

KEYNOTE ADDRESS: OPENING

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PORK PRODUCTION IN SPAIN

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1. Introduction

The Spanish pig sector has become, by its own merits, in the most important livestock sector in Spain representing more than 38% of the final livestock production with an approximate turnover of 6.000 million euros. Considering the total of the agri-food sector, it is in the second place in economic importance behind the fruit and vegetable sector and in this case the pig sector represents 14% of the final Spanish agricultural production.

Together with the industrial and processor sector, the total of the pig sector represents approximately 2% of the Gross Domestic Product of Spain. Regarding export, pork meat and processed product reach 5.022 million of euros of billing in 2017.

Spanish pig producers have had to face a big change in mentality, with a great evolution in the recent years adapting to the new challengers. The biggest change has been to move from an sector that has to import pork in 80's with a trade restriction due to ASF to became in one of the most importer players at export markets worldwide. These changes in the sector and the regulations that have applied it in relation to management, environment and animal welfare, have created a producer that looks at the XXI century as a professional producer, entrepreneur, knowing of their relationship with the environment and knowing that the commercial future is outside the European Union. Nowadays, the efforts made to be competitive in markets of third countries are rewarded. Competitiveness in third countries does not have to be only in prices, where there are other countries such as the US or Brazil that will always be more competitive than the EU, but rather as a product where quality of production and food security is the target of UE pork and, Spanish Pork

In this global context, in which the evolution of the markets will drive production in Spain and in the European Union, it is where the link between production and industry to face the market challengers is more needed. The competitiveness of the industry must be based on the efficiency of the production, and the development of the production is based on the opportunities that new markets offer to the industry and therefore improving the positioning of the Spanish products, favoring the increase in demand and that motivates the controlled growth of production at farm level.

2.- Structure

The Spanish model of production, beyond the type of farms and the evolution of these, is characterized by two aspects that make it unique: a sectoral agreements and the different business models.

From the point of view of structure of the production sector, in the year 2000 Royal Decree 324 was published, establishing the basic rules for the management of pig farms. This basic regulation of management and build of pig farms, currently under review, a series of very innovative principles were established that have served to make a structured growth of the sector: maximum size of the pig farm and a minimum distance between farms are the two more well-known principles of this regulation. Regarding the size of a new pig farm in Spain is limited to 720 LU (Units of Livestock) with the possibility of increasing this number until a 20% under the criteria of each Autonomous Community. That's means that that maximum capacity of a Spanish pig farms after the year 2000 are:

- Closed cycle: 750 breeding sows
- Production of piglets 6 kg: 2,880 breeding sows
- Production of piglets 20 kg: 2,400 breeding sows
- Fatteners from 20 to 100 kg: 6,000 places.

On the other hand, the legislation establishes a minimum distance between farms that, as a general rule, is 1 km. This distance is increased to 2 km in the case of genetics, multiplication or artificial

insemination centers. The main reason for the establish a maximum size and physical separation was a sanitary reason to prevent the spread of diseases or in the case of having to address them, to be able to do it in the most efficient and fastest way possible. All these were lessons learned after the eradication of the African Swine Fever in 1992.

Regarding business models, Spain is radically different from the other countries of the European Union, where the independent farmer or cooperative are the more common models. In the case of Spain and from the 70's, the integration model was developed, which is an evolution of the American model and something like the avian model. At present, and according to our reports the integration model is around 63-65% of the total pigs that are produced in Spain. Other business models are present in Spain: Cooperatives is around 15-17% of total production and the model of independent farmer would be 18-20%. And within these business models, in Spain we can find different production business systems, among which we can highlight: Production "niche" as Iberico de Bellota, Independent producers, large scale producer, Cooperative, Agro-feed and food enterprise and integration.

These production systems have affected the evolution of the number and size of farms in Spain. In 2007, before the first crisis of raw materials, the number of production pig farms was 65.922 and has been reduced to 46.783 (-29.03%) in March 2018. This reduction has not been linear in all categories. The evolution (in percentage) of the number of farms for each category size from 2007 until 2018 has been:

- First Group. Farms up to 120 LU. -25.49%
- Second group. Farms from 121 to 360 LU. + 13.61%
- Third group. Farms of more than 360 LU. + 41.89%
- Reduced Group. Farms of less than 4.8 LU. -44.5%

3.- Production

For swine production in Spain there has had a before and after from the application of animal welfare regulations. Before 2013, either due to the crises in 2007 and 2010 or because of the uncertainty about what would happen with animal welfare regulations, pig production in Spain was stabilized at around 41 million of slaughtered pigs. Since 2014 production in Spain has not stopped growing with an added circumstance, live pigs exports have been kept and the import of piglets has been reduced.

Slaughtered pigs evolution:

	2013	2014	2015	2016	2017	2018*
Slaughtered pigs (heats)	41.418.466	43.483.573	45.890.524	49.083.785	49.658.875	50.396.300**
Carcass weight equivalent (tones)	3.431.219	3.620.222	3.854.658	4.181.091	4.249.161	4.378.883***

*Forecast

**Forecast in GIP

***Estimated forecast based in GIP

On this slaughtered pigs' evolution, all categories are present. Going on more detail it is possible to split these slaughtering is:

- Piglets. For production of roasted piglet ("Cochinillo"). 4% of the total production. 1.985.000 heads
- Sows. 1.85% of the total production. 920,000 heads
- Iberian Pigs. It is a very important production in Spain with an important quantity and quality. 7.2% of the total production. 3.564.150 heads.
- Heavy pig. 21% of the total production. 10,840,000 heads
- Lean pig. 65.5% of the total production. 32,530.00 heads

4.- Future and conclusion

Global market is an opportunity and a risk. In European Union, in addition, there is other two important factor that are going to affect the develop of European production: regulation and the consumer/citizen who is going to drive the way that we understand the pig production nowadays to other that must face challenges of today and tomorrow as:

- Market access
- Free trade agreements
- Animal Health: ASF, AMR, biosecurity
- Animal Welfare
- Environment
- Pig producers image.