

## BPEX

BPEX Ltd represents pig levy payers in England. BPEX Ltd is focused on enhancing the competitiveness, efficiency and profitability for English pig levy payers and driving demand for English pork and pig meat products in Britain and globally. BPEX Ltd is a subsidiary of the Agriculture and Horticulture Development Board **[www.ahdb.org.uk](http://www.ahdb.org.uk)**

### What is the role of BPEX?

BPEX uses levy funds to co-ordinate industry activity that yields a better return for levy payers than they can otherwise achieve individually. The key functions of BPEX are to be:

- A leader
- A catalyst for change
- An authoritative knowledge house for all stakeholders
- A communicator to, and on behalf of, all stakeholders

### BPEX strategic objectives for 2006-2009 are:

- 1 Help the industry recover herd health
- 2 Help the industry improve cost competitiveness to a level at least comparable with our main EU competitors
- 3 Rebuild industry confidence to invest in the future
- 4 Increase the demand for British pork and pork products

### Who is on the BPEX board?

The BPEX board comprises 12 members made up as follows:

- BPEX Chairman and MLC Commissioner
- 6 producers (National Pig Association)
- 4 members of the British Meat Processors Association
- 1 independent member

### Frequency of meetings

BPEX meets as frequently as is necessary to discharge its functions in an efficient manner; at least 6 times each year.

For more information about BPEX and its activity on behalf of the British pig industry visit **[www.bpex.org.uk](http://www.bpex.org.uk)**



## BPEX Board Members



**Stewart Houston CBE**

**BPEX Chairman**

Stewart, who is based in Bedale, North Yorkshire is an AHDB board member; Chairman of NPA and a member of COPA COGECA EU committee of agricultural trade associations.



**John Hughes Dalehead**

John joined Dalehead in 1973 becoming MD in 1999. A merger with Roach Foods in 1999 and the acquisition of BQP in 2000, the new company achieved a long held ambition to become a major integrator.



**Adam Couch Cranswick Country Foods**

Adam joined Cranswick in 1991 as a graduate trainee from Hull University, where he graduated in accountancy. Adam was appointed a director in 2003 and is managing director of the fresh pork operations.



**Richard Longthorp LKL Farming**

Richard farms 1,800 acres at Howden in East Yorks with another 3,000 acres contract farmed. He has 1,300 outdoor sows at Retford, Notts. He is active in BPISG and, Chairman of the Pig Industry Training Strategy Implementation Group.



**Steve Crossley Grampian Country Pork**

Steve has worked in the meat and further processed food industry for almost 30 years. He is currently Managing Director of Grampian Country Pork and a member of Grampian's Senior Management Team.



**John Rowbottom**

John has a long association with the pig industry through the family's 750 sow farrow to finish pig enterprise in Yorkshire. He is a member of the NPA Producer Group. In addition the family farming business includes arable and a grass drying enterprise.



**Jon Easey MJ & JA Easey**

Jon read Agricultural Economics at the University of Reading. In 1996 he joined the family business, MJ & JA Easey, running an integrated pig scheme comprising 25,000 sows (as well as finishing up to 11,000 pigs a week), a feed mill, veterinary practice and arable farm.



**Mike Sheldon Greenway Farms Ltd**

Mike has a 520 sow intensive pig unit in Buckinghamshire, producing slaughter pigs for a national processing company. From 1998-1999 he was the first Chief Executive of the NPA and from 1982-1995 worked in various roles for PIC, the worldwide pig genetics company.



**Clive Francis**

Clive is the independent member of the new Board. He has held senior roles in the food industry and now carries out consultancy work and lectures on business at the University of East Anglia.



**Meryl Ward Grayingham Grange Farm**

Meryl runs a family farming enterprise, comprising 2,000 sows, finished pigs and a mixed arable enterprise and farm shop. Current roles include treasurer of the BPISG, a member of the Farm Animal Welfare Council and is a governor of Harper Adams University College.



**John Godfrey CBE, FCA, FRAgS**

John and his brother manage an arable and pig enterprise in Lincolnshire and Yorkshire. He has been NPA Chairman, Chair of BPA, Chair of FABpigs, Vice Chair of Yorkshire Farmers Livestock Marketing Ltd, Chair of Grimsby Birds Eye pea growers committee, and Chair of the North Lindsey branch of the NFU.

