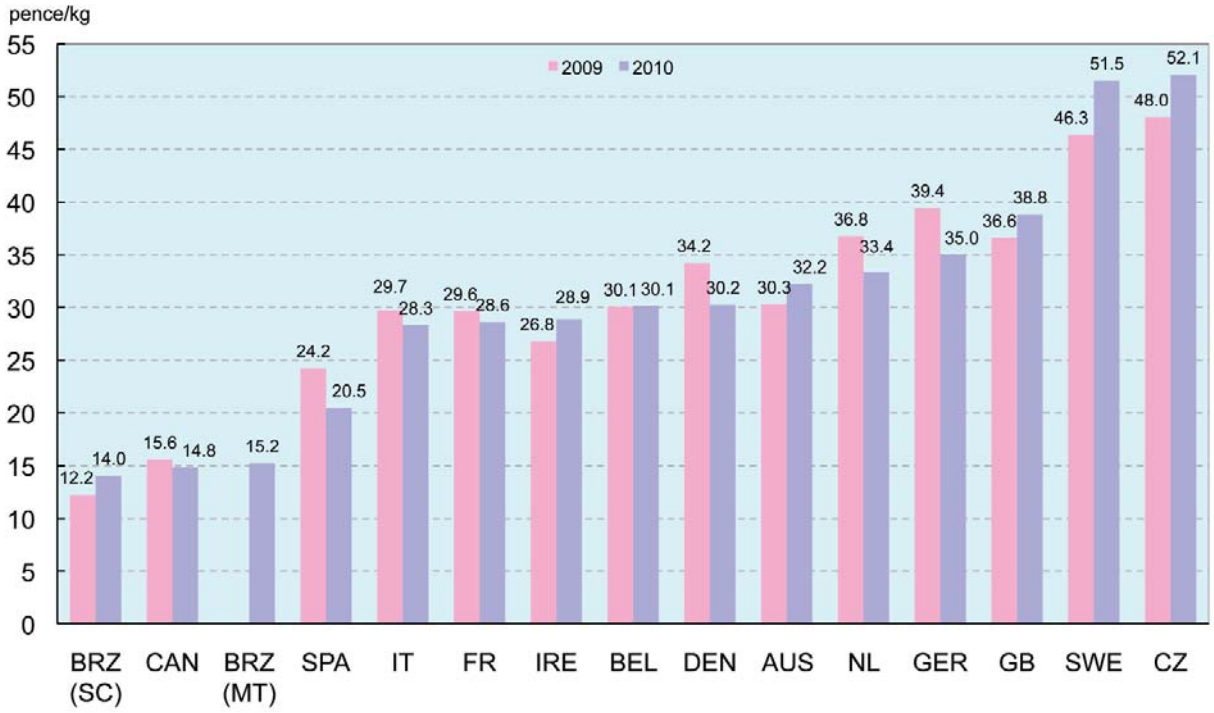
The average labour cost/pig in the EU was £12.14 in 2010, just four pence higher than in 2009. Within the EU, the cost of labour/pig was lowest in Spain, at £7.38, on a sterling basis this was £2/pig lower than 2009. However, Brazil (MT) had the lowest cost in the group. Excluding the atypical Italian results, the cost was highest in Czech Republic (£16.70) and Sweden (£13.89). Costs in Great Britain were £10.16/pig in 2010 down from £10.43/pig in 2009, due to lower labour costs and slightly better productivity.

The cost of labour/pig in Great Britain was 16 per cent below the EU average in 2010. However, the average weight of British finished pigs is lower than in most other countries. When this factor is taken into account, the labour cost/kg (12.97p) was just four per cent below the overall EU average. Nevertheless, this is well below the 121 per cent recorded in 2007. British costs/kg were exceeded by Austria, Canada, Czech Republic, France, Italy and Sweden. The lowest labour costs in the EU were in Belgium (11.7p/kg) and Spain (9.13p/kg). Brazil (Mato Grosso) has a labour cost/kg of just 7.66p/kg. The average cost of labour/pig is significantly below the EU average at just £6.57 but the labour input is higher than the EU average at 1.41 hours/finished pig.

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 amortised over a default period of 25 years and equipment over a period of 15 years.

Figure 5 Building, finance and miscellaneous costs, 2009-2010



BFM costs across half of the countries increased in 2010. Of the InterPig group members, Brazil and Canada had the lowest BFM costs. Spain had the lowest BFM costs of the European countries within the sample and even reported costs decreasing in 2010.

Czech Republic and Sweden had the highest BFM costs, reporting an increase compared with a year earlier. The Netherlands, Denmark and Germany decreased BFM costs during 2010 and reduced their ranking in the order of costs.

Table 9 Analysis of building, finance and miscellaneous costs, 2010 (pence/kg deadweight unless otherwise stated)

	AUS	BEL	BRZ (SC)	BRZ (MT)	CAN	CZ	DEN	FR
Building/equipment costs per pig place (£)	2144	2110	808	929	942	879	2008	2442
Average mortgage interest rate	3.5%	4.6%	6.0%	6.0%	4.0%	4.2%	4.0%	3.5%
Finance costs	5.6	6.3	2.9	3.3	2.2	3.7	6.3	6.4
Maintenance	3.5	1.3	0.8	0.9	0.8	1.7	2.0	1.0
Levies, insurance, inspection	1.4	1.8	0.7	0.7	1.4	0.0	0.0	0.0
Miscellaneous	4.8	5.1	3.9	4.1	2.7	36.7	7.1	6.2
Interest on working capital	1.4	1.2	1.2	1.1	1.2	1.7	1.1	0.8
Total BFM	16.8	15.8	9.5	10.0	8.3	43.7	16.5	14.4

	GER	GB	IRE	ITA	NL	SPA	SWE	AVE EU
Building/equipment costs per pig place (£)	2187	1382	1106	2058	1480	986	3281	1839
Average mortgage interest rate	4.6%	5.5%	5.0%	2.7%	3.9%	5.0%	4.5%	4.3%
Finance costs	7.4	6.7	5.4	3.7	5.8	4.4	11.0	6.1
Maintenance	3.6	3.2	1.9	2.6	2.9	2.2	4.1	2.5
Levies, insurance, inspection	0.6	2.7	2.1	0.6	0.2	0.0	0.0	0.8
Miscellaneous	7.3	10.7	5.4	3.7	10.6	3.8	6.7	9.0
Interest on working capital	1.1	1.8	1.8	1.1	1.3	1.7	1.4	1.4
Total BFM	20.0	25.1	16.5	11.7	20.8	12.2	23.2	19.7

Table 10 Summary of financial performance, 2008-2010 (pence/kg deadweight)

	AUS			BEL			BRA (SC)		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Feed	77.34	67.52	75.94	82.38	74.07	76.00	72.35	62.71	63.64
Other variable costs	14.77	16.11	15.52	8.64	9.16	8.95	1.95	6.26	7.65
Total variable costs	92.11	83.63	91.46	91.03	83.23	84.95	74.30	68.97	71.29
Labour	14.56	15.01	14.39	9.48	12.26	11.77	3.02	7.23	9.11
Building, finance and misc	30.32	30.27	32.21	30.99	30.06	30.12	11.47	12.22	14.04
Total fixed costs	44.88	45.28	46.61	40.47	42.32	41.90	14.49	19.45	23.15
Total	**136.99**	**128.91**	**138.07**	**131.49**	**125.54**	**26.84**	**88.79**	**88.42**	**94.44**
	CAN			CZ			DEN		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Feed	53.47	55.35	56.03	108.92	86.31	97.38	79.79	67.97	68.92
Other variable costs	8.25	9.32	10.15	13.06	15.67	14.16	8.84	9.37	8.79
Total variable costs	61.72	64.67	66.18	121.98	101.98	111.54	88.64	77.35	77.71
Labour	10.14	11.51	14.12	15.01	13.34	19.76	12.15	13.99	12.63
Building, finance and misc	13.97	15.55	14.82	52.39	48.04	52.05	26.39	34.21	30.24
Total fixed costs	24.10	27.06	28.94	67.40	61.38	71.81	38.54	48.20	42.87
Total	**85.82**	**91.73**	**95.12**	**189.38**	**163.36**	**183.35**	**127.18**	**125.54**	**120.58**
	FRA			GER			GB		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Feed	77.74	69.35	66.59	73.60	69.75	70.03	76.80	75.67	85.44
Other variable costs	8.30	9.51	9.16	13.43	15.44	13.43	9.15	8.80	8.63
Total variable costs	86.03	78.86	75.75	87.02	85.19	83.46	85.95	84.47	94.08
Labour	13.55	15.14	15.57	12.86	12.82	12.35	13.02	13.34	12.97
Building, finance and misc	27.81	29.63	28.60	39.19	39.42	34.96	36.17	36.59	38.80
Total fixed costs	41.36	44.76	44.16	52.05	52.24	47.31	49.20	49.93	51.77
Total	**127.39**	**123.62**	**119.92**	**139.07**	**137.42**	**130.78**	**135.15**	**134.39**	**145.85**
	IRE			IT			NL		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Feed	86.44	82.23	77.87	97.49	99.06	100.03	73.84	68.42	65.61
Other variable costs	8.68	10.64	11.54	11.85	12.25	11.74	9.54	11.01	10.33
Total variable costs	95.12	92.88	89.41	109.34	111.31	111.77	83.38	79.43	75.94
Labour	11.24	12.35	11.78	12.90	13.74	13.42	11.51	13.02	12.43
Building, finance and misc	29.86	26.77	28.88	28.37	29.71	28.29	34.52	36.75	33.36
Total fixed costs	41.10	39.12	40.66	41.27	43.46	41.71	46.03	49.78	45.79
Total	**136.21**	**132.00**	**130.06**	**150.61**	**154.77**	**153.48**	**129.41**	**129.21**	**121.73**
	SPA			SWE			EU AVE		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Feed	87.30	79.36	79.63	76.86	59.81	70.48	83.21	74.96	77.83
Other variable costs	11.09	12.95	12.14	10.24	10.47	10.24	10.63	11.78	11.22
Total variable costs	98.39	92.31	91.77	87.10	70.28	80.72	93.84	86.74	89.05
Labour	9.46	11.83	9.13	13.40	14.85	15.68	12.43	13.47	13.49
Building, finance and misc	23.03	24.22	20.46	45.72	46.34	51.50	33.73	34.33	34.12
Total fixed costs	32.49	36.05	29.59	59.13	61.20	67.18	46.16	47.81	47.61
Total	**130.88**	**128.36**	**121.36**	**146.22**	**131.48**	**147.89**	**140.00**	**134.55**	**136.66**

