

The Market Impact of EU Regulations on Group Housing of Sows

Stewart Houston
Director
National Pig Association



Agenda

- Background
- Current position on group housing of sows
- BPEX report on possible market impacts
- Conclusions
- Implications

Background

- Council Directive 2001/88/EC comes into force on 1 January 2013
- Full compliance in UK, Sweden and Luxembourg
- The Directive has applied in all Member States to units that have been newly built or rebuilt or brought into use for the first time after January 2003
- Outline compliance information is available from the EU Commission
- A report has been produced by BPEX in the UK which will be published on Friday 13 April

Current position

- The Commission reports that 3 Member States are fully compliant, 9 will be fully compliant by the end of the year, 13 will be more than 70% compliant and the remaining 3 are unable to provide information (March 2012)
- Information received from industry sources in 14 Member States has been used in the report
- This reveals a similarly diverse position. Some countries already have a high level of compliance while others are less than 40% compliant. Common issues are a lack of finance and environmental permitting

Three scenarios for the future

- Scenario 1: Most likely
 - EU production to fall by 5% in 2013 despite continuing improvements in productivity
 - Price to rise by more than 10% but prices for non-compliant pigs will fall
 - Further rationalisation in the processing sector
- Scenario 2 : Rigorous enforcement and compliance
 - EU production to fall by 10%
 - Shortages in supply and substantial price increases
 - Political pressure to increase supply possibly through greater imports. However securing these to the same welfare standard would be very difficult

Three scenarios for the future

- Scenario 3: Fundamental adjustment
 - Breeding and finishing concentrated in different Member States
 - More breeding in North West Europe and more finishing in Eastern and Southern Europe
 - Greater integration of businesses across the EU
 - Increased political debate about transportation of piglets for finishing

Conclusions of the report

- Some degree of market disruption is likely as we have already seen in the egg market
- While the impact is not likely to be as dramatic we will have to deal with it.
- BPEX will monitor the situation as it develops and update the report with the help of others during the course of the year.

Key Implications

- Improvements in pig welfare cannot be achieved “on the cheap”.
- Those producers that chose to make this investment should not be undermined by others that do not make the investment
- Reputation and integrity are under threat if we do not comply with the Directive
 - EU Commission / Parliament / Member States
 - Retailers / Food Service Customers
 - Assurance organisations
 - Producers
- Will traceability of live pigs, pig meat and especially processed pork products be robust enough to protect our reputation?

Thank You



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