## PREFACE

The BPEX Technical group vision for the 2008-09 business plan is to see significant advances in four key areas:

- Meat eating quality: an increased market share for English pig meat and larger English herd size through higher levels of differentiation and consumption
- Production efficiency: further reduced costs of production through use of best practice, training and innovation
- Health and welfare: increased output per unit input through farm health planning
- Environment: a reduced carbon and nitrogen footprint

During 2007 BPEX spent time seeking the views of the industry with regional BPEX and NPA dinners, discussions at BPEX KT workshops, the November 2007 Funders and Stakeholders event and general consultation with members of the industry. We have also consulted widely with Defra, the Environment Agency and BBSRC to understand their agendas and policy drivers, and to ensure that they are aware of the needs and priorities of the English pig industry. These discussions give us confidence that the direction we set out within the 2007-08 plan was broadly correct and by refining the focus and priorities for 08-09 we will have a programme that will deliver positive results to move the industry further forwards.

We set ambitious targets for the 2007-08 financial year. Foot and Mouth Disease, high feed prices and the increases to environmental legislation have all challenged the industry's resolve to continue investing in the future. The technical performance of the national herd needs significant improvement to achieve a competitive position and the most recent Agrosoft quarterly trends show that, comparing the third calendar quarter of 2007 with the same period a year earlier, the average producer has improved by 0.6 pigs finished per sow per year to 20.3 and by 22 g/day in finishing growth rates to 674 g/day. The top third of producers are now performing at a rate equal with the major European competitors after breeding herd performance increased by 1.6 pigs to 23.4 finished per sow per year and the finishing herd improved its growth rate by 45 grams to 752 g/day. This has been achieved through new and ongoing initiatives, good planning and hard work at the production level.

Environmental sustainability continues to be a major government and society driver. Further increases to environmental legislation during the year required significant additional inputs addressing consultations on, for example, nitrate vulnerable zones, the water framework directive and IPPC. A Pig Environmental Partnership is under development with all stakeholders and the target is for this to be consulted upon by the industry and implemented early in the new financial year.

The British Pig Health Scheme continues to be a well-respected scheme used by producers and the veterinary profession to drive herd health improvements. According to the BPHS data, which now covers over 70% of English pig farms, disease prevalence is declining in several areas notably pleurisy and enzootic pneumonia. A complete review of surveillance for the English pig herd has been undertaken, and opportunities will be developed for the future alongside industry and Defra sponsored herd health planning projects. This will make greater use of the large amounts of data that exist.

The ZAP Salmonella Programme has not delivered any reduction in Salmonella prevalence in finisher pigs in England. Considerable time has been spent during the year on developing the Zoonosis National Control Plan (ZNCP) with attention placed with the Food Standards Agency on database development, on-farm intervention studies and by changing the cut-off scores between ZAP levels. This will require a

greater proportion of the industry to take actions. We have not yet seen the outcomes we would have wished for from on-farm intervention studies, which were delayed due to Foot and Mouth Disease. With many interventions coming into place during autumn and winter 2007, results are expected by March 2008; from these, best practice advice will be given to producers.

Elsewhere some £220k of funds has been allocated to a development grant programme, the 'Innovation Fund', to support innovative practical ideas to improve production, environment and processing practices. The uptake of training initiatives, both the Certificates of Competence and the Pig Industry Professional Register (PIPR), has been steadily increasing during the year. The KT Team have seen production staff representing over 200,000 sows attending workshops and events on farrowing house management, service house management and establishing the weaner to improve efficiencies.