PHYSICAL PERFORMANCE SUMMARY

Table 11 Summary of physical performance, 2010 *(Part 1)*

	AUS	BEL	BRZ (SC)	BRZ (MT)	CAN	CZ	DEN	FR
Pigs weaned/sow/year	23.10	24.85	24.16	25.09	21.70	19.95	28.12	26.59
Pigs reared/sow/year	22.46	24.12	23.68	24.59	21.27	18.82	27.33	26.00
Pigs sold/sow/year	21.96	23.29	23.16	24.05	20.63	18.18	26.24	25.07
Pigs weaned/litter	10.13	10.76	10.46	10.50	9.65	na	12.44	11.30
Litters/sow/year	2.28	2.31	2.31	2.39	2.25	na	2.26	2.35
Pigs born alive/litter	11.59	12.13	11.50	11.50	10.90	na	14.50	13.10
Pre-weaning mortality (%)	12.6%	11.3%	9.0%	8.7%	11.5%	8.6%	14.2%	13.7%
Rearing mortality (%)	2.8%	2.9%	2.0%	2.0%	2.0%	5.7%	2.8%	2.2%
Finishing mortality (%)	2.2%	3.4%	2.2%	2.2%	3.0%	3.4%	4.0%	3.6%
Sow replacement rate (%)	40.1%	41.0%	45.0%	45.0%	40.0%	29.4%	53.1%	43.6%
Transfer weight from breeding to rearing unit (kg)	7.50	6.97	8.00	7.00	6.10	8.69	7.30	7.27
Lactation period (days; since 2009, before: age of weaning).	28	25	28	21	21	29	30	25
Transfer weight from rearing to finishing unit (kg)	31.60	22.67	23.00	22.00	35.00	34.78	31.40	31.86
Rearing Daily Liveweight Gain (g/day)	445	313	440	357	500	424	450	475
Rearing Feed Conversion Ratio	1.86	1.88	1.60	1.60	1.57	3.54	1.73	1.71
Average number of days in rearing unit	54	50	34	42	58	61	54	52
Empty rearing unit days/cycle	5	5	5	5	2	5	5	5
Pigs/pig place/year (rearing)	6.17	6.62	9.34	7.76	6.10	5.49	6.23	6.42
Finishing Daily Liveweight Gain (g/day)	785	650	820	831	890	722	895	795
Finishing Feed Conversion Ratio	2.90	2.94	2.60	2.60	3.00	3.83	2.68	2.84
Average number of days in finishing unit	112	139	116	112	93	102	85	106
Empty finishing unit days/cycle	9	7	7	7	2	8	7	7
Pigs/pig place/year (finishing)	3.02	2.51	2.97	3.07	3.86	3.31	3.95	3.22
Average live weight at slaughter (kg)	119.4	112.7	118.0	115.0	117.4	108.6	107.8	116.4
Carcase weighed: live, hot or cold?	Hot	Hot	Hot	Hot	Hot	Cold	Hot	Hot
Average carcase weight - Hot (kg)	95.3	92.4	89.7	87.4	93.9	86.2	82.3	91.4
Adjustment from hot to cold (%)	-0.02	-0.02	-0.02	-0.02	-0.01	0.02	-0.01	-0.03
Average carcase weight - Cold (kg)	93.4	90.6	87.9	85.7	92.5	84.5	81.4	89.1
Killing-out percentage (cold weight)	78%	80%	75%	74%	79%	78%	75%	77%
Killing-out percentage (hot weight)	80%	82%	76%	76%	80%	79%	76%	78%
Carcase meat production/sow/year (kg)	2051	2109	2036	2060	1908	1537	2135	2233
Average lean meat percentage	60%	62%	58%	58%	60%	55%	60%	60%
Lean meat production/sow/year (kg)	1239	1301	1175	1189	1145	845	1286	1350
Sow feed/sow/year (kg)	1285	1169	1155	1135	1166	2181	1484	1325
Sow ration average energy content (MJ ME/kg)	12.30	12.30	n/a	n/a	12.95	n/a	12.95	12.80
Weaner/rearer feed/reared pig (kg)	45.24	29.80	24.16	24.16	45.68	94.19	42.19	42.34
Weaner/Rearer ration average energy content (MJ ME/kg)	13.00	13.10	n/a	n/a	13.65	n/a	14.07	13.30
Finishing pigs feed consumption/slaughter (kg)	256	268	249	244	250	286	208	243
Finisher ration average energy content (MJ ME/kg)	12.90	12.90	n/a	n/a	12.05	n/a	13.32	12.80

Table 11 Summary of physical performance, 2010 *(Part 2)*

	GER	GB	IRE	ITA	NL	SPA	SWE	AVE EU
Pigs weaned/sow/year	24.82	22.00	25.10	22.71	27.67	24.02	23.32	24.35
Pigs reared/sow/year	24.15	21.40	24.50	22.01	27.11	23.28	22.80	23.67
Pigs sold/sow/year	23.42	20.76	23.89	21.85	26.52	22.31	22.35	22.99
Pigs weaned/litter	10.74	9.78	10.82	10.18	11.62	10.26	10.60	10.79
Litters/sow/year	2.31	2.25	2.32	2.23	2.38	2.34	2.20	2.29
Pigs born alive/litter	12.55	11.20	12.01	11.30	13.30	11.63	n/a	12.33
Pre-weaning mortality (%)	14.4%	12.7%	9.9%	9.9%	12.6%	11.8%	n/a	12.0%
Rearing mortality (%)	3.0%	2.7%	2.4%	3.1%	2.0%	3.1%	2.2%	2.9%
Finishing mortality (%)	2.7%	3.0%	2.5%	0.7%	2.2%	4.2%	2.0%	2.8%
Sow replacement rate (%)	40.3%	49.3%	52.3%	33.0%	43.0%	41.9%	52.6%	43.3%
Transfer weight from breeding to rearing unit (kg)	7.50	7.40	7.00	7.60	6.70	6.20	10.00	7.51
Lactation period (days; since 2009, before: age of weaning).	27.00	26.74	28.00	27.50	25.30	23.00	33.80	27.33
Transfer weight from rearing to finishing unit (kg)	29.88	38.00	37.30	35.00	24.90	19.30	31.60	30.69
Rearing Daily Liveweight Gain (g/day)	440	486	464	450	365	308	453	423
Rearing Feed Conversion Ratio	1.68	1.75	1.83	2.02	1.55	1.66	2.04	1.94
Average number of days in rearing unit	51	63	65	61	50	43	48	54
Empty rearing unit days/cycle	5	5	5	5	5	5	5	5
Pigs/pig place/year (rearing)	6.53	5.37	5.19	5.54	6.65	7.75	6.93	6.24
Finishing Daily Liveweight Gain (g/day)	754	766	831	640	799	669	889	766
Finishing Feed Conversion Ratio	2.87	2.95	2.76	3.67	2.63	2.69	2.87	2.97
Average number of days in finishing unit	120	86	80	205	114	132	98	115
Empty finishing unit days/cycle	7.00	7.00	7.00	7.00	7.00	8.00	15.00	8.00
Pigs/pig place/year (finishing)	2.88	3.92	4.21	1.72	3.01	2.62	3.23	3.13
Average live weight at slaughter (kg)	120.30	103.90	103.60	166.50	116.35	107.30	118.72	116.80
Carcase weighed: live, hot or cold?	Hot	Hot	Cold	Cold	Hot	Hot	Cold	n/a
Average carcase weight - Hot (kg)	95.10	79.90	80.50	131.10	92.50	82.20	90.41	91.61
Adjustment from hot to cold (%)	-2.0%	-2.0%	2.0%	-2.2%	-1.5%	-1.7%	-2.0%	-1.3%
Average carcase weight - Cold (kg)	93.20	78.30	78.90	128.20	91.11	80.80	88.60	89.84
Killing-out percentage (cold weight)	77.5%	75.4%	76.2%	77.0%	78.3%	75.3%	74.6%	76.9%
Killing-out percentage (hot weight)	79.1%	76.9%	77.7%	78.7%	79.5%	76.6%	76.1%	78.4%
Carcase meat production/sow/year (kg)	2183	1626	1885	2802	2416	1803	1980	2063
Average lean meat percentage	56.7%	62.0%	58.4%	47.0%	56.5%	58.0%	57.9%	57.9%
Lean meat production/sow/year (kg)	1238	1008	1101	1317	1365	1045	1146	1187
Sow feed/sow/year (kg)	1256	1232	1240	1430	1210	1147	1428	1365
Sow ration average energy content (MJ ME/kg)	13.00	13.02	13.30	11.90	12.90	0.00	12.24	11.52
Weaner/rearer feed/reared pig (kg)	38.01	54.03	55.89	55.92	28.40	22.04	44.39	46.04
Weaner/Rearer ration average energy content (MJ ME/kg)	13.40	13.70	14.00	13.73	13.60	0.00	12.30	12.20
Finishing pigs feed consumption/slaughter (kg)	262	196	185	484	242	240	252	260
Finisher ration average energy content (MJ ME/kg)	13.20	13.00	13.20	12.70	13.80	0.00	12.32	11.83

