



# MANITOBA PIGS AND PORK

*A \$2 billion Industry*

ManitobaPork

Presentation to Business Council of Manitoba

September 16, 2008

*Andrew Dickson, General Manager  
Manitoba Pork Council*

**WORLD PORK**



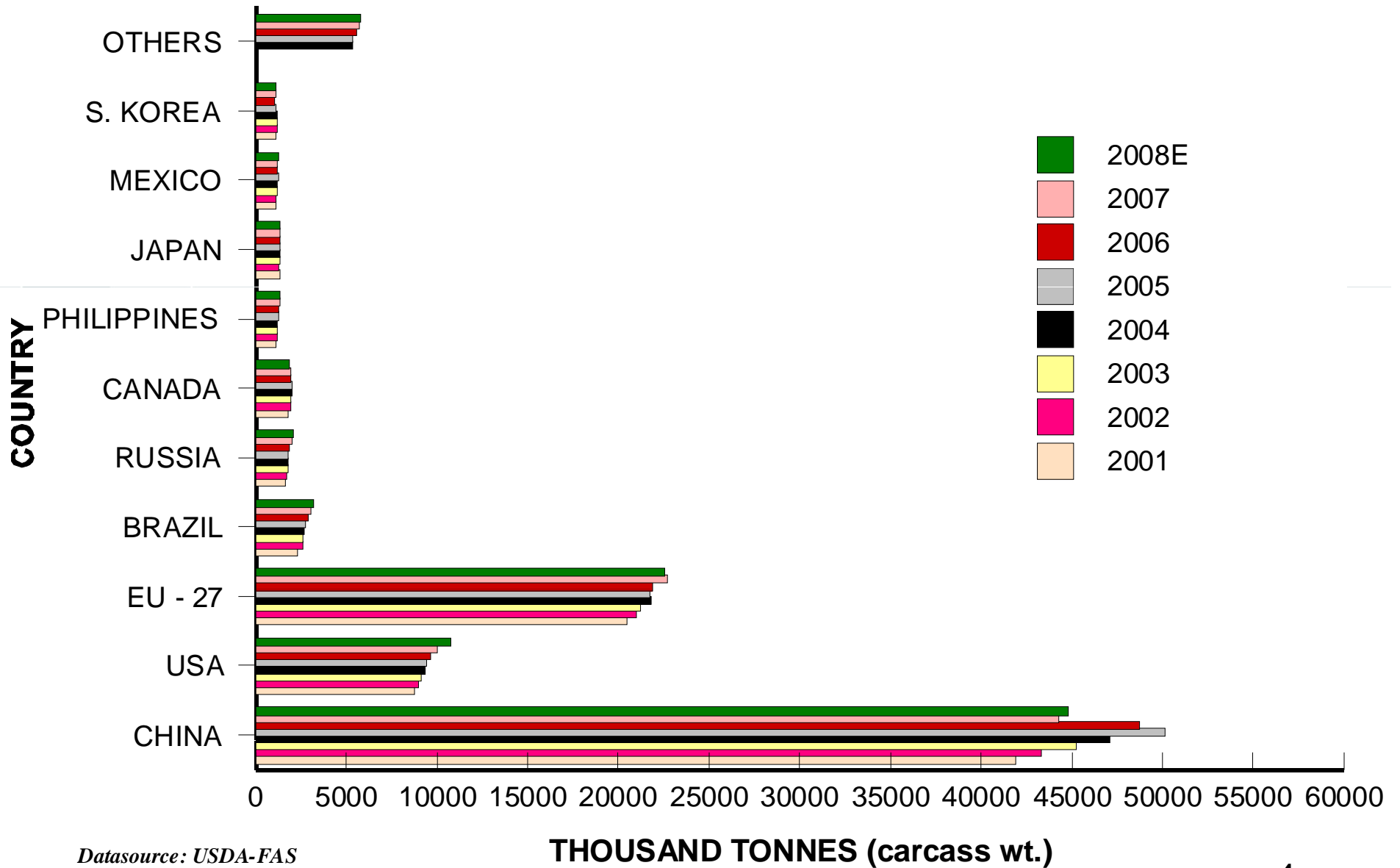
# **A Concentrated Industry:** *China produces and consumes over 46% of world pork*

**Top 7 producing countries:**  
*90% of world pork production*

**Top 7 exporting countries:**  
*90% of world pork exports*

**Top 7 importing countries:**  
*77% of world pork imports*

# WORLD PORK PRODUCTION MAJOR COUNTRIES, 2001- 2008E



*Datasource: USDA-FAS*

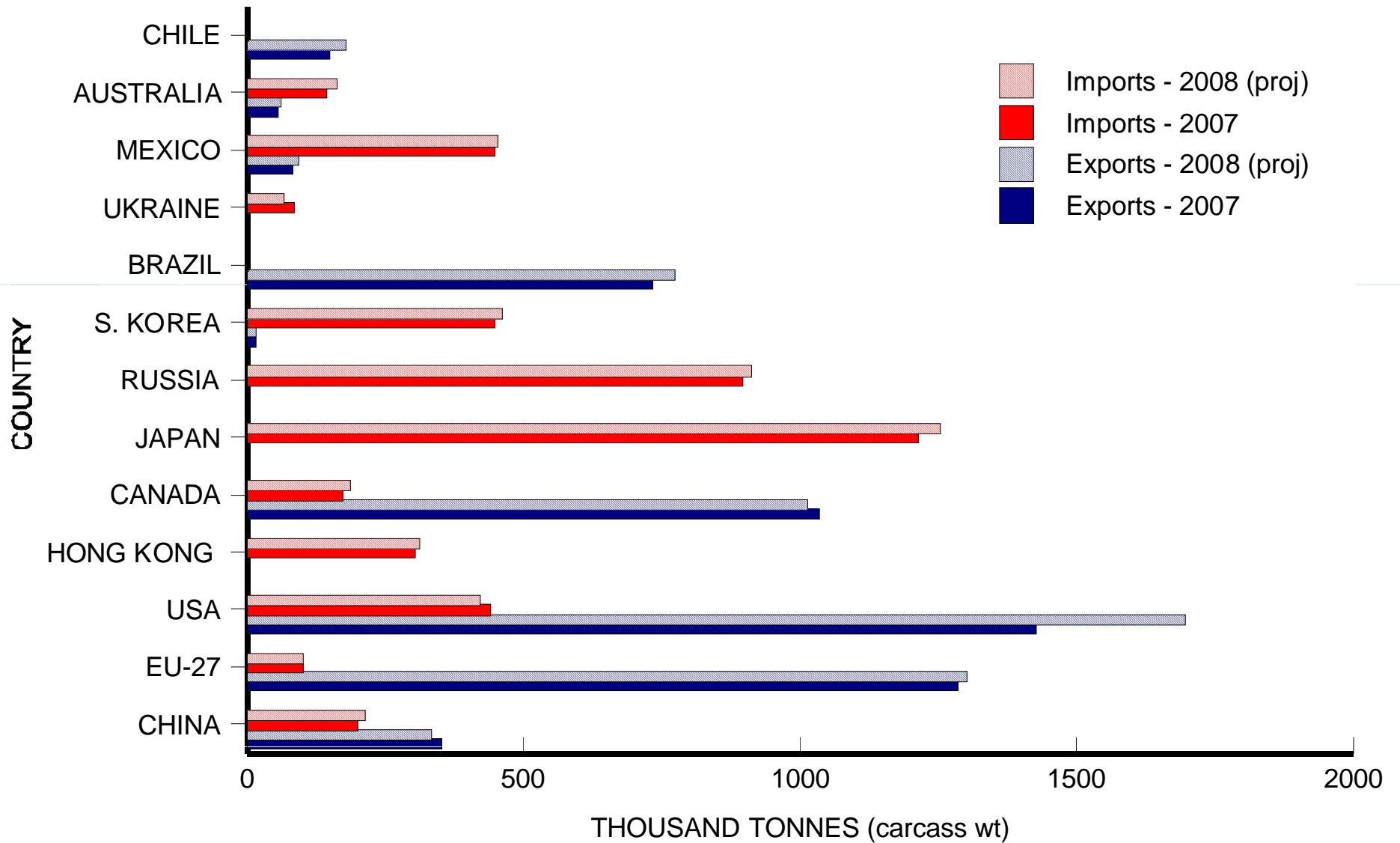
**Canada had less than 2% of world pork production, but 20% of world pork exports in 2007.**

**Exports of 0.86 million tonnes in 2002 *increased by almost 20% in five years to 1.03 million tonnes in 2007.***

*(despite the rising value of C\$ and competition from US pork)*

Canada is the ***second-largest*** pork exporting country in the world after the United States, shipping pork worth ***\$2.4 billion*** to 96 countries in 2007 and the ***largest*** pig-exporting country with sales of ***\$0.7 billion*** to the United States in 2007.