Mark Wilson



Mark Wilson  
Director Pig Industry Development

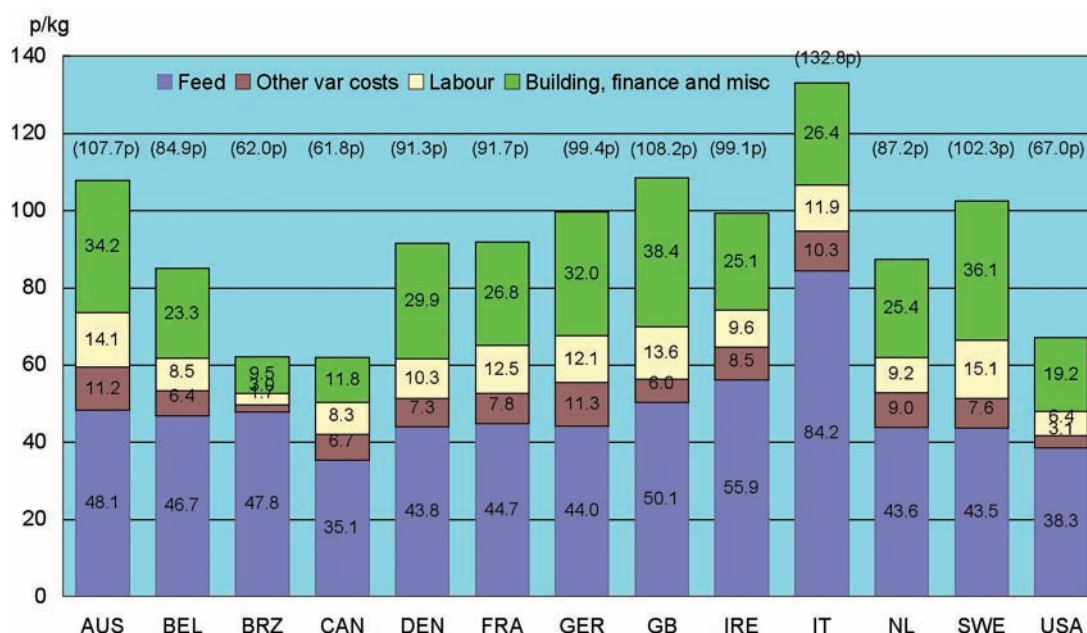
## INDUSTRY STATISTICS

### Cost of Production

The cost of pig meat production in Great Britain increased by 4% in 2006, to 108.2 p/kg. Feed costs were only slightly higher in the year as a whole although there were also increases in other input prices. The effect of these was partly offset by a small further increase in pigs finished/sow and in average carcase weights.

Within the EU (excluding Italy), Great Britain again had the highest production costs in 2006, at 108.2 p/kg, about 11p higher than the EU average. The lowest-cost producers were Belgium (85p), and the Netherlands (87p).

**Figure 1 The cost of producing 1 kg of pig meat in 2006**



Source: BPEX Cost of Production in Selected Countries report, published December 2007

The average cost of production in the EU countries increased by 2% in 2006 to 96.9 p/kg. Although there were recorded performance improvements in 2006, most countries also saw an increase in feed costs. Costs of production in Denmark, Belgium, Germany, France and the Netherlands changed by between -1 and +2 %. Costs in Italy, Austria and Great Britain were up by 4% while Ireland and Sweden saw cost increases of 6%.

The cost of producing pig meat in the EU is considerably higher than in Brazil (62p), Canada (62p) or the United States (67p). The lower costs in these countries are not because they are technically more efficient but because the prices of the inputs are lower.

Since 2006, the price of feed has continued rising to record levels. Average feed prices in Great Britain were 64% higher in October/November 2007 than in 2006 as a whole. Assuming all other factors remain the same as in 2006, this is equivalent to the GB cost of production rising from 108 p/kg to 142 p/kg.

## Performance trends in the British pig herd

Key annual trends in physical performance for the British breeding, rearing and feeding herds from 2002 to 2007 are shown in **Table 1**.

Results for the rearing herd were in general slightly poorer in 2007. Mortality increased from 2.5% to 2.7% and the feed conversion ratio deteriorated from 1.71 to 1.82. Nevertheless, there has been a long-term improvement in both these measures. Daily liveweight gain was down from 493g to 453g, reversing the gains made in the previous two years.

The feeding herd saw some more positive improvements in 2007. Mortality continued to decline as the incidence of PMWS fell. At 4.8%, mortality was considerably lower than the peak level of 6.7% recorded in 2004. The average daily liveweight gain in feeding herds has also improved each year since 2004, increasing from 630g to 674g.

Quarterly performance indicators, for both average and top-third herds, are shown in the Key Performance Indicators section (**page 14**).