Pigs weaned/sow/year

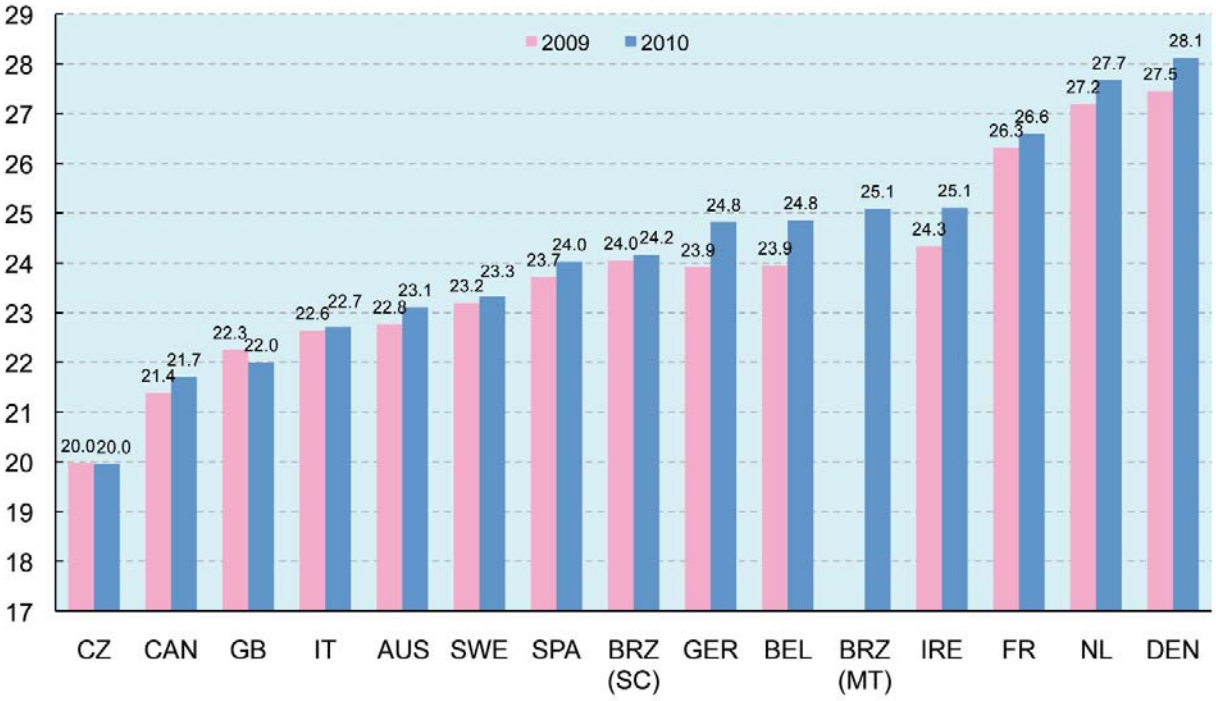
The overall average number of pigs weaned/sow/year in the European InterPIG countries showed a near two per cent increase in 2010, up from 23.97 in 2009 to 24.35 in 2010. With the exception of Great Britain and the Czech Republic, performance was better in all the EU countries, with Belgium and Germany showing the greatest improvement, up four per cent compared with 2009. Denmark and the Netherlands again had the best results for pigs weaned, with both showing an increase of two per cent compared with 2009. Performance in Brazil was around the EU average but Canada performed below all EU countries except for the Czech Republic, weaning only 21.7 pigs/sow.

In contrast to the rest of the EU, the number of pigs weaned/sow in Great Britain fell by one per cent to 22.00. This is the second lowest result amongst the EU countries, with only the Czech Republic having lower production. This remains a major cause of relatively high costs of production in Great Britain and is a problem which needs to be addressed if they are to be reduced relative to the rest of Europe.

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. Great Britain performed worse than the EU average on all three of these measures.

- The GB result for litters/sow was 2.25, two per cent below the EU average but fractionally up from 2.23 in 2009
- Pre-weaning mortality, at 12.7 per cent, was up from 12.5 per cent in 2009 and was higher than the EU average of 12.0 per cent
- 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 2010 average, at 11.20, was nine per cent less than the EU as a whole and was down two per cent compared with 2009.

Figure 6 Pigs weaned/sow/year, 2009-2010



Post-weaning mortality

The number of pigs finished/sow/year is determined by pigs weaned and by post-weaning mortality. Table 12 below shows national comparisons of post-weaning mortality (rearing and finishing herds combined) and how these have changed between 2006 and 2010.

During 2010 post-weaning mortality in Great Britain, at 5.6 per cent, was at the same level as in 2008 and 2009. A slight improvement in mortality in the finishing herd was offset by a small rise in mortality in the rearing herd. Post-weaning mortality in Great Britain equals the EU average but is still substantially higher than the best performing countries, Italy, the Netherlands, Sweden and Brazil.

Prior to 2008, Great Britain saw a marked improvement in post-weaning mortality, due largely to the declining incidence of PMWS. This means that Great Britain saw a greater decline in mortality between 2006 and 2010 than any other country. Between 2005, when mortality was at almost 10 per cent and 2010, mortality declined by 42 per cent in Great Britain compared with 13 per cent in the EU as a whole. Post-weaning mortality in Great Britain is, however, still slightly higher than in 2000, before the spread of PMWS, when it stood at 5.3 per cent. This indicates that further gains are still able to be made.

There was a considerable range in national mortality levels. The lowest mortality in national herds during 2010 was in Italy, at 3.8 per cent, following a further 10 per cent improvement year-on-year. Sweden also recorded a significant improvement, making it one of the best performing countries. In contrast, Ireland and Belgium reversed their recent downward trends, although mortality in the Irish herd was still considerably lower than in Great Britain. The Czech Republic had the highest mortality rate by some distance at 8.9%, although its performance did improve between 2009 and 2010. Spain also improved but its mortality rate of 7.1% was still well above average. Mortality levels in the Brazilian and Canadian herds were lower than the EU average, at 4.2 and 4.9 per cent respectively.

Table 12 Post-weaning mortality, 2006-2010

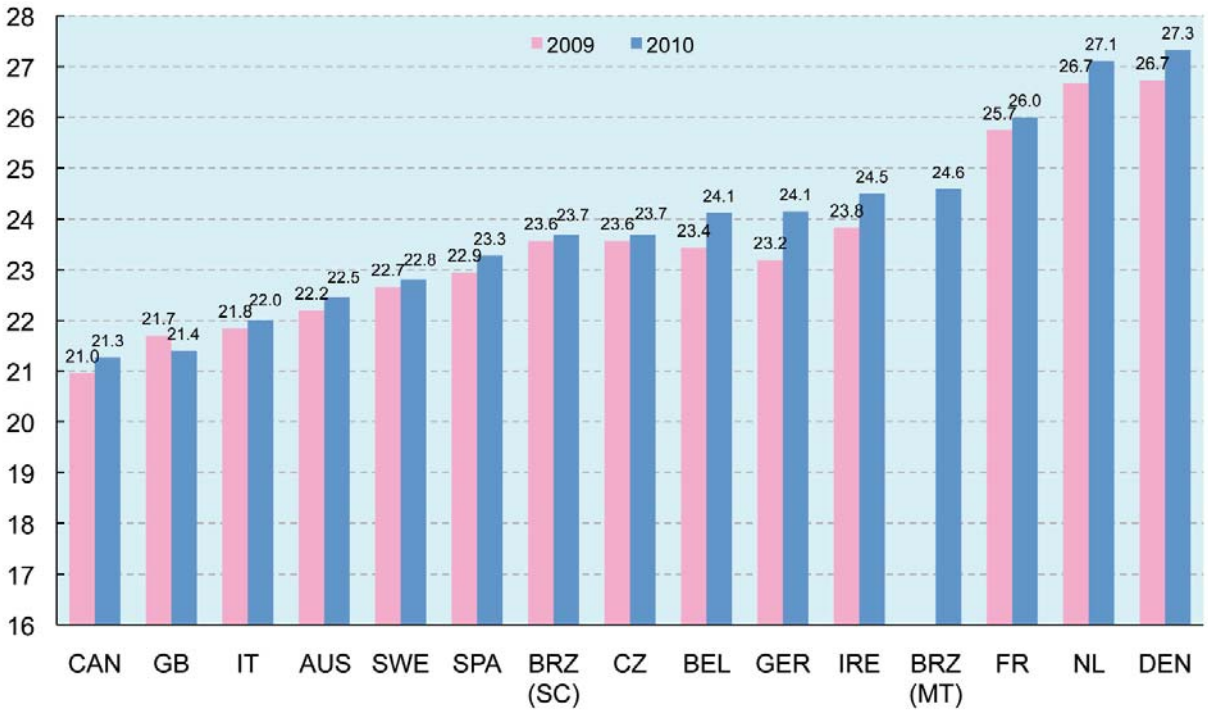
	2006	2007	2008	2009	2010	2010/06	2010/09
Austria	5.9%	6.9%	7.1%	4.7%	4.9%	-16%	+5%
Belgium	7.6%	6.8%	6.9%	5.5%	6.3%	-18%	+14%
Brazil (SC)	n/a	5.9%	5.9%	4.5%	4.2%	n/a	-7%
Brazil (MT)	n/a	n/a	n/a	n/a	4.2%	n/a	n/a
Canada	4.9%	4.9%	4.9%	4.9%	4.9%	+0%	+0%
Czech Republic	n/a	n/a	9.5%	9.4%	8.9%	n/a	-6%
Denmark	7.1%	7.3%	6.1%	6.6%	6.7%	-5%	+1%
France	6.6%	6.1%	5.8%	5.7%	5.7%	-13%	+0%
Germany	6.8%	6.7%	6.3%	6.0%	5.6%	-17%	-6%
Great Britain	8.0%	7.0%	5.6%	5.6%	5.6%	-29%	-0%
Ireland	5.7%	5.6%	4.4%	4.3%	4.8%	-15%	+14%
Italy	4.0%	4.1%	4.4%	4.2%	3.8%	-5%	-10%
Netherlands	4.6%	4.4%	4.4%	4.3%	4.2%	-11%	-2%
Spain	9.0%	8.8%	9.2%	7.7%	7.1%	-21%	-7%
Sweden	4.5%	4.7%	4.9%	4.6%	4.2%	-9%	-11%
EU average	6.3%	6.2%	6.2%	5.7%	5.6%	-11%	-1%

Pigs finished/sow/year

The average number of pigs finished/sow in Great Britain decreased slightly in 2010, breaking a run of six consecutive years of rises. At 21.4 pigs/sow, average performance was 0.3 pigs (1%) lower than in 2009 but was still 0.6 pigs (3%) higher than in 2005. The fall in performance is due to a decrease in pigs weaned/sow as post-weaning mortality was unchanged. Great Britain remained at the bottom of the European league in 2010.

In 2010, there was an average 22.99 pigs finished/sow in the EU, two per cent higher than in 2009. Denmark and the Netherlands continue to have the highest numbers, finishing over 27 pigs/sow, having both recorded further increases in 2010. The average number of pigs finished/sow in Brazil close to the EU average but Canadian performance was lower, finishing 21.3 pigs/sow.