# WORLD PORK EXPORTS AND IMPORTS MAJOR COUNTRIES, 2007 AND 2008E



Datasource: FAS, USDA

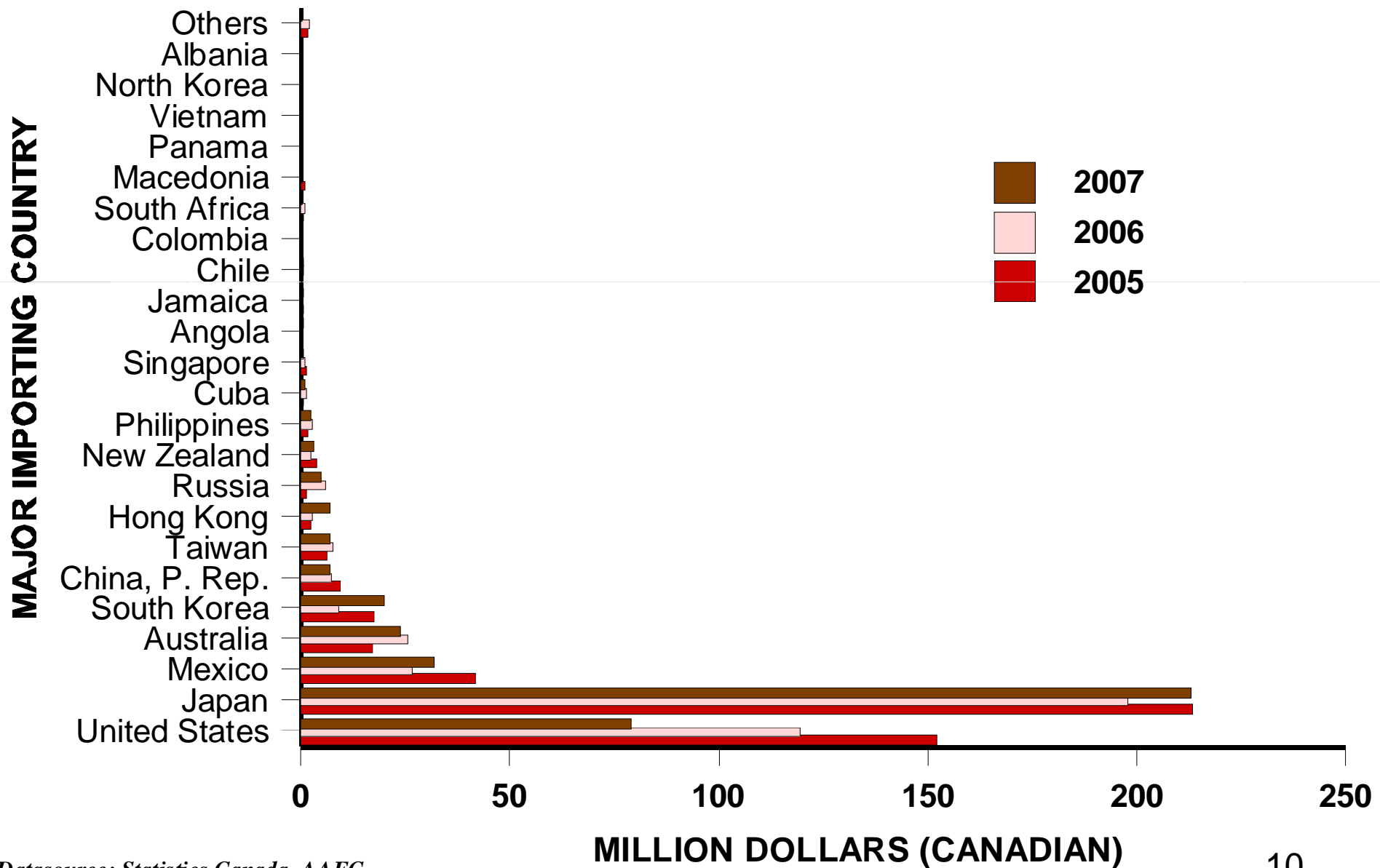
# CANADA: PIGS AND PORK



**Manitoba** is the *largest* pig-producing and pig-exporting province in Canada, followed by Quebec and Ontario.

Quebec is the largest pork-exporting province, followed by **Manitoba** (*\$0.4 billion to 25 countries in 2007*), Ontario and Alberta.

# MANITOBA PORK EXPORTS BY COUNTRY VALUE, 2005-2007



Datasource: Statistics Canada, AAFC

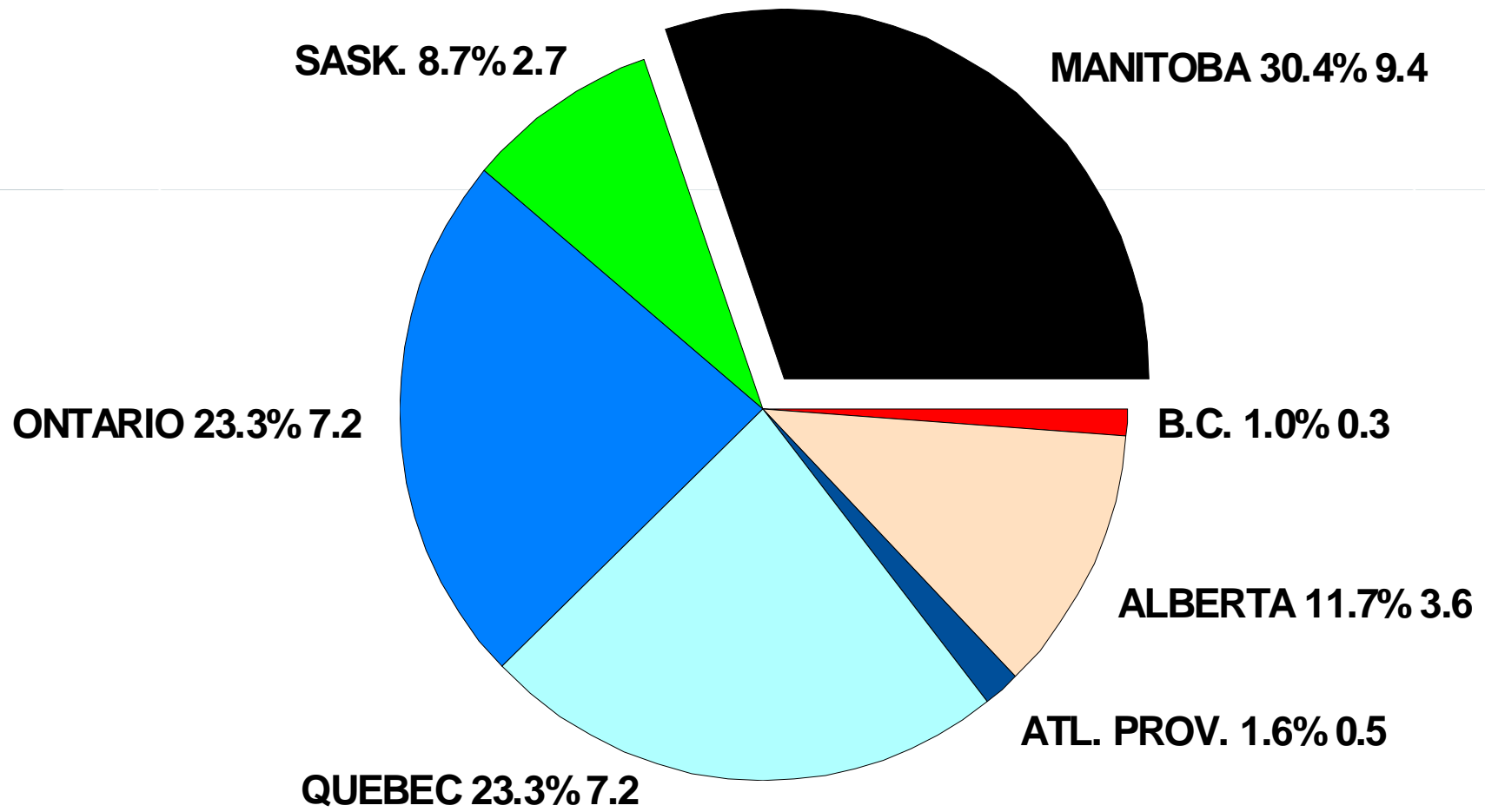
**Annual pig production in Manitoba increased from 1.26 million head or 8.8% of Canadian production in 1980, to 9.45 million head or 30.4% in 2007.**

**The value of Manitoba pig production was as high as \$1 billion in 2004 and 2005 when prices were strong, but fell to \$0.8 billion in 2007.**