**Table 1 Performance trends in Great Britain**

	2003	2004	2005	2006	2007	2006
<b>Breeding herd</b>						<b>EU Average</b>
Sow mortality (%)	5.1	4.7	4.7	5.8	3.4	5.7
Litters per sow per year	2.20	2.21	2.22	2.26	2.22	2.25
Pigs born alive per litter	10.74	10.74	10.87	10.96	11.14	11.67
Mortality of pigs born alive (%)	10.6	10.4	10.9	13.3	12.61	12.9
Pigs reared per litter	9.61	9.63	9.69	9.50	9.74	10.16
Pigs reared/sow/year	21.1	21.3	21.5	21.5	21.6	22.9
Ave weaning age (days)	26	26	26	26	27	28
<b>Rearing herd</b>						
Weight of pigs at start (kg)	7.3	7.4	7.3	7.2	7.4	7.6
Weight of pigs produced (kg)	34.7	36.4	36.3	35.1	35.3	30.7
Mortality (%)	4.3	5	3.4	2.5	2.7	2.9
Feed conversion ratio	1.77	1.84	1.70	1.71	1.82	1.81
Daily liveweight gain (g)	462	449	509	493	453	420
<b>Feeding herd</b>						
Weight of pigs at start (kg)	26.9	27.7	25.9	27.2	26.6	30.7
Weight of pigs produced (kg)	96.1	97.9	96.9	98.2	98.8	116.4
Mortality (%)	6.5	6.7	6.5	5.6	4.8	3.3
Feed conversion ratio	2.74	2.77	2.74	2.75	2.73	3.01
Daily liveweight gain (g)	627	630	639	655	673	738

Source: Agrosoft Ltd.

## Industry trends

Clean pig slaughterings increased by 4% to 9.27 million in 2007, the first annual increase since 1998, see **Table 2**. The national breeding herd contracted slightly, but this was more than offset by a further improvement in the number of pigs finished/sow. Average carcase weights increased by 4 kg; in part this



was because FMD restrictions from the autumn led to a backlog of pigs awaiting slaughter. **Table 3** illustrates changes in pig carcasses since 2002. The lean meat percentage for 2002 has been recalculated to take account of a change in the calculation, which took place in 2005. Over the five-year period there was little change in either backfat measurements or the average lean meat percentage, but the average carcass weight increased by 4 kg. The increase in carcass weights can also be seen in the frequency distribution chart (**Figure 2**), which shows an increase in the percentages in higher weight bands.

**Table 2 Industry trends**

	2003	2004	2005	2006	2007
<b>UK breeding herd (000 head)</b>					
June	516	515	470	468	455
December	514	475	441	449	436
<b>UK ave sow productivity (a)</b>					
Pigs finished per sow/year	16.6	16.7	17.7	18.7	19.5
Pig meat per sow (kg)	1,234	1,250	1,331	1,402	1,490
<b>UK Slaughterings and production</b>					
Clean pig slaughter (000)	9,133	8,973	8,971	8,900	9,274
Total pig meat production (000 tonnes)	716	708	706	697	739
Pork production (000 tonnes)	579	585	586	580	622
Bacon production (cwe)	249	245	249	243	215
Total of above	828	830	835	823	836
– imported pork used in curing	112	122	130	126	97
= total pig meat usage	716	708	706	697	739
<b>Total consumption (b)</b>					
Pork/processed (000 tonnes cwe)	812	793	831	856	935
Bacon (000 tonnes cured)	501	498	488	462	450

(a) **Not** survey results. Based on relationship between adjusted clean pig slaughter (slaughterings minus live imports plus live exports) and lagged breeding herd

(b) Supplies of meat moving into consumption, ie production + imports – exports • Source: MLC