Figure 7 Pigs finished/sow/year, 2009-2010



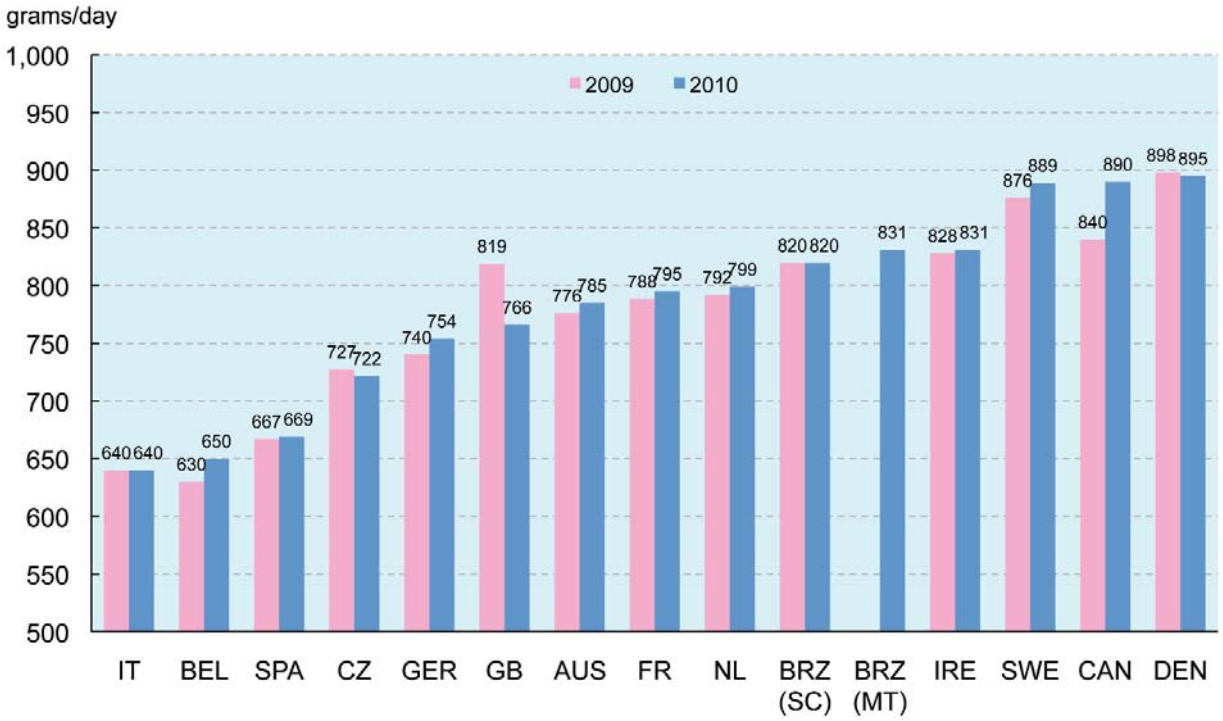
Daily Liveweight Gains (DLG)

The average DLG for finishing herds across the EU countries was virtually the same as in 2010 at 766g/day. Within the EU, Denmark (895g) and Sweden (889g) again had the best growth rates, with the latter slightly higher than in 2009 and the former slightly lower.

Following two years of strong improvements in DLG, Great Britain slipped back in 2010 to 766g/day, a fall of six per cent. This is the first fall seen since 2003 but the 2010 figure is still over 20 per cent higher than it was then. Despite the fall, Great Britain's average DLG still matches the EU average.

DLG in the Canadian finishing herd was at a similar level to the best EU countries, at 890g/day. Brazilian figures were also above the EU average.

Figure 8 Daily Liveweight Gains (finishing herds), 2009-2010



In contrast to the finishing herd, the DLG in the British rearing herd was the best in Europe at 486g/day and surpassed only by Canada in the whole group. However, this partly reflects the fact that pigs are transferred to finishers at a higher weight in Great Britain than elsewhere in Europe. At the opposite end of the spectrum, Spanish and Belgian pigs transfer to finishers at a much lower weight, so their rearing herd DLG was little over 300g/day.

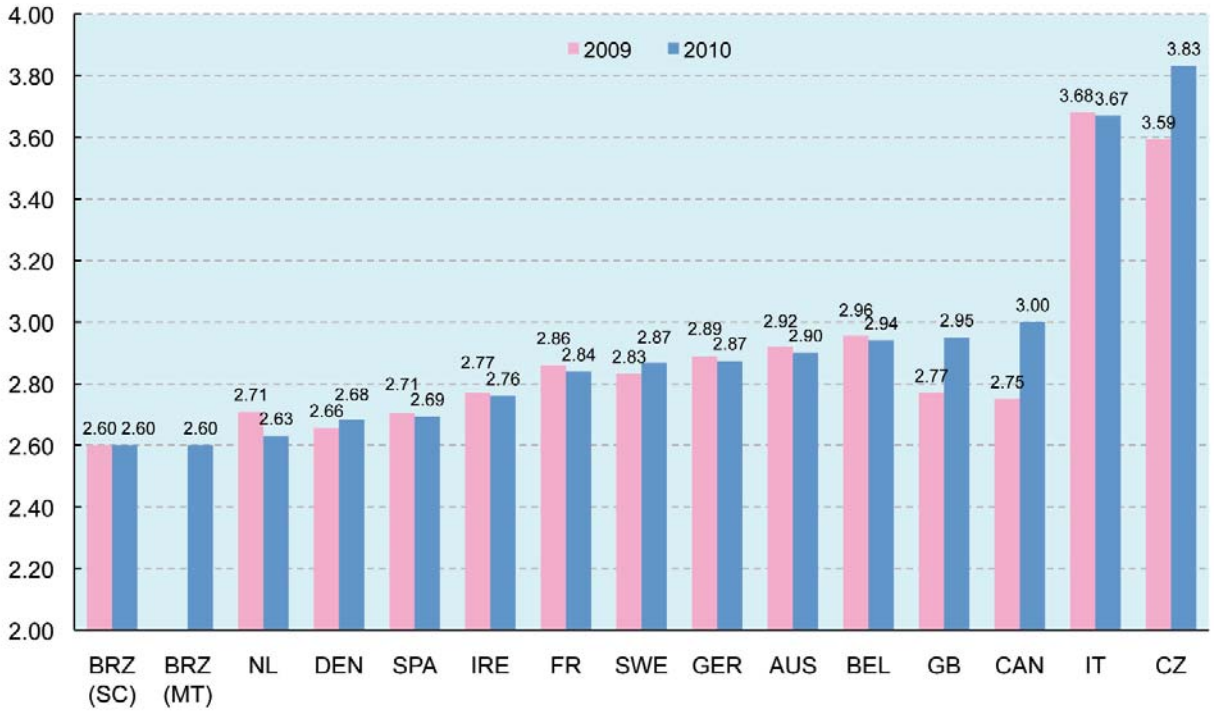
Feed Conversion Ratios (FCR)

The Feed Conversion Ratio measures the amount of feed required to produce each unit of liveweight gain. A lower figure represents more efficient conversion of feed. Great Britain usually has one of the lower finishing herd Feed Conversion Ratios in the InterPIG countries, due to the fact that pigs are finished to lighter weights than in most other countries. However, 2010 saw a significant increase in the British FCR, from 2.77 to 2.95, one of the highest figures in the EU, although still around the EU average because of the very high figures in Italy and the Czech Republic.

The EU average FCR in 2010 was little changed at 2.97. As well as Great Britain, a significant increase was seen in the Czech Republic. Most other countries saw little change in their FCR, with the exception of the Netherlands which saw a three per cent improvement.

The rearing herd Feed Conversion Ratio in Great Britain was 1.75 in 2010, slightly better than the EU average of 1.94 and an improvement when compared with 2009.

Figure 9 Feed Conversion Ratios (finishing herds), 2009-2010



Carcase weight production/sow/year

The amount of carcase meat produced/sow is the product of the number of pigs finished/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/sow, means that the amount of carcase meat produced/sow in 2010 is the lowest of all other EU countries, except for the Czech Republic.

Great Britain produced 1.63 tonnes of carcase meat/sow in 2010, one per cent lower than in 2009 because of lower numbers of pigs finished/sow, while average carcase weights were little changed. Prior to this year, the Great Britain figures had been on a long-term upward trend, having risen from 1.44 tonnes in 2005.

The average amount of carcase meat produced/sow in the EU countries covered by this report reached two tonnes for the first time in 2009. In 2010, average production/sow increased by a further two per cent to 2.06 tonnes, which is 27 per cent higher than the figure for Great Britain. This increase was mainly due to an improvement in the number of pigs finished/sow as average carcase weights were only slightly higher than in 2009. The highest amount of pig meat produced/sow is in Italy, but this is because of its much heavier pig production. Excluding Italy, the Netherlands and France were again the most productive countries in 2010. Dutch production/sow increased three per cent to 2.42 tonnes, 49 per cent higher than in Great Britain.

Last year, BPEX launched the two tonne sow programme (2TS), designed to help English producers achieve an industry average of two tonnes of pig meat/sow/year by 2013. Despite improvements in physical performance in recent years, closing the performance gap is crucial to ensure the long term competitiveness of the English pig sector. BPEX is providing information, advice and support through activities focused on:

- Breeding
- Nutrition
- Finishing
- Buildings
- Health
- Training.

The 2TS campaign provides a single pig performance target for the industry to work towards collectively and aims to:

- Raise physical performance to compete with other European countries
- Improve financial performance and sustainability for every English herd
- Further reduce the environmental impact of English pig production.