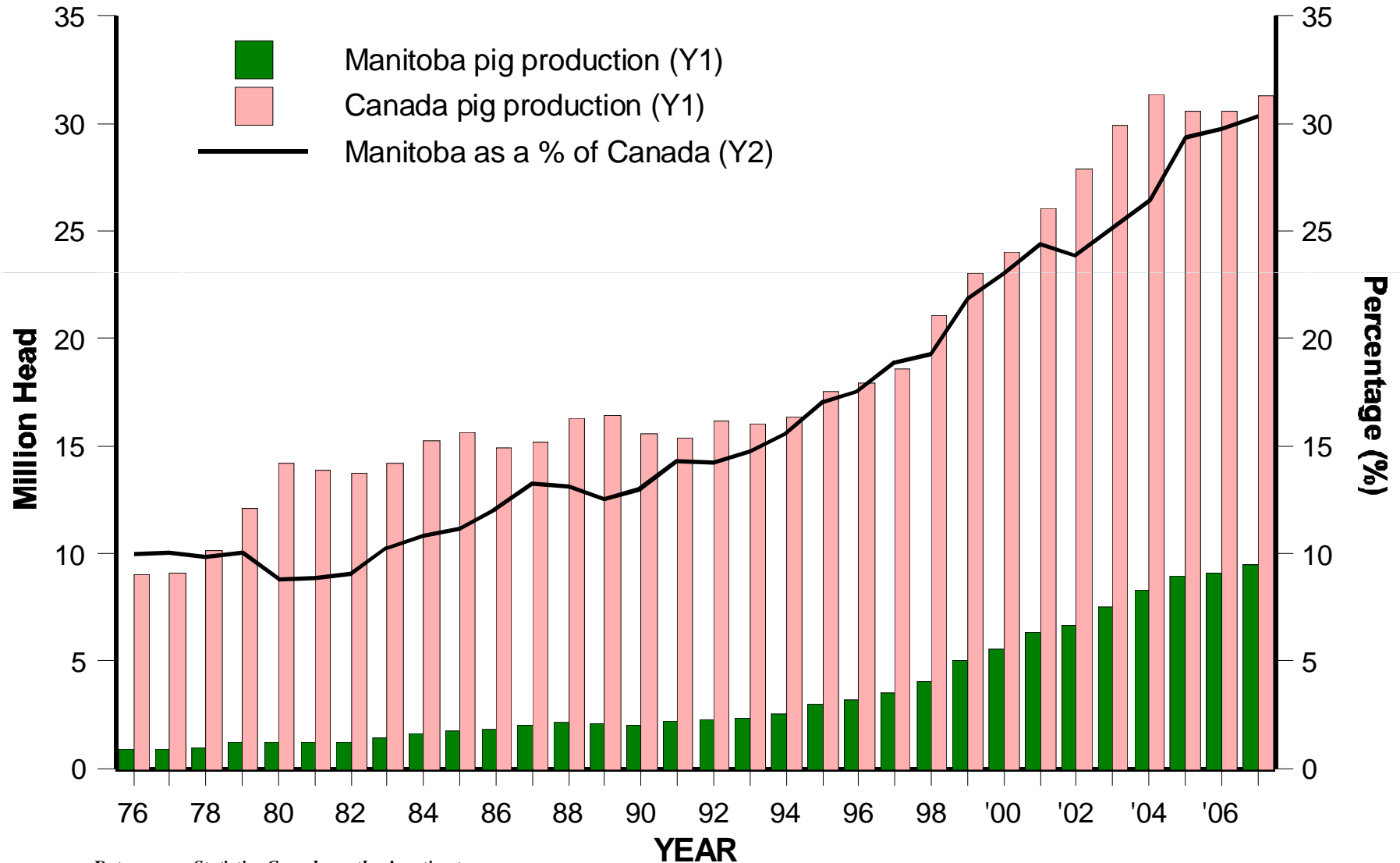


# NUMBER OF PIGS PRODUCED BY PROVINCE 2007

*(% of Canada , million head)*



# CANADA AND MANITOBA PIG PRODUCTION 1976 - 2007



Datasource: Statistics Canada, author's estimates

**The quality of Manitoba pigs has always been among the best in Canada.**

**Manitoba sows are the most efficient producers of *pork* in Canada.**

*(In 1982, on average, each Manitoba sow produced just over one tonne of pork (carcass wt). In 2002, a sow produced almost two tonnes of pork, while in 2007, a sow produced 2.4 tonnes of pork compared to the Canadian average of 1.8 tonnes of pork per sow.)*

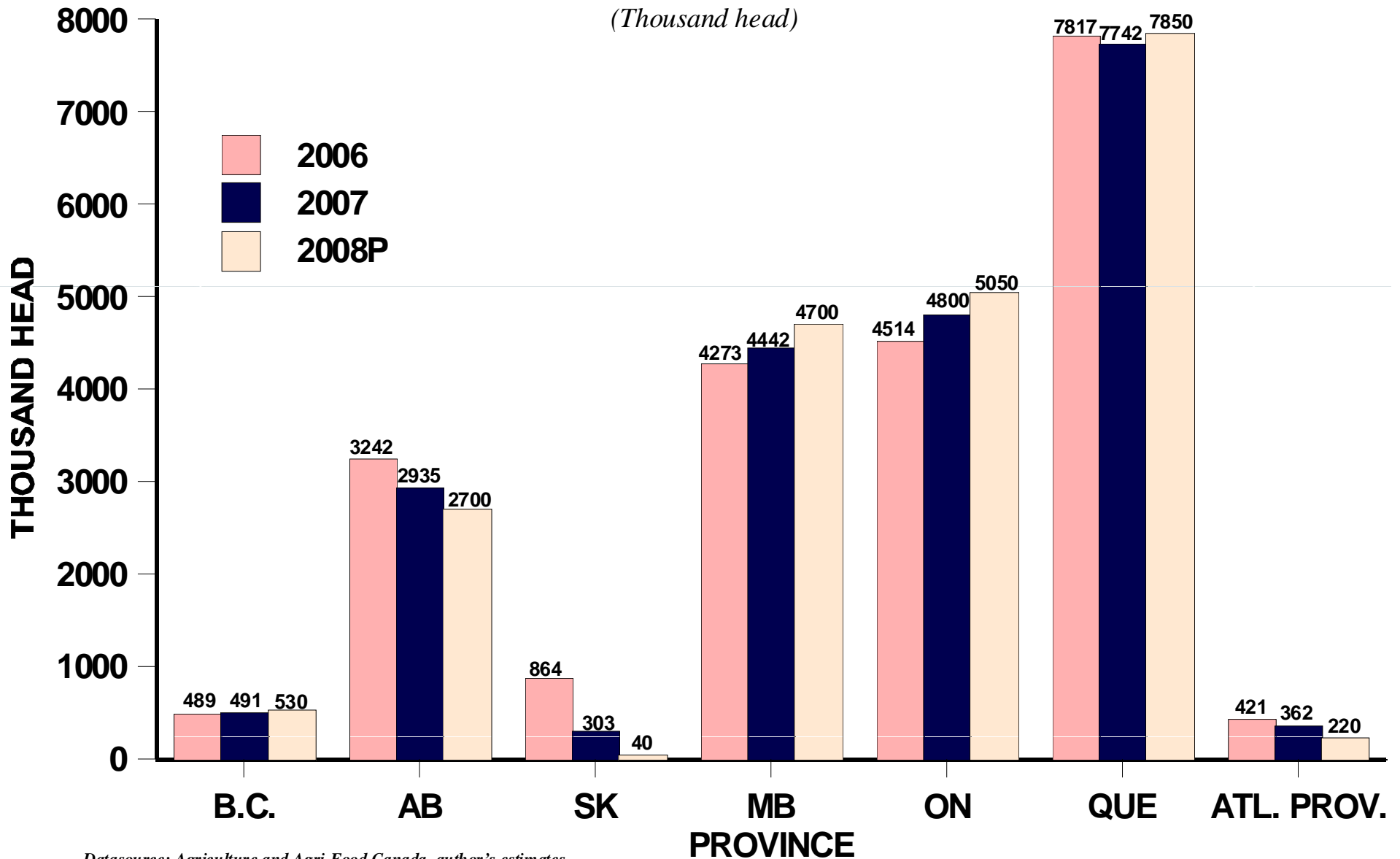


**There were 21.1 million hogs slaughtered in Canada in 2007, of which 4.4 million hogs or 20.9% were slaughtered in **Manitoba** plants.**

**With expansion at the two largest plants, the **Manitoba** kill is increasing and could reach 4.7 million hogs in 2008 and over 5 million hogs in 2009.**

# INSPECTED HOG SLAUGHTER BY PROVINCE, 2006-2008P

(Thousand head)