**Table 3 Average abattoir results (back fat, P2, mm)  
lean meat (%), carcass weight (kg)**

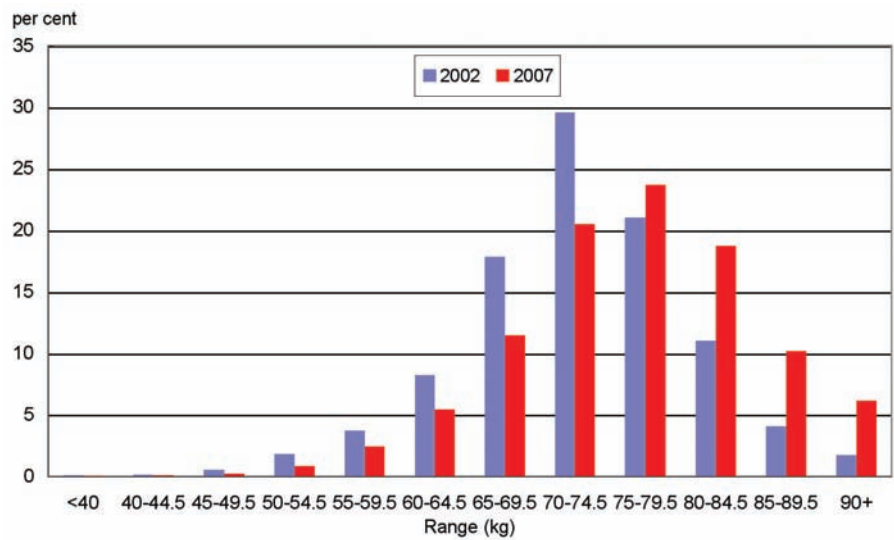
	2002	2007
<b>Clean pigs</b>		
Back fat (P2, mm)	10.9	11.0
Lean meat (%) †	61.1	61.2
Carcass weight (kg)	72.5	76.5

† An average predicted lean meat percentage based on the following equations:

Up to 2004: Lean meat % =  $65.5 - 1.15 \times P2 + 0.076 \times \text{carcass weight}$

2005 onwards: Lean meat % =  $66.5 - 0.95 \times P2 + 0.068 \times \text{carcass weight}$

Figure 2 Carcase weight distribution in 2002 and 2007



Source: MLC

Retail pig meat price purchases

2007 saw strong demand for fresh/frozen pork. During the year as a whole the volume of retail purchases increased by 6% (Table 4). Demand was particularly strong over the summer months, but purchases have remained high during the autumn and winter.

The only pork cuts showing a negative growth in 2007 were chops, with retail purchases down 0.5%. Purchases of belly pork were up 12% in volume terms, steaks were up 15 % and total roasting joints increased by 6%.

Bacon purchases are continuing to increase, up by 2% in 2007. Retail sales of British bacon increased by 10% while imported bacon was down by 2%. Consequently the market share of British bacon rose from 26% to 29%.

**Further information:** Additional statistics are available together with a more detailed analysis in the BPEX Cost of Production in Selected Countries report and in the Pig Yearbook.