Figure 10 Carcase meat production/sow/year, 2009-2010

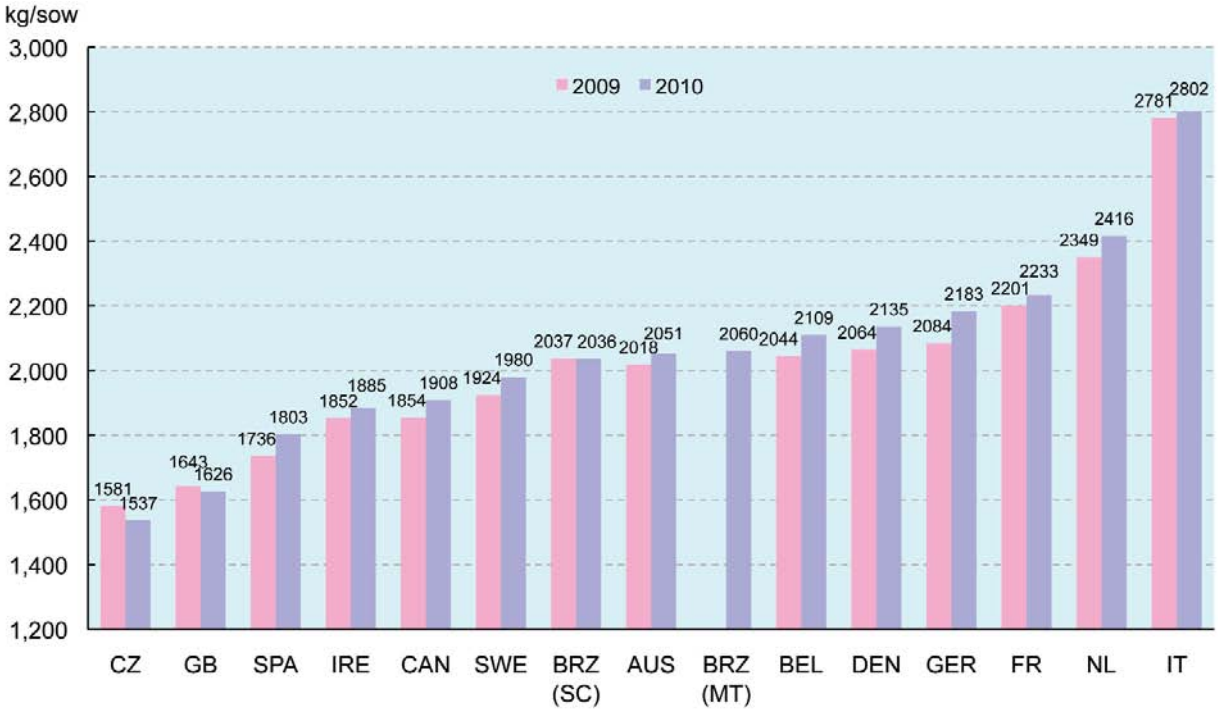


Table 13 Summary of physical performance, 2008-2010

	AUS			BEL			BRA (SC)		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Pigs weaned/sow/year	22.20	22.76	23.10	23.66	23.94	24.85	23.83	24.05	24.16
Pigs reared/sow/year	21.42	22.19	22.46	22.87	23.43	24.12	23.35	23.57	23.68
Pigs sold/sow/year	20.62	21.70	21.96	22.02	22.63	23.29	22.42	22.98	23.16
Litters/sow/year	2.25	2.27	2.28	2.31	2.29	2.31	2.30	2.31	2.31
Rearing mortality (%)	3.50%	2.50%	2.80%	3.33%	2.17%	2.93%	2.04%	2.00%	2.00%
Finishing mortality (%)	3.75%	2.24%	2.20%	3.74%	3.40%	3.44%	3.99%	2.50%	2.20%
Finishing Daily Liveweight Gain (g/day)	755	776	785	624	630	650	725	820	820
Finishing Feed Conversion Ratio	2.95	2.92	2.90	2.99	2.96	2.94	2.97	2.60	2.60
Average live weight at slaughter (kg)	118	119	119	112	112	113	109	119	118
Average carcase weight - Cold (kg)	92.1	93.0	93.4	89.9	90.3	90.6	81.3	88.7	87.9
Carcase meat production/sow/year (kg)	1900	2018	2051	1980	2044	2109	1823	2037	2036
Average lean meat percentage	60.1%	60.4%	60.4%	61.7%	61.7%	61.7%	57.4%	57.7%	57.7%
Lean meat production/sow/year (kg)	1142	1219	1239	1222	1261	1301	1046	1175	1175

	BRA (MT)			CAN			CZ		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Pigs weaned/sow/year	n/a	n/a	25.09	21.58	21.38	21.70	20.07	19.97	19.95
Pigs reared/sow/year	n/a	n/a	24.59	21.15	20.96	21.27	18.93	18.85	18.82
Pigs sold/sow/year	n/a	n/a	24.05	20.52	20.33	20.63	18.16	18.10	18.18
Litters/sow/year	n/a	n/a	2.39	2.25	2.25	2.25	n/a	n/a	n/a
Rearing mortality (%)	n/a	n/a	2.00%	2.00%	2.00%	2.00%	5.65%	5.60%	5.66%
Finishing mortality (%)	n/a	n/a	2.20%	3.00%	3.00%	3.00%	4.07%	4.00%	3.39%
Finishing Daily Liveweight Gain (g/day)	n/a	n/a	831	840	840	890	704	727	722
Finishing Feed Conversion Ratio	n/a	n/a	2.60	2.75	2.75	3.00	3.80	3.59	3.83
Average live weight at slaughter (kg)	n/a	n/a	115	117	116	117	110	112	109
Average carcase weight - Cold (kg)	n/a	n/a	85.7	91.8	91.2	92.5	85.5	87.3	84.5
Carcase meat production/sow/year (kg)	n/a	n/a	2060	1883	1854	1908	1553	1581	1537
Average lean meat percentage	n/a	n/a	57.7%	60.0%	60.0%	60.0%	55.0%	55.0%	55.0%
Lean meat production/sow/year (kg)	n/a	n/a	1189	1130	1112	1145	854	869	845

	DEN			FRA			GER		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Pigs weaned/sow/year	27.15	27.45	28.12	25.93	26.31	26.59	23.09	23.90	24.82
Pigs reared/sow/year	26.42	26.73	27.33	25.38	25.74	26.00	22.40	23.19	24.15
Pigs sold/sow/year	25.50	25.63	26.24	24.43	24.80	25.07	21.64	22.47	23.42
Litters/sow/year	2.25	2.25	2.26	2.32	2.33	2.35	2.28	2.30	2.31
Rearing mortality (%)	2.70%	2.64%	2.80%	2.15%	2.16%	2.22%	3.00%	3.00%	3.00%
Finishing mortality (%)	3.50%	4.09%	4.00%	3.74%	3.64%	3.60%	3.40%	3.10%	2.70%
Finishing Daily Liveweight Gain (g/day)	904	898	895	780	788	795	736	740	754
Finishing Feed Conversion Ratio	2.64	2.66	2.68	2.91	2.86	2.84	2.92	2.89	2.87
Average live weight at slaughter (kg)	108	107	108	115	116	116	119	120	120
Average carcase weight - Cold (kg)	81.4	80.5	81.4	88.3	88.7	89.1	92.1	92.7	93.2
Carcase meat production/sow/year (kg)	2075	2064	2135	2157	2201	2233	1993	2084	2183
Average lean meat percentage	60.4%	60.2%	60.2%	60.2%	60.3%	60.5%	56.5%	56.5%	56.7%
Lean meat production/sow/year (kg)	1253	1243	1286	1299	1327	1350	1125	1176	1238

Table 13 Summary of physical performance, 2008-2010

	GB			IRE			IT		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Pigs weaned/sow/year	22.09	22.25	22.00	24.73	24.33	25.10	21.87	22.64	22.71
Pigs reared/sow/year	21.56	21.70	21.40	24.02	23.82	24.50	21.06	21.84	22.01
Pigs sold/sow/year	20.85	21.00	20.76	23.35	23.30	23.89	20.91	21.69	21.85
Litters/sow/year	2.25	2.23	2.25	2.31	2.29	2.32	2.19	2.22	2.23
Rearing mortality (%)	2.40%	2.50%	2.70%	2.85%	2.10%	2.40%	3.70%	3.50%	3.10%
Finishing mortality (%)	3.30%	3.20%	3.00%	2.80%	2.20%	2.50%	0.70%	0.70%	0.70%
Finishing Daily Liveweight Gain (g/day)	757	819	766	776	828	831	638	640	640
Finishing Feed Conversion Ratio	2.87	2.77	2.95	2.80	2.77	2.76	3.70	3.68	3.67
Average live weight at slaughter (kg)	102	103	104	101	104	104	166	166	167
Average carcase weight - Cold (kg)	77.1	78.2	78.3	76.6	79.5	78.9	128.2	128.2	128.2
Carcase meat production/sow/year (kg)	1607.5	1643	1626	1789	1852	1885	2681	2781	2802
Average lean meat percentage	61.6%	62.0%	62.0%	58.5%	58.3%	58.4%	47.0%	47.0%	47.0%
Lean meat production/sow/year (kg)	990	1019	1008	1046	1080	1101	1260	1307	1317

	NL			SPA			SWE		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Pigs weaned/sow/year	26.72	27.19	27.67	23.78	23.71	24.02	23.17	23.19	23.32
Pigs reared/sow/year	26.21	26.67	27.11	22.91	22.94	23.28	22.59	22.66	22.80
Pigs sold/sow/year	25.56	26.03	26.52	21.60	21.89	22.31	22.03	22.11	22.35
Litters/sow/year	2.36	2.38	2.38	2.33	2.32	2.34	2.20	2.20	2.20
Rearing mortality (%)	1.90%	1.90%	2.00%	3.66%	3.25%	3.09%	2.50%	2.30%	2.20%
Finishing mortality (%)	2.50%	2.40%	2.20%	5.73%	4.57%	4.16%	2.50%	2.40%	2.00%
Finishing Daily Liveweight Gain (g/day)	780	792	799	643	667	669	879	876	889
Finishing Feed Conversion Ratio	2.76	2.71	2.63	2.77	2.71	2.69	2.81	2.83	2.87
Average live weight at slaughter (kg)	115	117	116	104	105	107	116	117	119
Average carcase weight - Cold (kg)	89.2	90.3	91.1	78.3	79.3	80.8	86.7	87.0	88.6
Carcase meat production/sow/year (kg)	2279	2349	2416	1692	1736	1803	1910	1924	1980
Average lean meat percentage	56.2%	56.4%	56.5%	58.0%	58.0%	58.0%	57.7%	57.7%	57.9%
Lean meat production/sow/year (kg)	1281	1325	1365	982	1007	1045	1102	1110	1146

	AVE EU		
	2008	2009	2010
Pigs weaned/sow/year	23.71	23.97	24.35
Pigs reared/sow/year	22.98	23.31	23.67
Pigs sold/sow/year	22.22	22.61	22.99
Litters/sow/year	2.28	2.28	2.29
Rearing mortality (%)	3.11%	2.80%	2.91%
Finishing mortality (%)	3.31%	2.99%	2.82%
Finishing Daily Liveweight Gain (g/day)	748	765	766
Finishing Feed Conversion Ratio	2.99	2.94	2.97
Average live weight at slaughter (kg)	115	116	117
Average carcase weight - Cold (kg)	88.8	89.6	89.8
Carcase meat production/sow/year (kg)	1968	2023	2063
Average lean meat percentage	57.7%	57.8%	57.9%

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 worsening in both the marginal daily liveweight gain (DLG) and the marginal feed conversion ratio (FCR).

