

Written evidence submitted by the British Meat Processors Association (BMPA)(LS0095)

BMPA has never been involved with the contractual arrangements between farmers and processors with only four main processors involved we have always been concerned about competition law. As we understand it agreements/ contracts are varied and have been flexible arrangements with regard to numbers in particular, it is unheard of for a farmer to be penalised for under delivery against forecast numbers throughout the year on rolling contracts.

It is difficult to understand the comment that “every one of these pigs should have had a home” when arrangements are usually on an annual basis and the pig cycle means that at the point of any agreement being made many of the sows would not have even been served let alone for anyone to know how many pigs were likely to be produced as the pig producers decide the number of pigs they want to produce depending a number of different input costs e.g. feed price being the main one that will have a huge effect on the cost of production.

2021 seems to have been one of the highest production years in the UK for the last 15 years and given the labour problems, covid issues and the loss of some plants access to China that still can't export any body parts 18 months on which excludes 45,000 pigs per week, it should come as no surprise to anyone that there is market disruption.

The fact that for years the industry has operated on somewhat very loose arrangements has been exposed during 2021 and it would not be wrong for the industry collectively to find a better way forward that gives farmers and processors more security and avoid the market disruption that we have seen recently. The risks involved for all parties are too high to continue with this somewhat flexible approach to contractual arrangements. Processors are at risk if they fail to deliver to their customers with heavy penalties.

Farmers are at risk as we have seen this year if they have more animals than expected without a market in this case China where the industry was exporting six way cut pigs in large volumes. Exports of pork at one stage were around 270 forty-foot containers per week to different countries around the world.

The industry needs to find a way of calculating a market price that reflects the international market, the home market and cost of production. The current SPP which AHDB produces is not a suitable as a basis for pricing pig contracts and AHDB make that clear, but it is a popular request/demand from farmers as a “market” measure. During 2021 it has been notable that the UK SPP has consistently been 30% higher than the European price in spite of the fact that we import well over half the pork we consume from Europe. True market forces have not prevailed during 2021 which may have compounded the many problems we have suffered along with many other industries. The pig processing sector has done it's utmost to keep processing pigs throughout the last two extremely difficult years to ensure that food security is maintained, and the UK public have been able to enjoy the many products produced from Farm Assured British Pork.

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