**Table 4 Trends in total retail pig meat purchases**

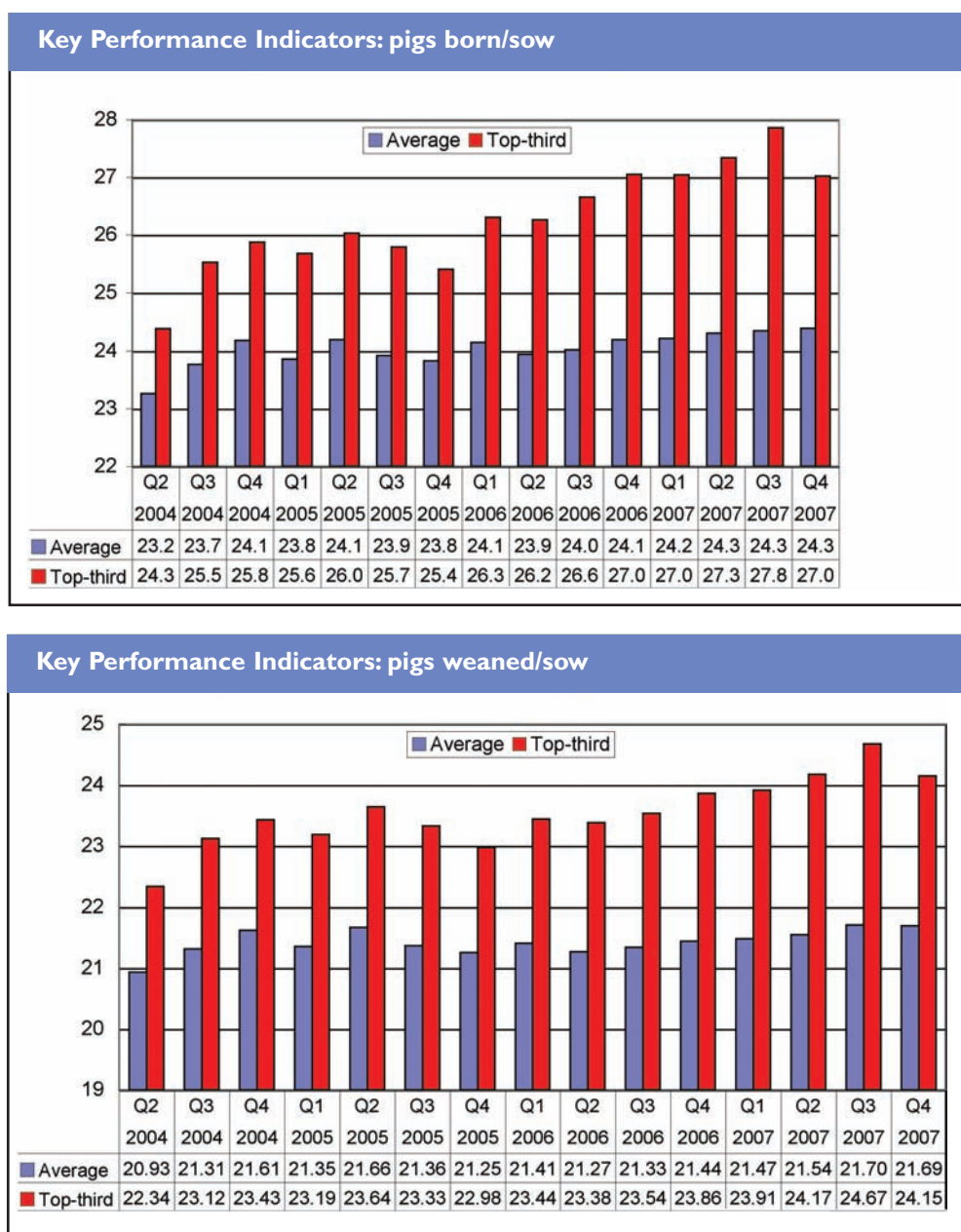
	2003	2004	2005	2006	2007
<b>000 tonnes</b>					
<b>Pork</b>	<b>157.5</b>	<b>156.1</b>	<b>160.4</b>	<b>160.0</b>	<b>169.9</b>
Belly	11.2	11.3	11.4	13.0	14.6
Chops	38.9	37.5	35.9	33.3	33.1
Leg roasts	24.8	24.5	28.8	28.0	29.5
Loin roasts	6.5	6.2	6.9	7.8	8.6
Shoulder roasts	25.7	21.0	18.7	19.5	20.3
Steaks	33.0	35.4	38.2	37.8	43.6
Pork mince	3.5	3.3	4.1	4.0	4.4
<b>Bacon</b>	<b>194.1</b>	<b>199.2</b>	<b>201.0</b>	<b>190.2</b>	<b>193.4</b>
Rashers	139.6	142.5	142.6	136.3	140.2
Steaks	18.5	17.7	17.8	16.2	17.3
Joints	34.8	37.8	39.3	36.4	35.1
Pork burgers	6.0	6.1	4.9	4.7	5.5
Pork sausages	153.8	158.3	154.4	155.4	155.3
Sliced cooked pork	22.4	22.3	22.8	22.2	22.1
Ham	108.2	110.7	115.3	119.7	123.1
<i>Chilled meat/pastry products:</i>					
Quiches/savoury flans	23.8	22.9	22.5	22.4	23.0
Sausage rolls	47.6	53.2	54.3	56.2	59.0
Pork pies	64.6	63.5	67.8	65.8	59.7
<i>Ready meals:</i>					
Pork Chilled Ready Meals	32.7	35.6	34.5	15.5	17.1
Pork Frozen Ready Meals	9.6	12.0	12.1	10.9	10.1