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

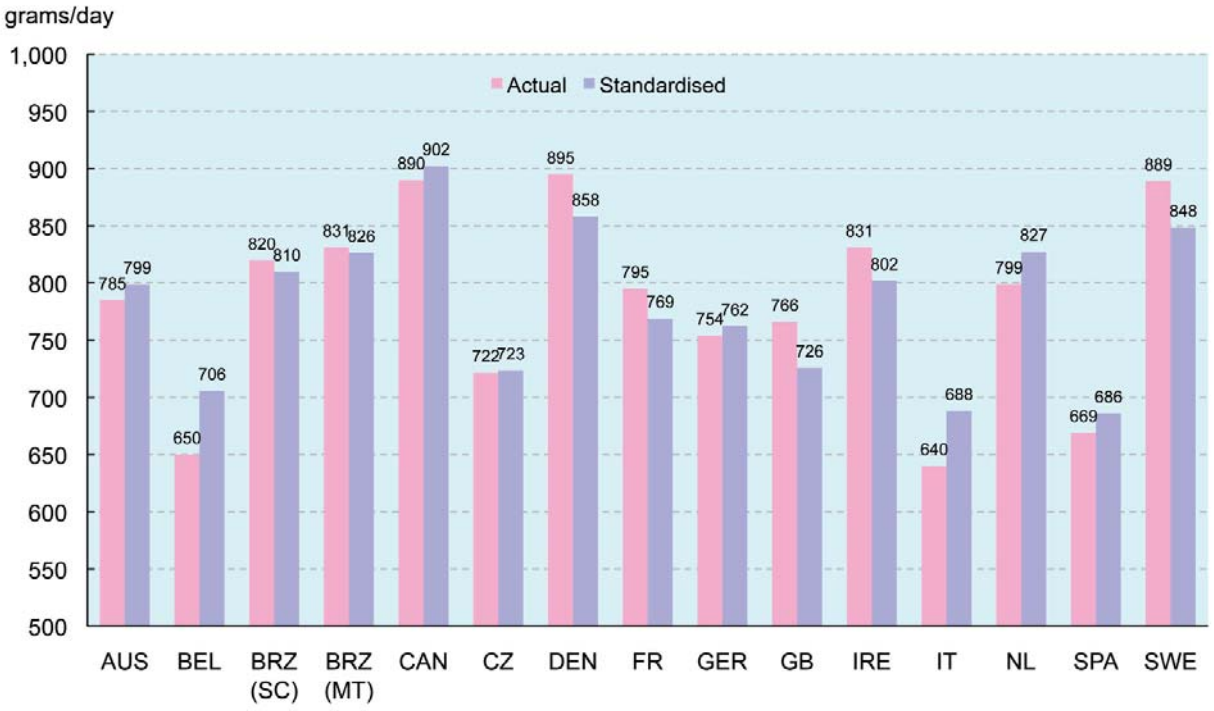
- Transfer from breeding unit to rearing unit: 8kg (GB = 7.4kg in 2010)
- Transfer from rearing unit to finishing unit: 30kg (GB = 38kg)
- Liveweight at slaughter: 120kg (GB = 103.9kg).

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 2010 was 103.9kg, well below the EU average of 116.8kg. 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 766g to 726g. In actual terms, Great Britain DLG is ranked seventh of the 12 EU InterPig countries but in standardised terms it is eighth. As a proportion of the EU average, Great Britain fell from 100 per cent (actual) to 95 per cent (standardised). The most marked upwards adjustment as a result of standardisation is in Belgium, up from 650g to 706g, while the most marked downwards adjustment was in Sweden, down from 889g to 848g.

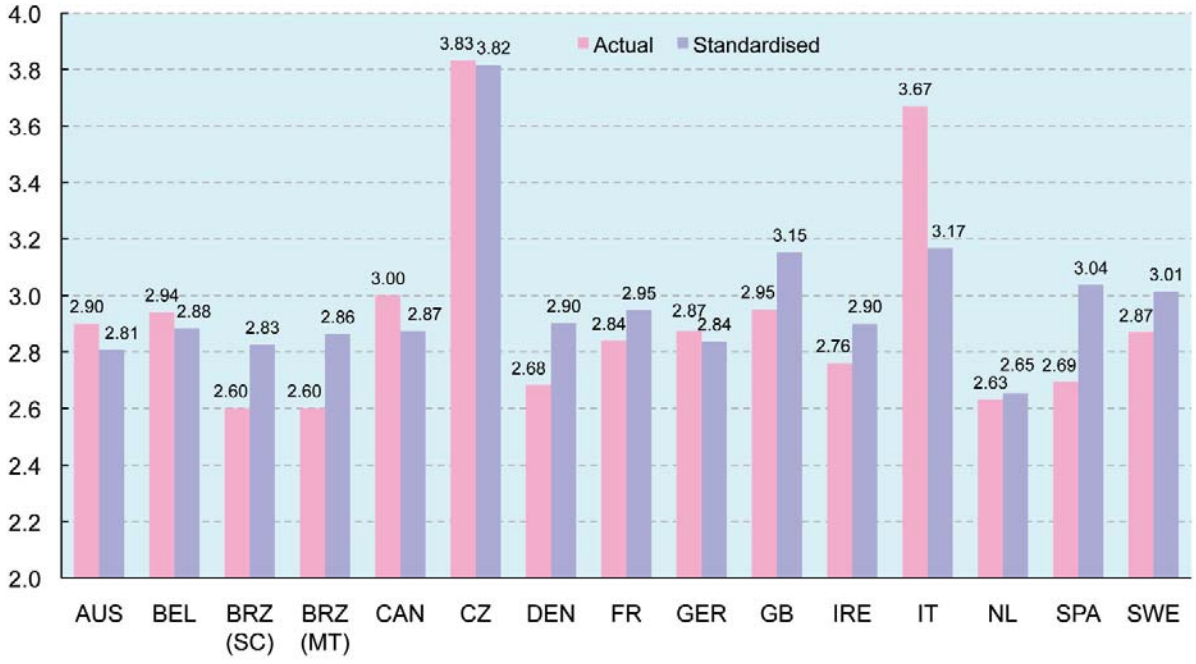
Figure 11 Standardised Daily Liveweight Gains (finishing herds), 2010



Feed Conversion Ratios (FCR)

An decrease in average liveweight at slaughter in Great Britain from 104kg to 102kg (as a result of the standardisation) implies deterioration in the average feed conversion ratio from 2.95 to 3.15. Great Britain has third highest (worst) FCR of the 12 EU InterPig countries before standardisation and remains third after standardisation. The main change arising from standardisation in the EU is in Austria, which moves fifth place to eleventh.

Figure 12 Standardised Feed Conversion Ratios, 2010



Comparison of GB results with EU average

Table 14 shows 2010 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.

Table 14 GB and EU physical results, 2010

	GB	EU average	GB deviation (per cent) (a) 2010
Pigs weaned/sow/year	22.0	24.4	-10
Pigs reared/sow/year	21.4	23.7	-10
Pigs sold/sow/year	20.8	23.0	-10
Pigs weaned/litter	9.8	10.79	-9
Litters/sow/year	2.3	2.3	-2
Rearing mortality (%)	2.7%	2.9%	-7
Finishing mortality (%)	3.0%	2.8%	+6
Transfer weight from breeding to rearing unit (kg)	7.4	7.5	-1
Lactation period (days; since 2009, before: age of weaning).	26.7	27.3	-2
Transfer weight from rearing to finishing unit (kg)	38.0	30.7	+24
Rearing Daily Liveweight Gain (g/day)	486.0	422.7	+15
Rearing Feed Conversion Ratio	1.8	1.9	-10
Finishing Daily Liveweight Gain (g/day)	766.0	766.2	-0
Finishing Feed Conversion Ratio	3.0	3.0	-1
Average number of days in rearing unit	63.0	54.3	+16
Average number of days in finishing unit	86.0	115.0	-25
Empty finishing unit days per cycle	7.0	8.0	-13
Pigs/pig place/year (finishing)	3.9	3.1	+25
Average live weight at slaughter (kg)	103.9	116.8	-11
Average carcase weight - Cold (kg)	79.9	89.8	-11
Killing-out percentage (cold weight)	75.4%	76.9%	-2
Carcase meat production/sow/year (kg)	1626	2063	-21
Average lean meat percentage	62.0%	57.9%	+7
Lean meat production/sow/year (kg)	1008	1187	-15
Sow feed/sow/year (kg)	1232	1365	-10
Weaner/rearer feed/reared pig (kg)	54	46	+17
Finishing pigs feed consumption/slaughter (kg)	196	260	-25
Labour/finished pig/year in hours	1.03	1.21	-15

(a) Where the producton factor makes a definite contribution to costs, a '–' implies higher costs and a '+' implies lower costs

Impact on costs of improving performance

There are a number of key areas where the performance of the British pig industry falls short of the EU average. Improvements in these areas could, therefore, be expected to lead to reductions in costs of production. Nevertheless, over time there has been a relative improvement in some of the GB physical results.

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 15 Impact of changes in performance on production costs (a)

	GB	EU	Cost change p/kg
Pigs born alive/litter	11.2	12.3	-6.2
Litters per sow per year	2.25	2.29	-0.9
Increase liveweight at slaughter (kg/lw)	103.9	116.8	-5.5
Total of above			**-12.6**

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

In practical terms there could be constraints which prevent improvements in indicators, such as the average weight at slaughter, 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 757 grams.

MONITORING CHANGES IN COSTS OF PRODUCTION

The relative costs analysed in this report relate to the 2010 calendar year. The average cost of feed increased significantly during 2010 compared with 2009, impacting producer margins. In 2011, the feed market continues to be firm due to high grain prices.

This chapter examines how the changes in monthly average feed prices have affected relative costs of production in 2011. 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 2011, these figures should not be considered as provisional 2011 results.

