

# Media Release



NPA press release  
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## **Future of British pork supply at risk if retailers fail to act now**

The NPA is calling on retailers to significantly increase the price they pay for their pork to save the British pig industry from total collapse, following an unprecedented spike in feed costs.

An already desperate situation on pig farms across the country has been pushed beyond the survival limit for many since Russia's invasion of Ukraine prompted a dramatic leap in the wheat price. It now stands in the region of £300/tonne, compared with around £215/tonne just a few days ago.

Pig farmers, who have already faced more than a year of heavy financial losses, are currently losing tens of thousands of pounds per week, and face a serious and imminent risk of being unable to afford to feed their pigs and keep their businesses going.

The NPA is asking retailers to ensure they pay enough to at least cover pig farmers' costs of production. This is essential, not only to help ensure the survival of the British pig sector but, with EU pig numbers falling and prices rapidly rising, to maintain their supply of pork, bacon, sausages, ham and other pigmeat products to consumers.

"We need something to happen very, very soon. Many pig businesses can only last weeks, in some cases days," one desperate producer said at a meeting of NPA pig farmers on Tuesday.

### **A financial catastrophe**

Pig producers have already endured an horrendous 12 months, losing, typically around £25/pig in the first half of 2021, increasing to an unprecedented £39/pig in the final quarter. This was a result of a 'perfect storm' of a falling pig price, combined with record feed costs, compounded by having to feed heavier pigs for longer due to the pig backlog.

A number of pig businesses have quit the industry over the past six months with a lot more cutting back on pig numbers. Many businesses had been determined to dig in despite the big losses, in the expectation that the situation would all eventually come good.

The recent spike in the wheat price has now shattered that prospect, particularly, with soya, energy, fuel and labour costs also increasing.

"Nobody can survive with wheat at £300/tonne. The situation is now beyond desperate and there is no light at the end of the tunnel," NPA chairman Rob Mutimer said.

At Tuesday's meeting, pig producers highlighted just how dire the situation had become:

- One producer explained how their feed costs increased from £78/pig in April 2021 to £101/pig this month, and are set to soar to £119/pig in April 2022 due to the higher wheat price.
- Another producer said his business's overall costs of production had risen from 160p/kg in December to over 200p/kg now and are likely to go higher. Others put similar, or higher, figures on current production cost.
- Another estimated that, with forecast losses of £50/pig, a 700-sow pig unit will lose £1 million over the next year at current prices and costs.

- Others pointed out that producers have not been buying as much feed forward as usual as prices were already at record levels, meaning they are hugely exposed to the higher wheat price, up £80/tonne in a few days, with potentially more to come.
- Concerns were expressed that many farmers are reaching their credit insurance limit for feed which will mean that soon feed companies will be unable to supply feed.
- There are still many pigs backed up on farms which risks making an already dire situation far worse.

### **Higher price**

The NPA, with the support of pork processors, is now asking all retailers to immediately increase the price they pay for their pork so producers can at least cover their costs of production and retailers can ensure a continued supply of British pork.

More than £2/kg is needed to allow producers to break even, which is around 70p/kg above the current price they are being paid.

The UK pig price has failed to respond to some dramatic price increases in Europe, where the market has experienced shortages of pigs, following a notable contraction last year.

Mr Mutimer said: “We need a large and immediate price increase from retailers. Our current pricing mechanism has failed to keep up with the unprecedented events taking place around the world.

“EU pig prices have shot up over the last week or so, leaving the UK trailing behind. This is not something we ask for lightly, but it is now the only way to save the industry’s bacon.

“Some producers, who have exhausted all financial and emotional reserves over the past year, will be looking ahead to the next few weeks and months and making decisions now.

“In other cases, the decision might be taken out of their hands if they are unable to purchase feed or their banks decide they cannot extend overdrafts any further.

“We are staring down the barrel of a total collapse of the British pig industry, which is not only a tragedy for the producers, themselves, but will leave UK consumers short of one of their favourite and most versatile meats. Retailers will not be able to rely on EU pork, either, as it gets shorter in supply and more expensive.

“They need to act now to ensure that they can continue to secure our high quality British pork - we haven’t got long.”

The association is also reiterating its calls for a financial support package from Defra, as has been provided in other parts of the UK and Europe, and is urging the Department to keep the pressure on retailers to take action now.

### **Notes to editors**

- The NPA is writing to all retailers to impress upon them the critical nature of this situation and to ask for a greater return for the pork that we supply.
- AHDB data shows pig producers lost, on average 42p/kg in the final quarter of 2021, equating to £39/pig and the fifth consecutive quarter of losses. Average costs were up 15p to average 193p/kg. Feed costs alone averaged 134p/kg in Q4 but have risen significantly during the current quarter, pushing average losses even higher.
- Pork prices have increased significantly across the EU in the last week, including the influential German pig price, and are expected to go higher. The UK price (SPP) has failed to respond and now stands at £1.38/kg.
- To see which retailers are supporting British pigs through their sourcing policies, [CLICK HERE](#).

### **More information**

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