Datasource: Agriculture and Agri-Food Canada, author's estimates

# MANITOBA HOG SLAUGHTER 1960- 2008P

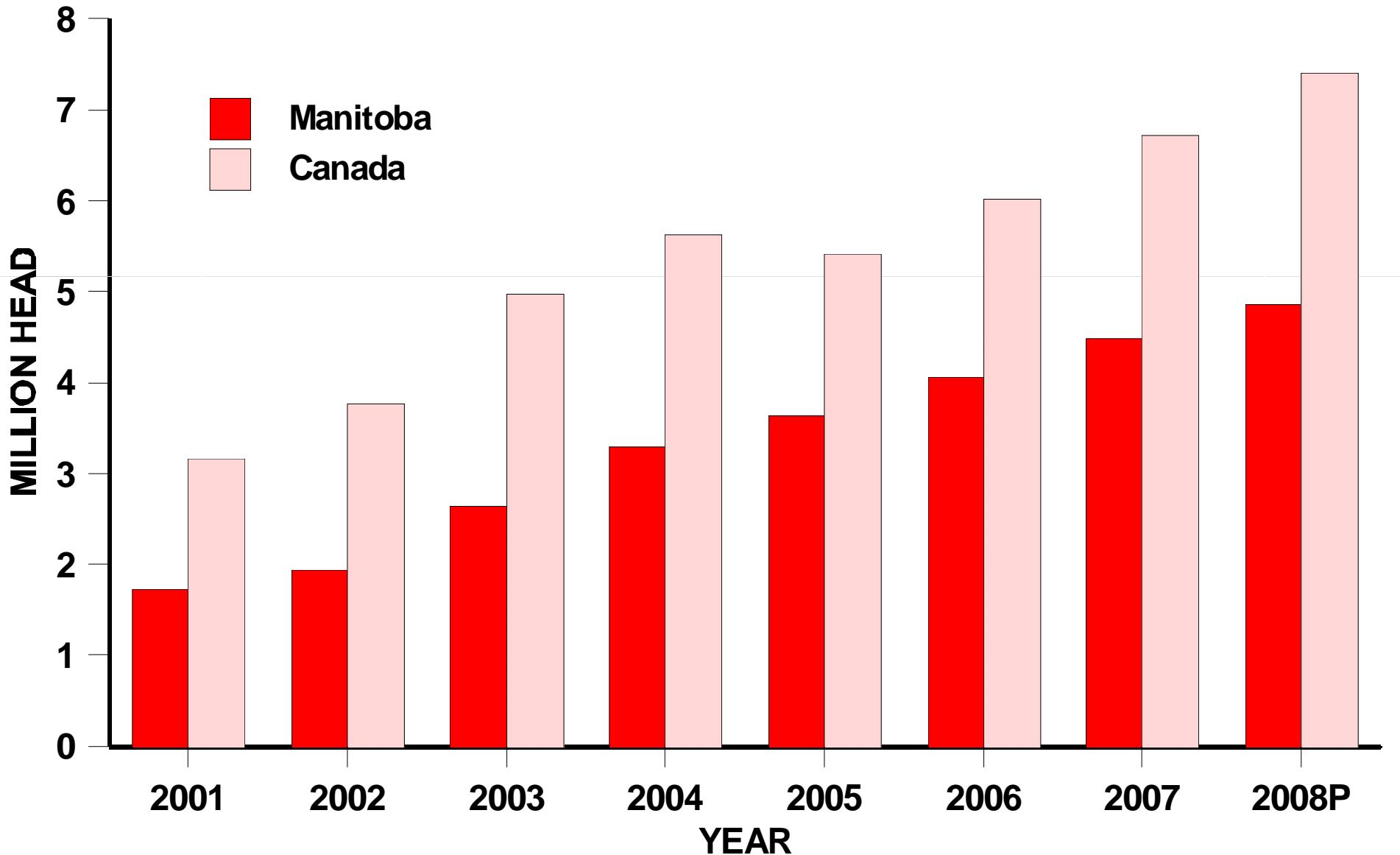


Datasource: AAFC, CFIA, author's projections

- Canada exported almost *one-third* of the 31.3 million pigs sold in 2007.
- Canada exported 6.72 million weanling pigs in 2007, of which 4.48 million or *two-thirds* were from Manitoba and 17% from Ontario.
- Canada exported 3.28 million slaughter hogs in 2007, of which 1.51 million or 46% were from Manitoba.

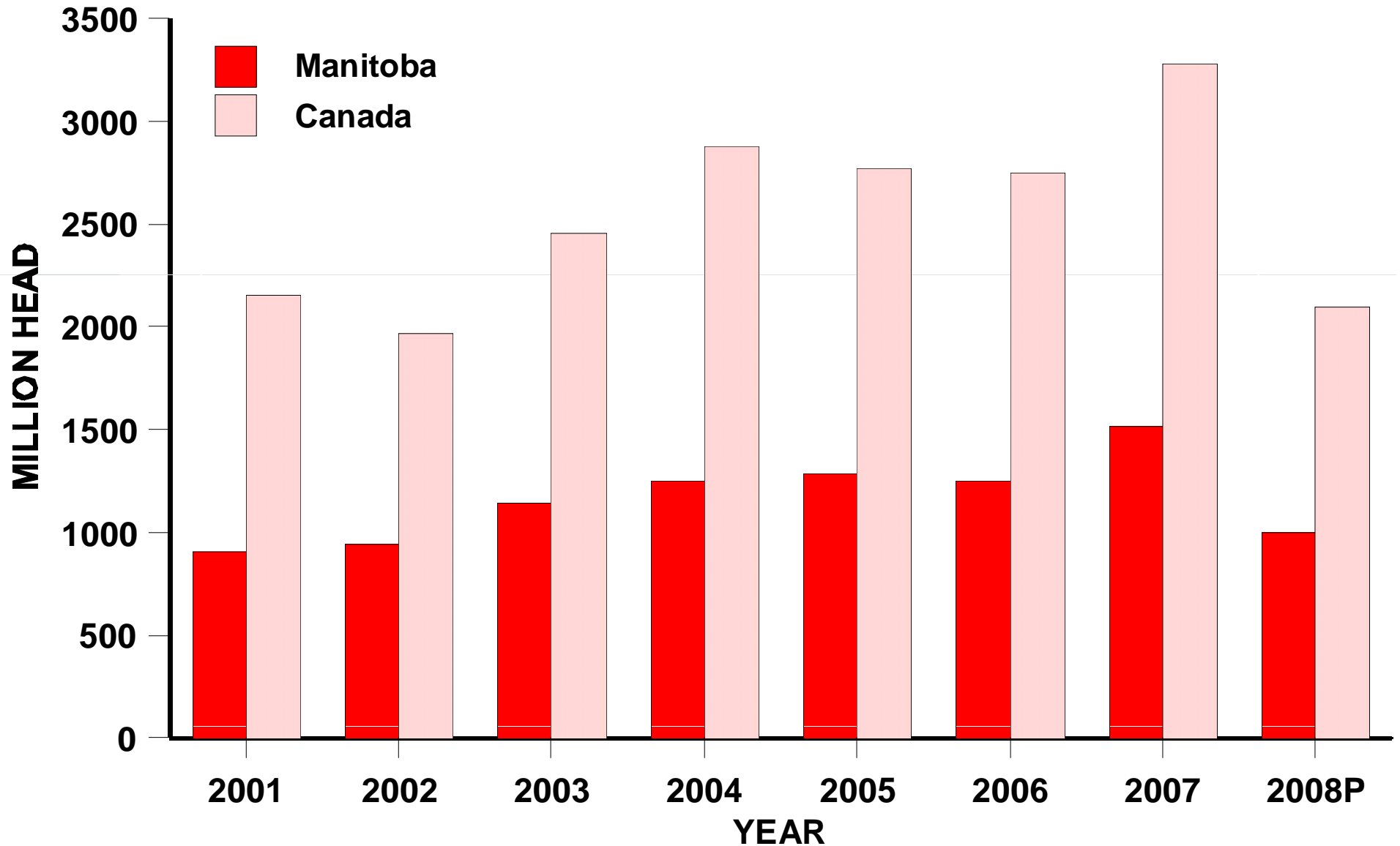


# PIG (UNDER 50KG) EXPORTS TO U.S. CANADA AND MANITOBA, 2001-2008P



Datasource: Statistics Canada, AAFC, author's estimate 2008

# PIG (50KG AND OVER) EXPORTS TO U.S. CANADA AND MANITOBA, 2001-2008P



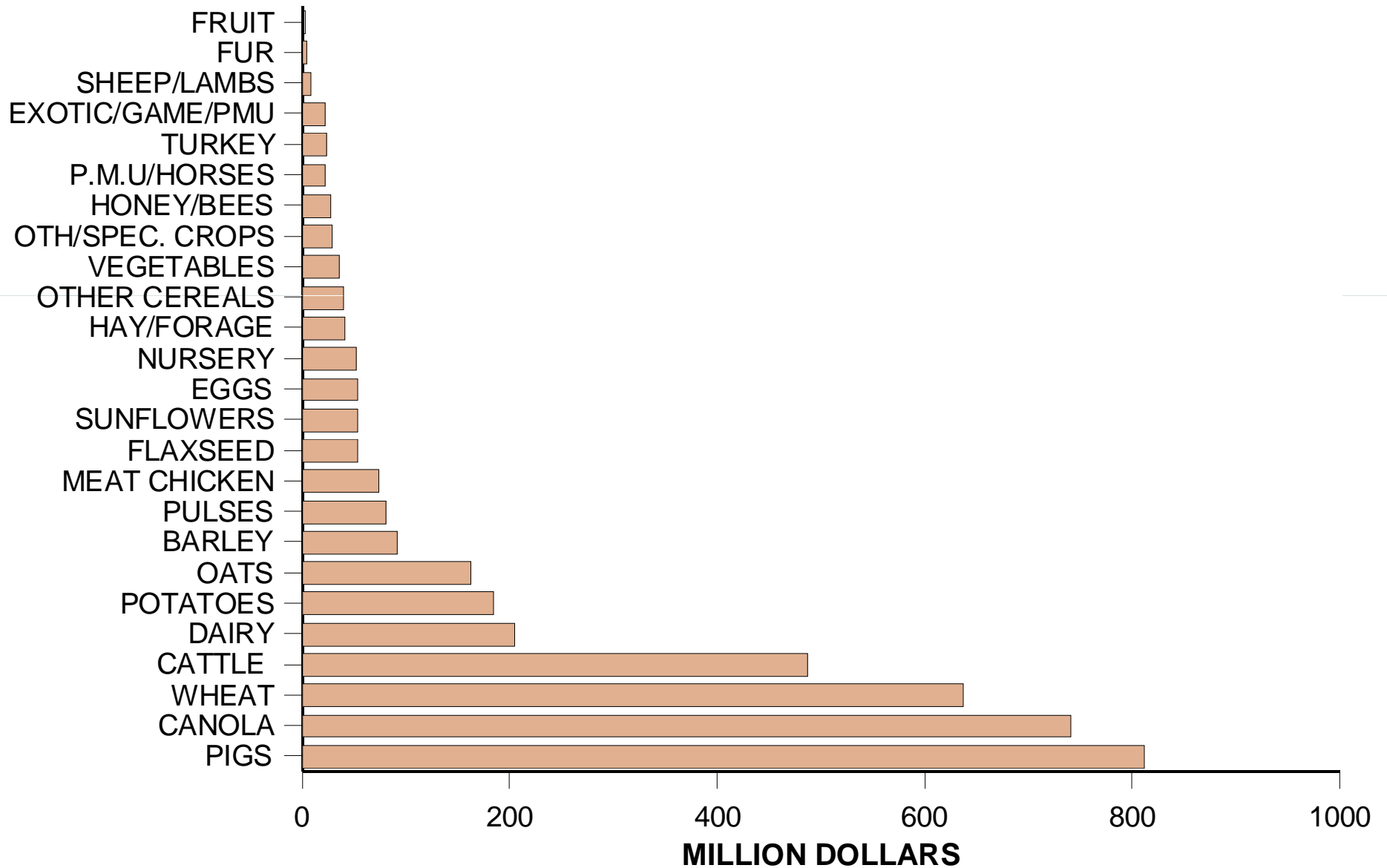
*Datasource: Statistics Canada, AAFC, author's estimates 2008*