Feed cost movements

Table 16 Changes in feed costs, 2008-2011

	2008	2009	2010	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Jul-11 compared with 2010
Weighted average feed prices (€/tonne)											
Austria	252.7	195.4	228.7	238.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Belgium	271.6	216.4	229.7	269.1	283.8	283.8	280.9	281.2	281.5	276.2	+20
Brazil (SC)	218.3	192.4	201.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Canada	184.5	167.4	170.7	195.0	200.4	202.2	206.2	204.5	n/a	n/a	n/a
Czech Rep.	246.0	181.1	190.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Denmark	280.8	202.5	211.8	266.4	278.3	278.3	272.2	272.2	278.2	282.5	+33
France	256.2	202.1	203.1	256.7	264.1	266.2	269.4	271.5	268.3	259.9	+28
Germany	243.8	203.9	214.1	276.4	287.3	288.1	287.6	286.6	288.1	285.5	+33
GB	246.8	216.8	250.2	314.9	320.9	314.9	299.9	299.9	292.7	292.5	+17
Ireland	293.1	247.7	243.5	290.1	296.6	298.7	311.6	312.6	311.9	312.6	+28
Italy	262.3	235.2	246.9	301.5	301.7	299.9	306.4	312.0	312.5	n/a	na
Netherlands	257.4	212.9	219.7	262.1	267.3	275.0	282.2	284.5	286.0	286.4	+30
Spain	280.9	223.5	238.0	280.9	290.1	294.8	294.8	298.7	298.3	297.1	+25
Sweden	247.9	168.1	201.6	283.4	289.7	281.0	274.8	275.3	275.0	267.0	+32
Average	**253.0**	**204.7**	**217.9**	**269.6**	**280.0**	**280.3**	**280.5**	**281.7**	**289.2**	**284.4**	**+31**
Weighted average feed prices (£/tonne)											
Austria	200.8	174.0	196.1	201.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Belgium	215.9	192.6	197.0	227.6	240.3	246.3	248.0	246.7	250.1	244.0	+24
Brazil (SC)	173.5	171.3	172.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Canada	146.6	149.0	146.4	164.9	169.7	175.4	182.0	179.4	n/a	n/a	n/a
Czech Rep.	195.5	161.3	163.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Denmark	223.2	180.3	181.7	225.3	235.6	241.5	240.3	238.8	247.1	249.6	+37
France	203.6	179.9	174.2	217.1	223.6	231.0	237.8	238.2	238.4	229.6	+32
Germany	193.7	181.6	183.6	233.8	243.2	249.9	253.9	251.5	256.0	252.2	+37
GB	196.2	193.0	214.6	266.3	271.7	273.2	264.8	263.2	260.1	258.4	+20
Ireland	232.9	220.6	208.8	245.3	251.1	259.2	275.1	274.3	277.1	276.2	+32
Italy	208.5	209.4	211.8	255.0	255.5	260.2	270.5	273.7	277.6	n/a	n/a
Netherlands	204.6	189.5	188.4	221.6	226.3	238.6	249.2	249.7	254.1	253.0	+34
Spain	223.2	199.0	204.1	237.6	245.6	255.7	260.3	262.1	265.0	262.5	+29
Sweden	197.0	149.6	172.9	239.7	245.3	243.8	242.6	241.6	244.3	235.9	+36
Average	**201.1**	**182.2**	**186.8**	**228.0**	**237.1**	**243.2**	**247.7**	**247.2**	**257.0**	**251.3**	**+34**

The ability for producers to control their costs, such as feed, is paramount in maintaining or even obtaining, a positive margin. Having the ability to remove this risk from the production process is one which producers in Great Britain are becoming more and more aware of.

Total production costs

The estimates of total production costs in Table 17 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. 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.

Table 17 Changes in total production costs, 2008-2011

	2008	2009	2010	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Jul-11 compared with 2010
Pig meat production costs (Euro cents/kg)											
Austria	175.2	144.8	161.0	161.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Belgium	168.2	141.0	147.9	161.3	166.9	166.9	165.8	165.9	166.0	164.0	+11
Brazil	113.6	99.3	110.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Canada	109.8	103.0	110.9	110.0	111.9	112.6	114.0	113.4	n/a	n/a	n/a
Czech Rep.	209.9	172.2	196.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Denmark	162.7	141.0	140.6	165.1	169.6	169.6	167.2	167.2	169.5	171.1	+22
France	162.9	138.8	139.8	159.9	162.7	163.5	164.8	165.6	164.4	161.1	+15
Germany	177.9	154.3	152.5	182.2	186.4	186.7	186.5	186.1	186.7	185.7	+22
GB	172.9	150.9	170.1	200.8	203.0	200.8	186.5	186.5	188.5	188.8	+11
Ireland	174.2	148.2	151.7	164.0	166.4	167.2	172.0	172.4	172.2	172.4	+14
Italy	192.6	173.8	179.0	205.2	205.3	204.4	207.5	210.1	210.4	n/a	n/a
Netherlands	165.5	145.1	141.9	162.9	164.7	167.5	170.1	171.0	171.5	171.6	+21
Spain	167.4	144.2	141.5	167.0	170.7	172.6	172.6	174.1	174.0	173.5	+23
Sweden	187.0	147.6	172.4	200.1	202.6	199.1	196.2	196.4	194.8	191.4	+11
Average	**167.1**	**143.2**	**151.1**	**170.0**	**173.7**	**173.7**	**173.0**	**173.5**	**179.8**	**175.5**	**+16**
Pig meat production costs (p/kg)											
Austria	139.2	128.9	138.1	136.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Belgium	133.7	125.5	126.8	136.4	141.3	143.9	146.4	145.6	147.5	144.9	+14
Brazil	90.3	88.4	94.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Canada	87.2	91.7	95.1	93.1	94.8	98.4	100.6	99.5	n/a	n/a	n/a
Czech Rep.	166.9	153.3	168.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Denmark	129.3	125.5	120.6	139.6	143.6	145.1	147.6	146.7	150.6	151.2	+25
France	129.5	123.6	119.9	135.2	137.8	143.7	145.5	145.3	146.0	142.3	+19
Germany	141.4	137.4	130.8	154.1	157.8	161.5	164.6	163.3	165.8	164.0	+25
GB	137.4	134.4	145.8	169.8	171.9	161.8	164.6	163.6	167.5	166.8	+14
Ireland	138.5	132.0	130.1	138.7	140.9	149.6	151.9	151.3	153.0	152.3	+17
Italy	153.1	154.7	153.5	173.5	173.8	182.3	183.2	184.4	186.9	n/a	n/a
Netherlands	131.5	129.2	121.7	137.7	139.5	148.3	150.2	150.0	152.4	151.6	+25
Spain	133.0	128.3	121.4	141.3	144.5	151.1	152.4	152.8	154.6	153.3	+26
Sweden	148.6	131.5	147.9	169.2	171.5	170.4	173.2	172.4	173.1	169.1	+14
Average	132.8	127.5	129.6	143.8	147.0	150.5	152.7	152.3	159.7	155.1	+20

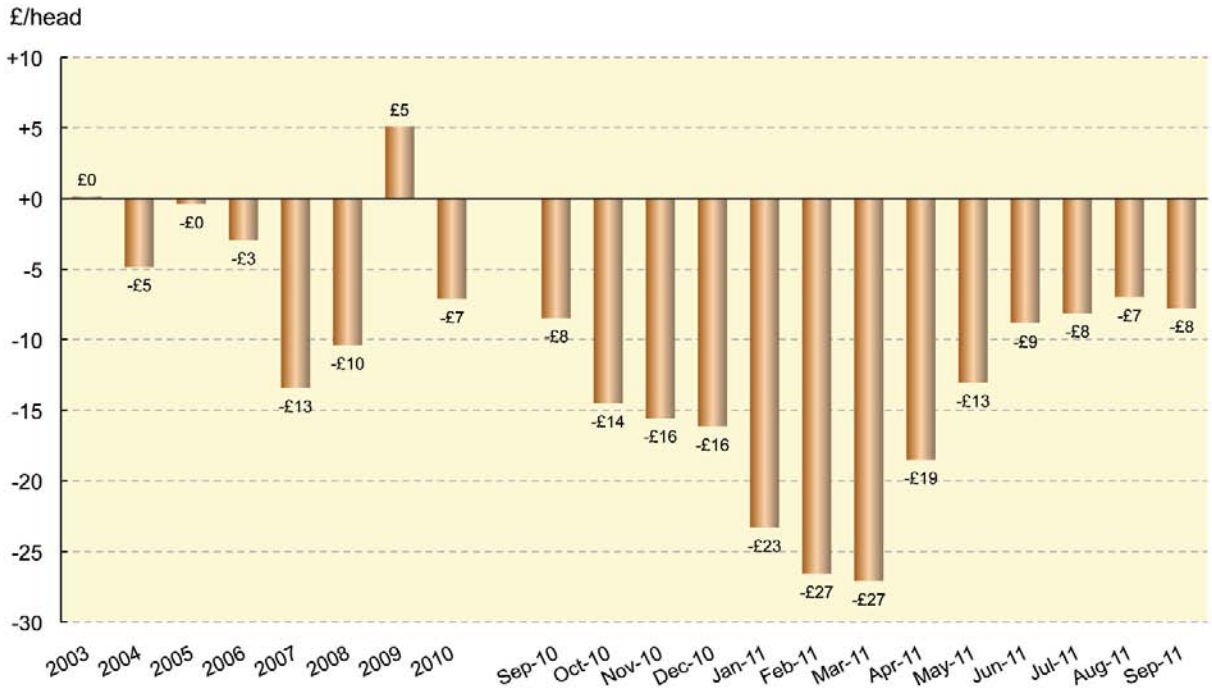
Consequently, the pattern of changes in total production costs mirrors the changes in feed prices. In 2010, the decline in sterling continued and helped improve the relative competitiveness of British pigs. In 2011, there has been strengthening of sterling and in addition there has been the impact of an increase in British feed prices, deteriorating competitiveness. This combination meant net margins worsened in 2011.

Net margins in Great Britain

The net margins shown in Figure 13 are based on the difference between the monthly DAPP and the total cost of producing pig meat (including depreciation costs) for an average producer. The results shown in the chart should, however, only be considered as indicative of general trends because:

- Physical and financial performance levels can vary greatly between producers
- The assumptions used for feed costs of spot compound prices will not apply to all producers due to the range of feed procurement strategies in the industry.

Figure 13 Estimated net margins in Great Britain, 2003-2011



During 2009 producers in Great Britain obtained a good positive margin per pig produced. This is following several years of negative returns and considerable losses in the industry where producers were reliant on having diverse enterprises in order to continue with pig production.