Source: Taylor Nelson Sofres



## Key Performance Indicators

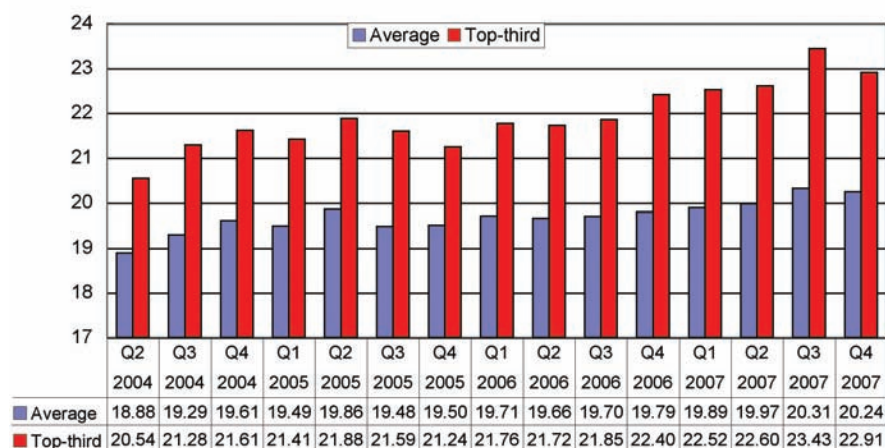
Quarterly key performance indicators show improvements in the majority of measures through to the third quarter of 2007. The most marked improvement has been in post-weaning mortality. There has also been a tendency for the difference between average and top-third results to increase. This gives an indication of the potential for producers to raise output and reduce costs.



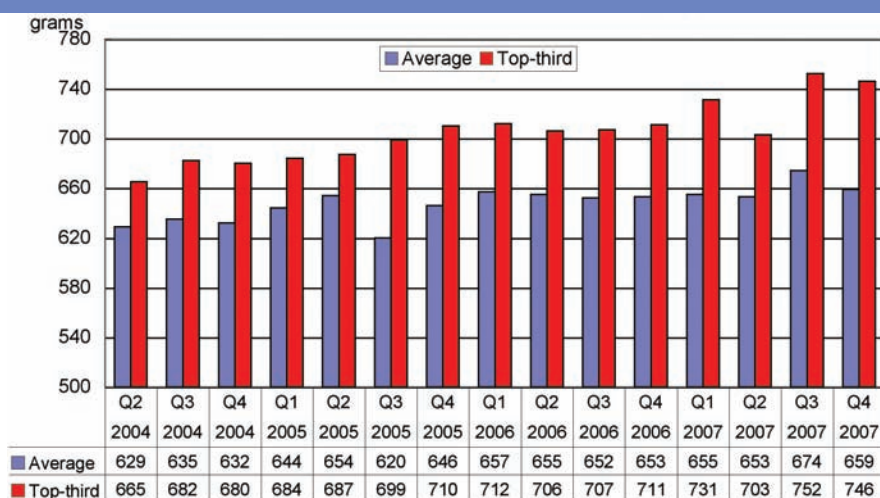
Source: Agrosoft

Key Performance Indicators *(continued)*

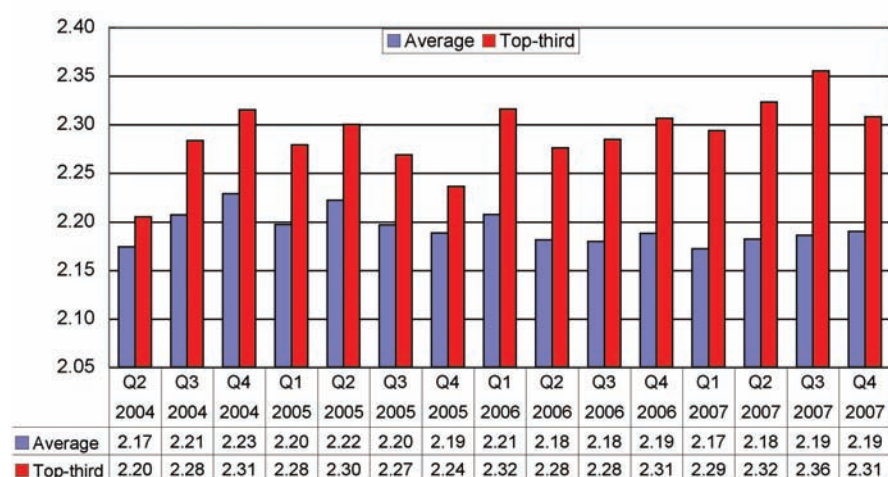
## Key Performance Indicators: pigs finished/sow