# MANITOBA: PIGS AND PORK



**Despite the recent downturn in prices, *pigs* were still the most valuable agricultural commodity in Manitoba in 2007, followed by canola, wheat and beef cattle.**

# MANITOBA FARM CASH RECEIPTS BY COMMODITY, 2007



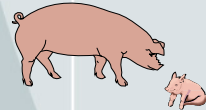
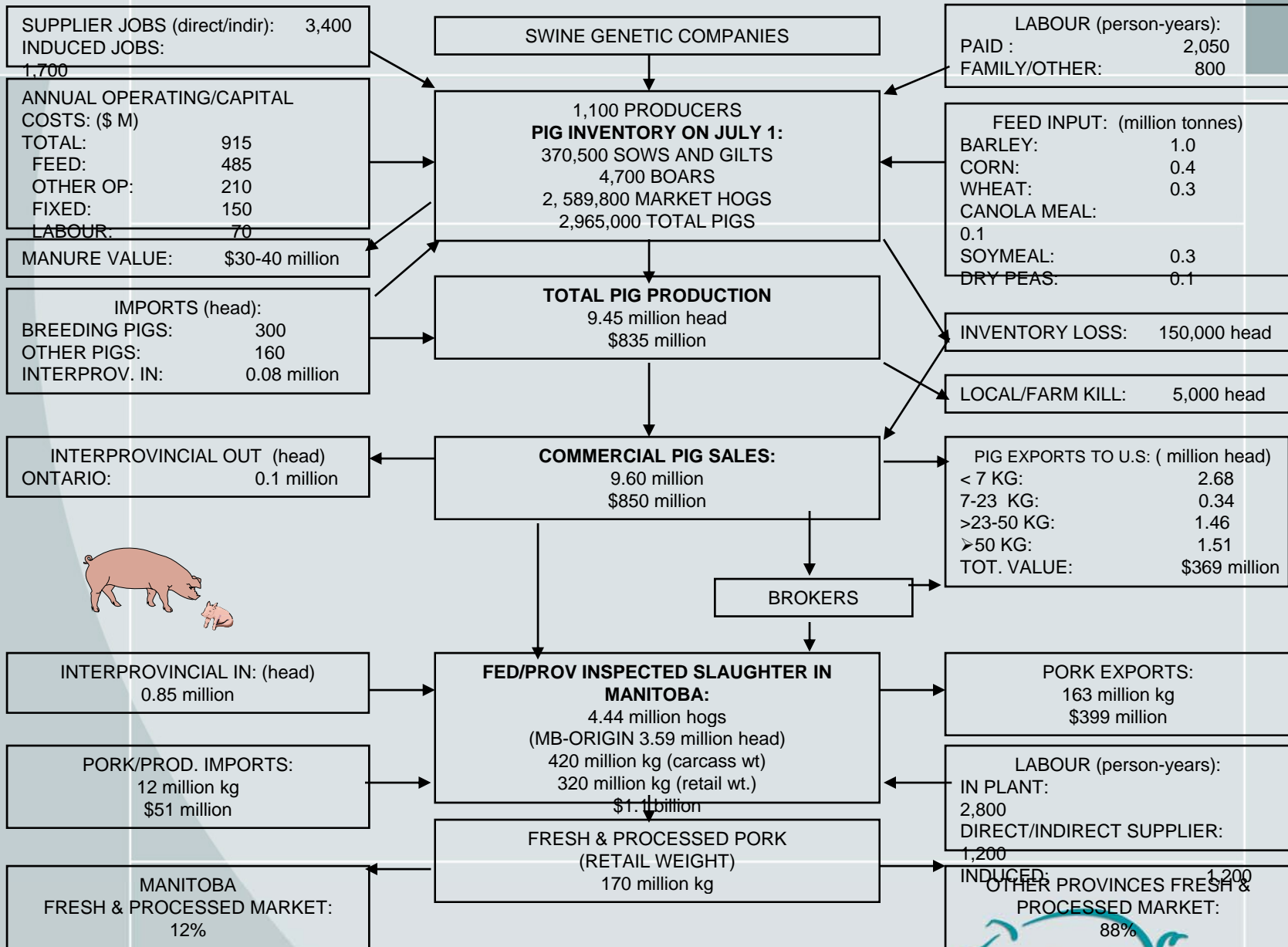
**Directly and indirectly, the **pig and pork industry in Manitoba** provides over **\$2 billion** of economic benefit and **13,000-14,000 jobs\*** in the province annually.**

**(\*5,650 direct jobs in pig production and pork processing and about 7,500 direct/indirect supplier and induced jobs due to the pig/pork industry)**

**The pig industry provides a market for Manitoba barley, feed wheat and corn, canola and soy meal.**



## MANITOBA PIG INDUSTRY FLOW CHART, 2007



Datasource: AAFC, MAFRI, Manitoba Bureau of Statistics, Manitoba Pork Council, Statistics Canada, author's estimates

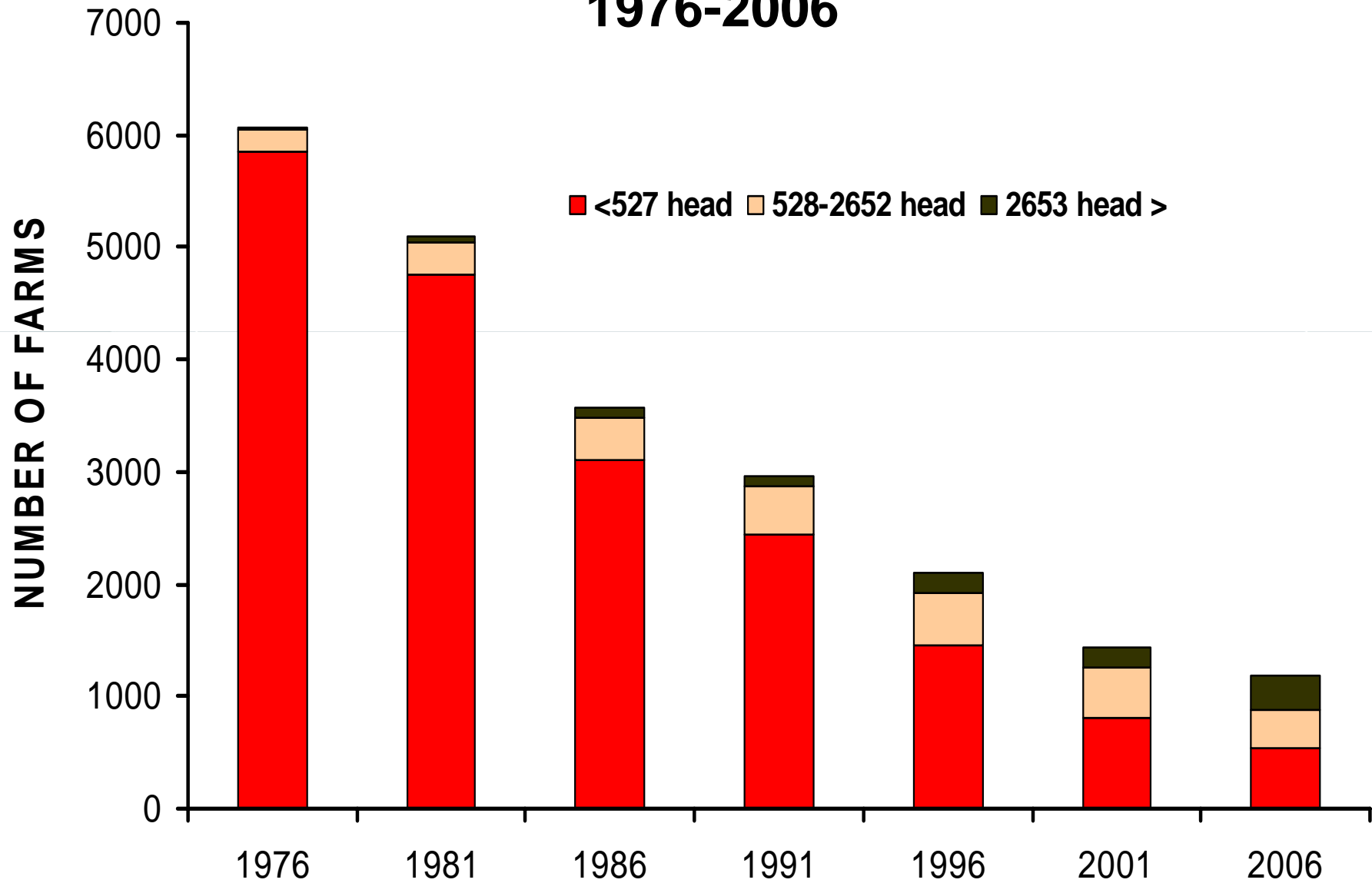
# **The number of farms with pigs in Manitoba is declining.**