However, higher costs experienced during 2010 have resulted in negative margins for the year and continued higher costs into 2011 are estimated to have maintained losses per pig.

APPENDIX I

European pig industry trends, 2010

	AUS	BEL	DEN	FR	GER	IRE	IT	NL	POL	SP	SWE	UK
Breeding sow numbers (000 head)	279	507	1,286	1,115	2,233	164	717	1,098	1,328	2,408	154	491
Annual pig slaughterings (000 head)	5,692	11,896	20,114	24,935	58,154	2,657	12,908	13,944	19,966	40,847	2,936	9,662
Pig meat production (000 tonnes)	542	1,124	1,666	2,010	5,443	214	1,633	1,288	1,741	3,369	263	774
Pig meat imports (000 tonnes cwe)*	180	157	169	584	1,121	72	1,043	329	536	117	125	941
Pig meat exports (000 tonnes cwe)*	253	823	1,626	665	2,100	150	270	893	428	1,157	31	186
Pig meat consumption (000 tonnes cwe)*	473	429	280	2,173	4,510	150	2,310	690	1,838	2,350	323	1,526
Pig meat consumption (kg/head)*	56.5	39.6	50.8	33.6	55.1	33.5	38.3	41.6	48.2	51.1	34.6	24.6

* Estimated figures. All figures are subject to revision
Source: AHDB, Eurostat

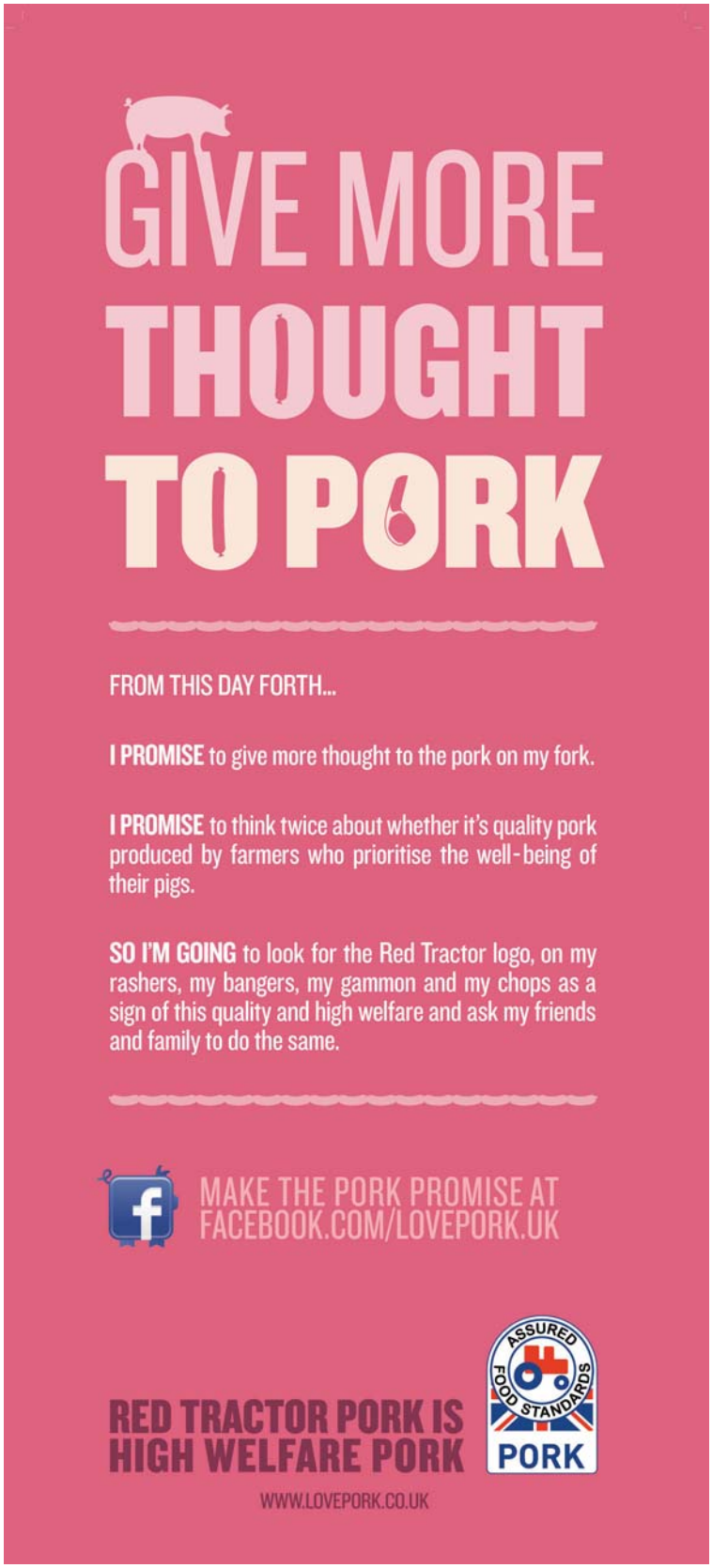
APPENDIX II

National carcase dressing specifications

Country	Presentation of the carcase	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, ears and tongue), with hooves and tail, without kidneys, diaphragm and flare fat	cold
Netherlands	With the head and feet (without nails), without flare fat, kidneys and trimmings	hot
UK	With head, feet and tail but without flare fat, kidneys and diaphragm	cold
Czech Republic	With the head, flare fat, skin, without brain, kidneys and organs in 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 feet (without nails)	hot

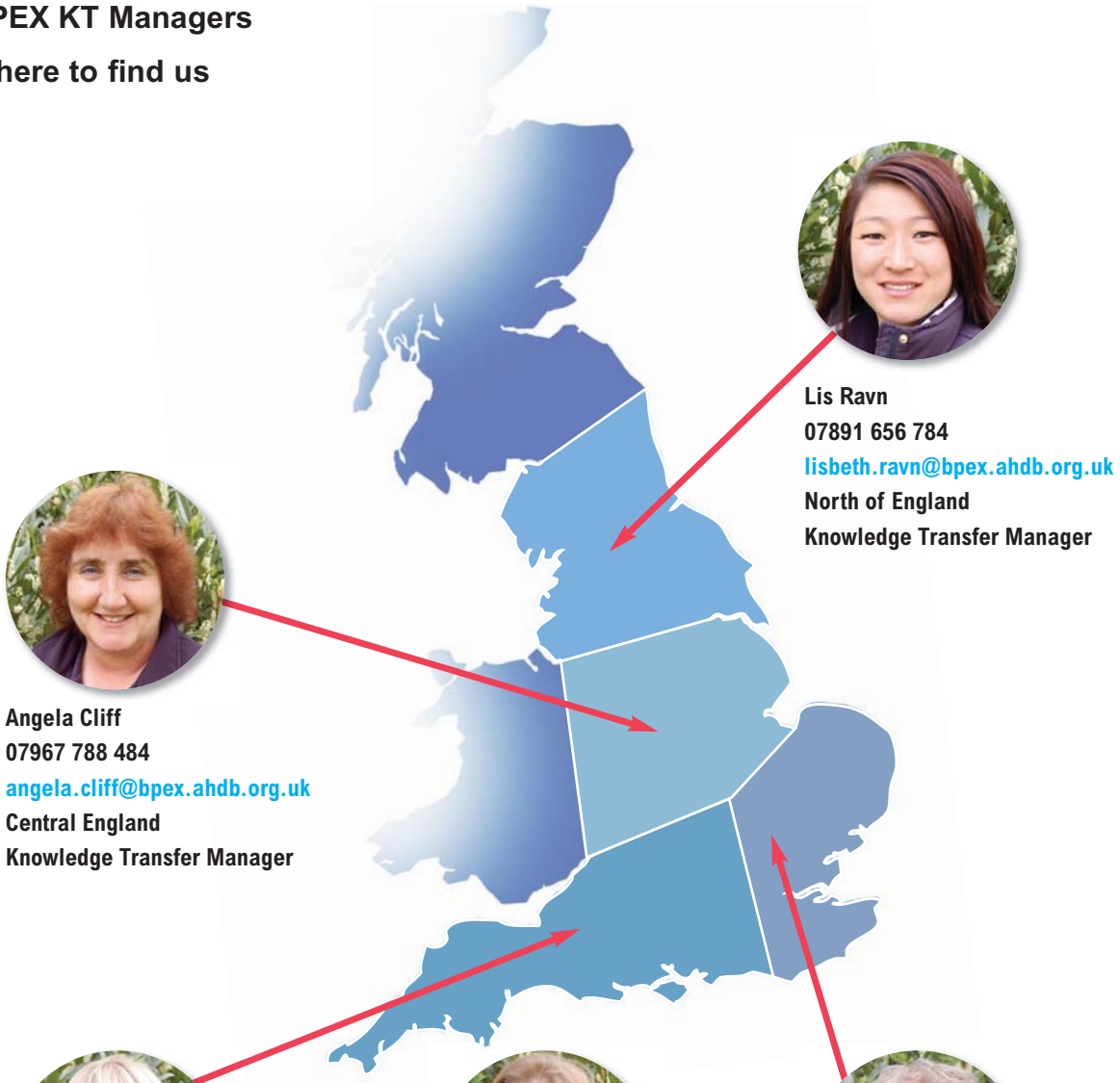
APPENDIX III

Tables and charts


GIVE MORE
THOUGHT
TO PORK
FROM THIS DAY FORTH...
I PROMISE to give more thought to the pork on my fork.
I PROMISE to think twice about whether it's quality pork produced by farmers who prioritise the well-being of their pigs.
SO I'M GOING to look for the Red Tractor logo, on my rashers, my bangers, my gammon and my chops as a sign of this quality and high welfare and ask my friends and family to do the same.
MAKE THE PORK PROMISE AT
FACEBOOK.COM/LOVEPORK.UK
RED TRACTOR PORK IS
HIGH WELFARE PORK
ASSURED FOOD STANDARDS
PORK
WWW.LOVEPORK.CO.UK

BPEX KT Managers

Where to find us



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Two-Tonne Sow (2TS)

The aim of the Two-Tonne Sow (2TS) campaign is to help English producers achieve an industry average of 2,000kg of pig meat per sow per year.

The 2TS campaign provides a single pig performance target for the industry to work towards collectively. It also recognises that different businesses with different production systems or target markets may achieve this target in different ways. Those already achieving the 2TS target can use BPEX services to further improve performance.

All units have a part to play, from breeding herds to contract finishers. It is about improving performance at all stages of production.