

# Media Release



DATE: January 12, 2016

NPA PRESS RELEASE

## Pig farmers urged to speak to their bankers sooner rather than later

National Pig Association is urging pig producers to start talking to their bankers now, rather than wait until their cashflows are under serious pressure. Farmgate prices for pigs have plunged to their lowest level for eight years with little prospect of much improvement for the rest of the year.

"Some producers may not be aware how much banking culture has changed since they last needed to renegotiate overdraft arrangements, or apply for a term-loan," said NPA vice-chairman Richard Longthorp.

"Local managers have far less freedom and flexibility and consequently putting new arrangements in place can now be a lengthy process, involving policy-makers further up the banking foodchain".

Most pig-keepers will be operating in the red for some or all of this year, as the European pig-cycle reaches its lowest point in more than half a decade, driven by higher output and compounded by Russia's embargo on European Union pigmeat.

According to quarterly data produced by the Agriculture and Horticulture Development Board, British producers currently need 139p a kilo deadweight to cover all costs, including reinvestment.

The current Standard Pig Price, calculated from data supplied by abattoirs, has now fallen to below 122p a kilo, putting serious pressure on cashflows, even when maintenance and reinvestment have been put on hold.

Despite low feed prices, many British producers are making a cash loss on every pig they sell, but they are still better placed than their continental counterparts, as British pork attracts a 20p-30p a kilo premium.

Although some of this is attributable to the strength of sterling versus the euro (making imported pigmeat cheaper), a significant part is created by the British pig industry's higher welfare husbandry, which is valued by retailers and consumers.

Seven supermarkets are classed as "hundred-percenters" by NPA, as they continue to source 100 percent British fresh pork. These are Aldi, the Co-op, Lidl, M&S, Morrisons, Sainsbury's and Waitrose.

"We'd like to remind all retailers that British pig producers have a world-wide reputation for their high-welfare," said NPA chief executive Dr Zoe Davies. "For instance, most continental pig producers still confine sows in steel gestation crates, or 'stalls', for part of the time, whereas they have been outlawed on British farms for 16 years."

NPA chairman Richard Lister said, “Producing high-welfare pigs outdoors or on straw carries a significant cost disadvantage and retailers must be mindful not to kill the golden goose. If they do, they will have let down their suppliers and they will have let down their customers who continue to demonstrate they want reasonably priced high-welfare, quality-assured British pork”.

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