**(14,200 farms in July 1971 to 1,710 farms in July  
2001 to 910 farms in July 2008)**

**Pig farms have been getting larger,  
specialized and much more efficient.**

**(The average number of pigs on farms rose from 155  
pigs per farm in 1976 to 2,995 pigs per farm in 2008)**

# MANITOBA PIG FARMS BY HERD SIZE 1976-2006

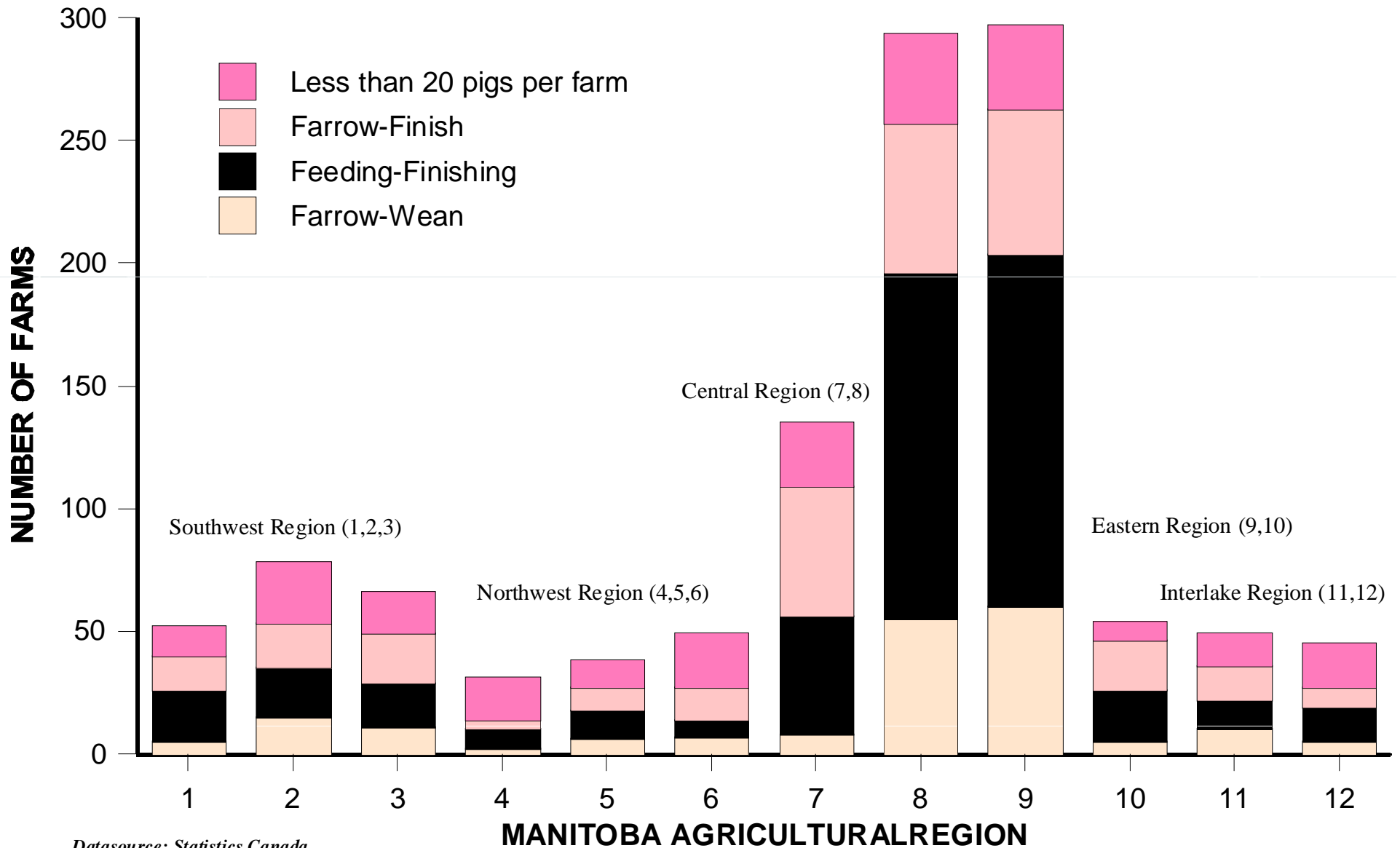


Datasource: Statistics Canada

**The Manitoba swine industry has a much higher percentage of farms (16%) which produce only weanling pigs (those under 23kg) than do other provinces (less manure).**

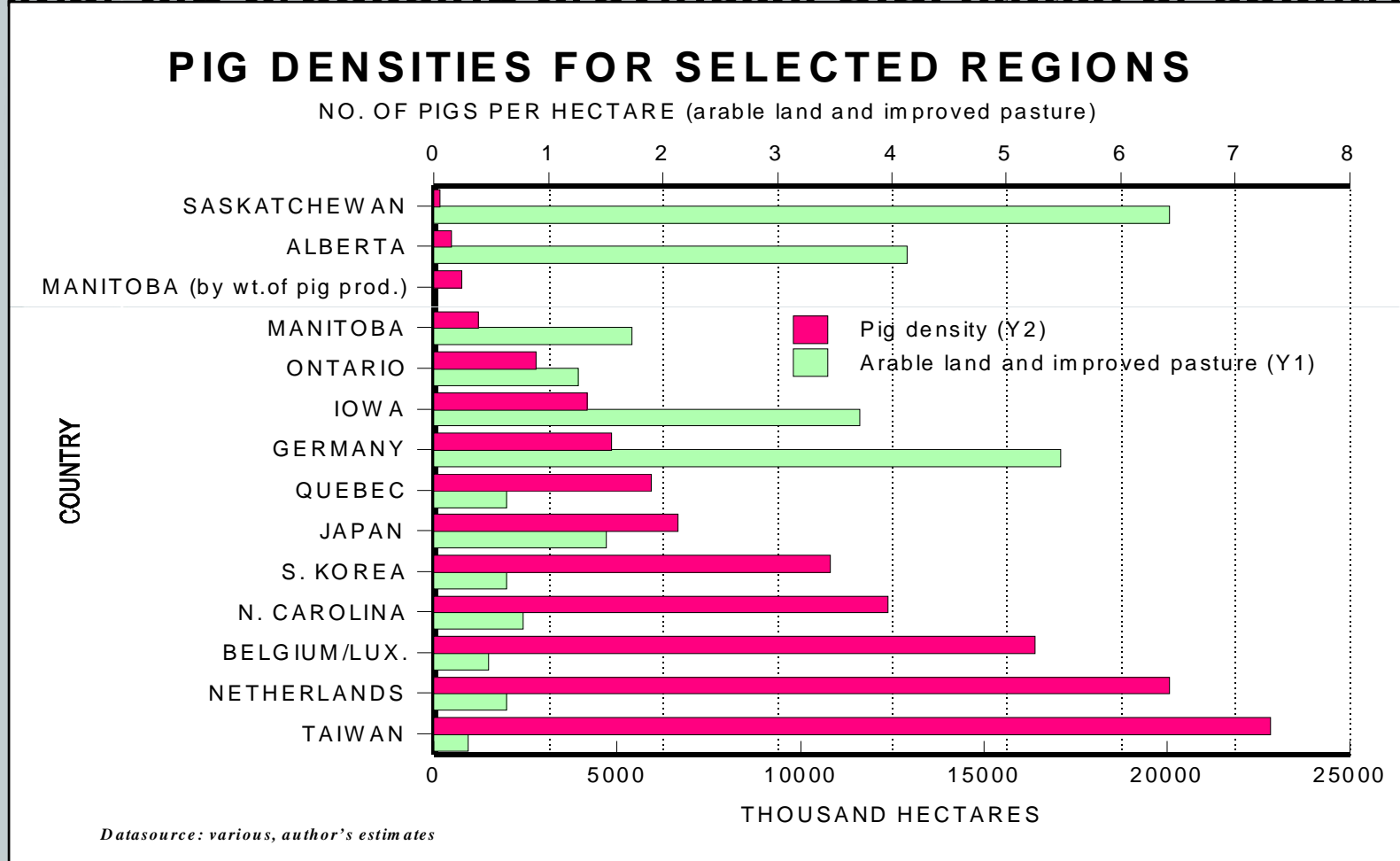
**Almost *two-thirds* of Manitoba pig farms are in the Eastern and Central Regions, east and west of the Red River.**