## Key Performance Indicators: daily liveweight gain



## Key Performance Indicators: litters/sow



Source: Agrosoft

STRATEGY AND BUDGET

The aspiration is to have more than 80% of pig producers (as determined by pig numbers) actively using BPEX services for Research, Development, Demonstration and Knowledge Transfer. These 80% should be actively seeking a higher level of contribution from BPEX in all areas. There must be on-going, useful and understood programmes addressing health and welfare issues, the environment, reducing the cost of production and improving the meat eating quality of English pork. Our challenges for the year are to put together a focused programme that is prioritised in these areas.

There will be a vigorous KT programme through on-farm consultancy, meetings, workshops and a full use of all available and newly developing information transfer media. We will continue with a meaningful applied research and development programme yielding producer benefits in the short and medium term. There will be a lively programme of demonstration and field trials conducted by the KT Team with support from the Pig Development Centre.

We need to increase our ability to deliver particularly in the environment arena. At the same time we need to reinforce the applied research base in terms of facilities and funds. This will require political discussion, most particularly with Defra, the Environment Agency and BBSRC through the support of the BPEX Board.

The budget allocated for the financial year inclusive of staff costs is £2650k divided as follows:

1	Environment	Total levy funds £352k
2	Health and Welfare	Total levy funds £610k
3	Meat eating quality	Total levy funds £495k
4	Production efficiency	Total levy funds £1193k

Non-levy spending from collaborations with for example Defra, BBSRC, academic and commercial partnerships accounts for a further £1780k.

Total BPEX KT R&D spending: £4430k.

This investment by BPEX must - through engagement of the whole industry - deliver significant outcomes as a result of the technical plan. We will be looking for:

- Improved pig health as measured through BPHS reports
- Improvements in industry production key performance indicators with more pigs sold per sow per year, faster growth and better feed efficiency
- A fully engaged industry and policy makers in the equitable application of environmental regulation
- A flow of information on how to improve pork eating quality

2007-08 levy rates for pigs total £1.05 per head. This breaks down into 65p promotional levy paid by the producer and 40p general levy shared equally between the producer and slaughterer (**Table 5**).

**Table 5 2007-08 levy rates for pigs (payable per head)**

General levy payable by processor	£0.20
General levy payable by producer	£0.20
Promotion levy payable by producer	£0.65
Pig Industry Development Scheme (PIDS)	£0
<b>TOTAL payable per head</b>	<b>£1.05</b>

For every £1 levy invested in R&D and knowledge transfer projects, and which were funded during 2007/08, BPEX has been successful in securing a further £3.36 in co-funding from other sources.

As of 1 April 2008 the BPEX Ltd levy paid on all pigs slaughtered in England is 95 pence per head. BPEX Ltd levy rates are determined annually in line with the BPEX Ltd business plan following consultation with the English pig industry and the Agriculture and Horticulture Development Board.

This breaks down as follows:

**BPEX levy rates 1 April 2008 – 31 March 2009**

BPEX pig producer levy	75 pence
BPEX pig processor levy	20 pence
Total pig levy	95 pence

### Levy Board Restructuring and BPEX

On 1 April 2008 a new UK levy board structure was established which incorporates the British Pig Executive (BPEX).

BPEX was established in 1999 as part of the Meat and Livestock Commission (MLC), operating with maximum autonomy in determining MLC's strategy for efficiently and effectively using pig levies to support the needs of the pig industry. This BPEX role continues under the new levy board structure.

Five levy boards, including MLC, were wound up at the end of March 2008 and a new statutory levy board called the Agriculture and Horticulture Development Board (AHDB) was formed. Within AHDB sit a number of sector companies, one of which is BPEX Ltd with the duty to assist the English pig sector, funded by a levy paid by producers and slaughterers.

One significant change for English producers is that from 1 April there is a single levy. This replaces the previous arrangement of producers paying a general levy (20p per pig) and a promotional levy (65p per pig). Abattoirs continue to pay a single levy.

A new BPEX Ltd board has been appointed representing the English pig industry. Over the next year BPEX Ltd will be establishing a new structure and adapting its services to make sure they continue to meet the changing needs of the industry.