# MANITOBA PIG FARMS BY TYPE AGRICULTURAL REGIONS, 2006



Datasource: Statistics Canada

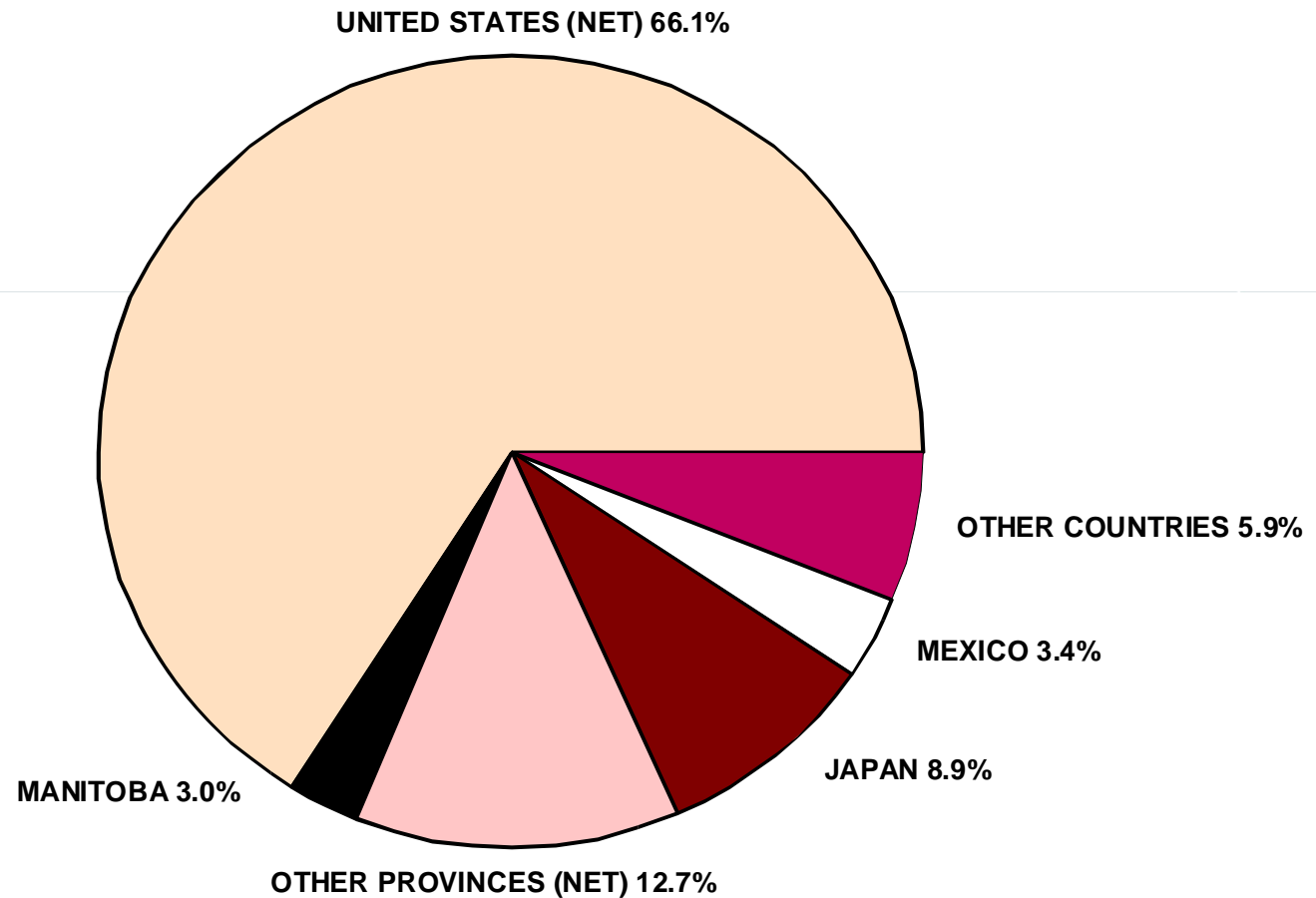
**Overall, Manitoba has one of the lowest pig densities of all major pig-producing provinces. U.S. states or countries**



**As the United States is Manitoba's largest customer for weanling pigs, slaughter hogs and pork, the U.S. hog market directly affects markets in the province.**

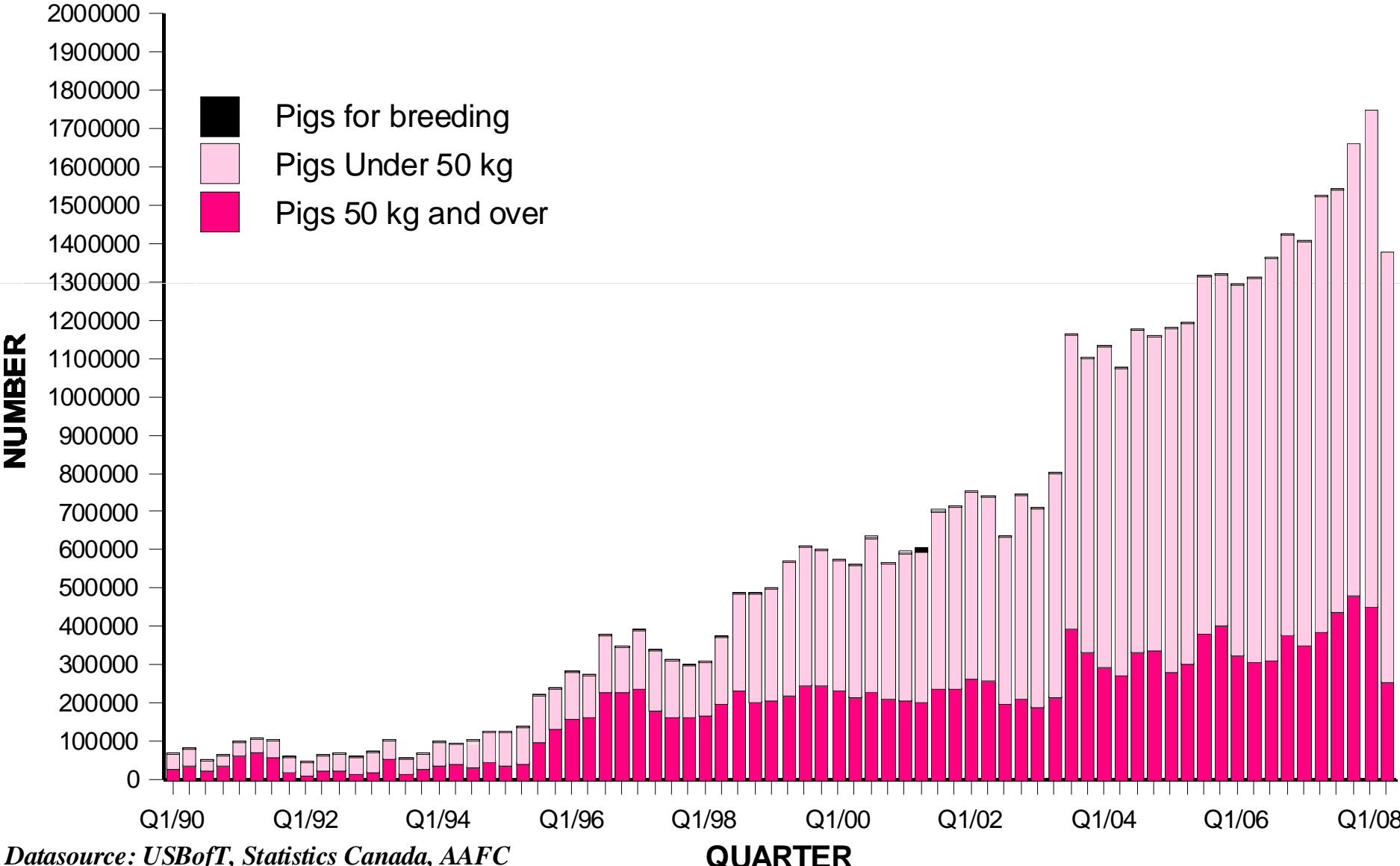
**(The recent local market uncertainty due to mandatory Country of Origin Labelling (COOL), to be introduced in the US on September 30, 2008, has lowered pig and hog prices and will continue to reduce Manitoba slaughter hog sales to US plants.)**

# MANITOBA PIGS\*/PORK: DESTINATION AND PERCENTAGE OF TOTAL PIG\* SALES, 2007



\* Manitoba-origin, converted to retail weight equivalent

# MANITOBA PIG EXPORTS TO UNITED STATES BY QUARTER, 1990 - 2008



*Datasource: USBofT, Statistics Canada, AAFC*

**Manitoba is one of two provinces that have the greatest potential for expanding pig production in Canada; the other is Saskatchewan.**



# Manure production and land requirements

- Total animal units (A.U.) of all classes of pigs in 2006 was 408,859.
- One A.U. = 73 kg of N.
- Total N excreted by all pigs in MB in 2006 was 29,847 tonnes.
- Land area needed for recycling manure about 426,000 ha or about 9% of land area in crops.
- Due to volatilization of N into ammonia, land required is 300,000 ha or 6% of land in crops.

# Consumption of fertilizer

- 46,000 tonnes of P added as fertilizer in 2005.
- Land area required for recycling P at crop removal rates of approx.  
15 kg P/ha/yr = 733,000 ha (15% of land in crops).
- Most land in MB requires fertilizers to replace nutrients removed by crops and replace yields.
- Commercial fertilizers manufactured / imported to fill need - nutrients excreted in manure used instead.
- Lack of adequate distribution from areas of high livestock density to areas mainly in crop.

# Country of Origin Labeling

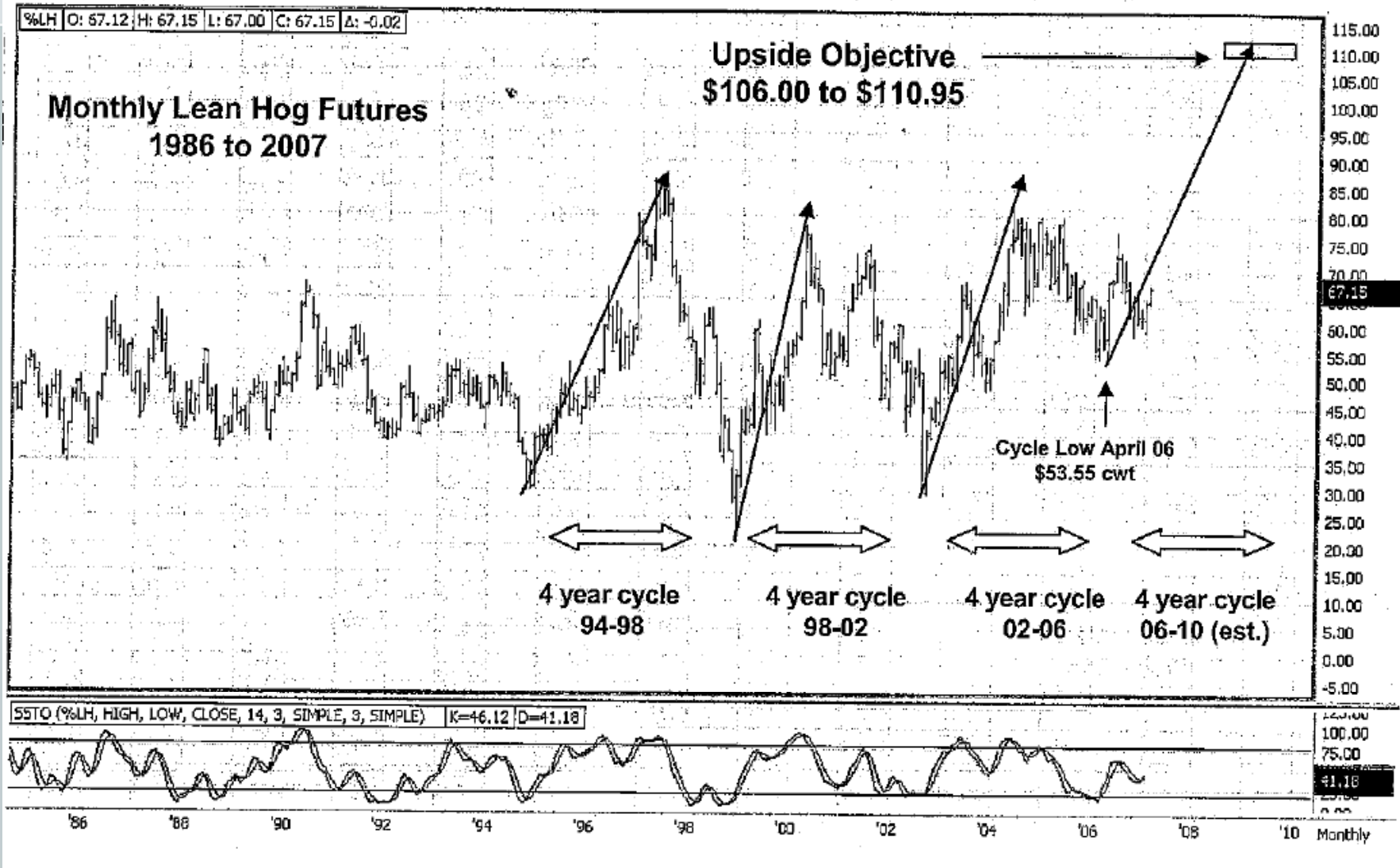
2 likely scenarios:

1. Live pigs will continue to flow but at a discount of 5%
2. Live pigs will have a discount of 15%

Either level will have a consequent effect on overall Canadian domestic prices, exports of pork will increase, consumption

Price Discount	Reduction of Breeding Herd (thousands)	Reduction of Hog Marketings (thousands)	Reduction in Farm Cash Receipts (millions)
Five Percent	-18.4	-361.7	-\$208
Fifteen Percent	-45.7	-898.0	-\$594

# \$106.00 to \$110.95 cwt Lean Hog Futures by 2008



# HOG MARGIN OUTLOOK

*Meeting Your Marketing Needs*



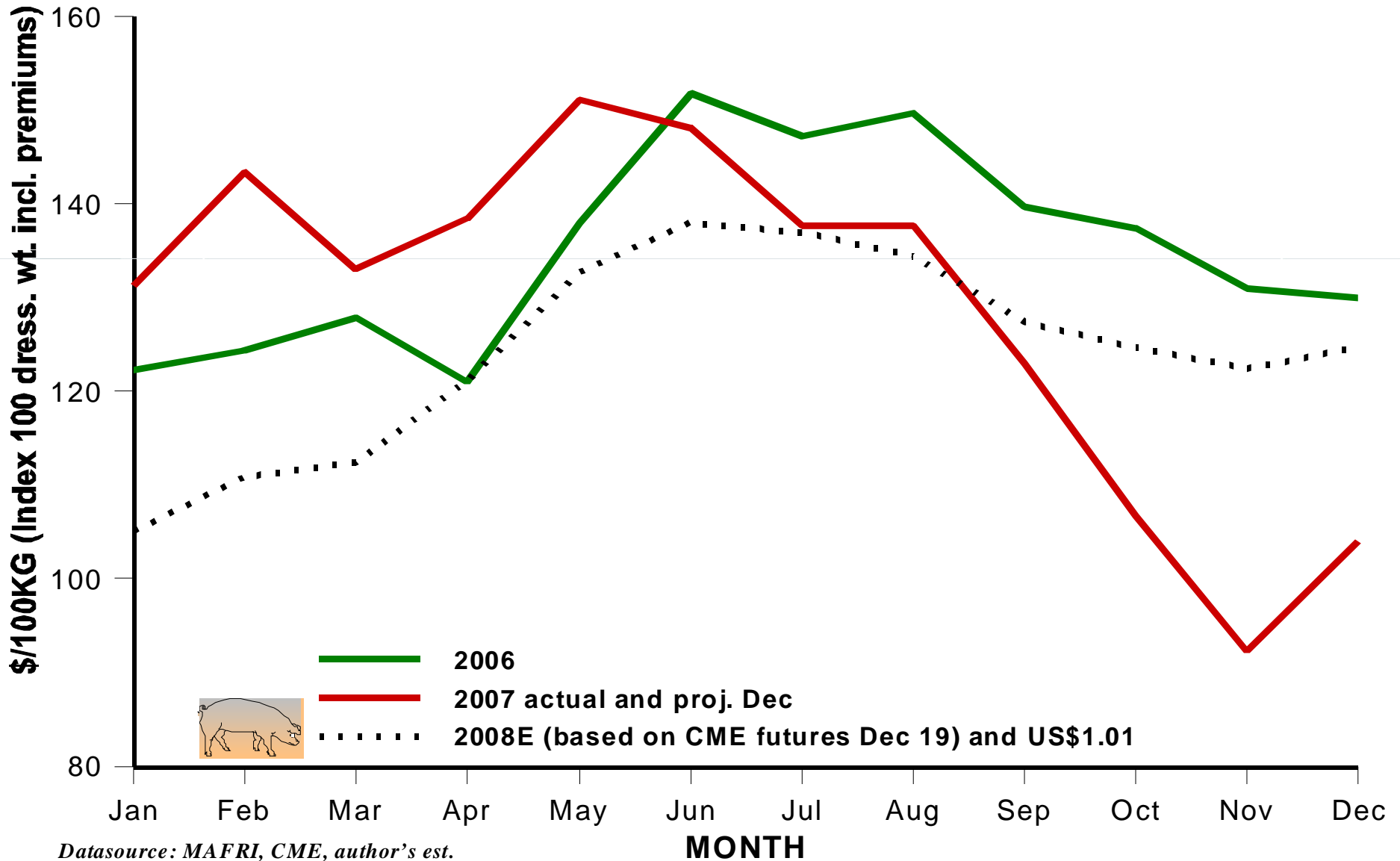
Monday, January 07, 2008

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		96.44	103.16	105.00	123.26	124.18	123.64	122.32	117.72
		-	-	-	-	-	-	-	-
		102.28	104.11	123.26	126.48	130.53	127.64	129.66	122.91
Estimated Hog Margin	-15.45	-13.88	-13.53	-13.07	-9.33	-2.71	-1.67	-4.13	-3.96

Wednesday, August 7, 2008

Month	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)		139.91	137.84	134.96	134.21	139.02	147.11	146.82	150.66
		-	-	-	-	-	-	-	-
		143.13	142.17	137.84	138.80	145.28	148.17	147.78	159.79

# MANITOBA SEASONAL HOG PRICES 2006- 2008E



# Strengths of Manitoba Pig Production



**Extensive arable land base for manure use  
(Manure, a valuable resource, can replace expensive commercial fertilizer)**



**Historic interest and efficiency in pig production, strong management abilities**



**High health status and quality of Manitoba pigs, traceability, excellent quality and safety of pork**



**Ample feed supplies (usually!) (The elimination of kernel visual distinguishability (KVD) means high-yielding feed wheat varieties can be grown in Manitoba)**



**Sufficient hog slaughter capacity and markets for pork; large positive impact on economy**



# Weaknesses of Manitoba Pig Production



**Reliance on U.S. market - current uncertainty due to mandatory Country of Origin Labelling (COOL) to be introduced on September 30, 2008**



**Often feed-deficit areas in Manitoba due to excess moisture or drought - higher cost of imported feed**



**Need for total compliance with strict environmental regulations - extra costs compared to other provinces/states. Animal welfare concerns – extra costs?**



**Odour and barn siting issues - negative image of “factory farms”**



**Threat of disease (e.g. FMD), contamination - rejection of pigs and pork by importers**

## 2007 Summary

Total economic impact of pig/pork industry – \$2 billion.

About 13,000-14,000 jobs in Manitoba due to pig/pork industry.

Production of 9.45 million pigs worth \$0.84 billion.

Hog slaughter/pork processing output of about \$1.1 billion.

Important weanling pig export sector – 4.5 million pigs, \$0.2 billion. Slaughter hog exports \$0.2 billion.



## Future of Manitoba's Industry

Modest growth in pig production, 1-2%.

Increased finishing of weanling pigs,  
over 4 million head available!

Increased hog slaughter at Manitoba  
plants to close to 6 million head by 2010.

Increased pork production and exports,  
especially consumer ready products.

