



A man with short grey hair and glasses, wearing a blue jacket over a light-colored shirt, is looking down and to the left. He is in a farm setting, with a pig visible in the background. The lighting is warm and focused on the man.

Without the Meat and Livestock Commission the British pig industry of today would certainly not be as well positioned as it is to face the challenges ahead



Stewart Houston
Chairman
British Pig Executive

BPEX Chairman's report

The British pig industry has seen a welcome period of relative stability in prices during the last year. This has contributed greatly towards more investment in herd health, a resulting improvement in national productivity and a more general feeling of confidence in the industry's ability to compete in the future.

However, this confidence is fragile and is being threatened by the rapid rise in feed costs resulting from the growth in demand for biofuels. In addition many medium-sized producers are being caught up in environmental legislation and the consequential bureaucracy that is causing some to question their future involvement in pig production.

The consumer market for pork and pork products remains firm and pig meat has maintained its position as the largest of the meat sectors with sales of £685 million. It has been particularly encouraging to see strong growth in the premium sector where English and Welsh pork has a dominant position.

Our objectives

The BPEX mission is to enable the England and Wales pig industry to achieve sustainable international competitiveness through reduced production and processing costs and maximising the value of its pork and pork products.

This is achieved through the Road to Recovery 2006-2009 strategy (see www.bpex.org/about/pdfs/RoadtoRecovery2006-09.pdf) that aims to:

- help the industry recover herd health
- help the industry improve cost competitiveness to a level at least comparable with our main EU competitors
- build industry confidence to invest in the future
- increase the demand for British pork and pork products.

The BPEX Board

The BPEX Board consists of six producers elected through the National Pig Association and four members nominated by the British Meat Processors Association. Ministers appoint the Chairman through an independent process. In 2006/07 the BPEX Board members were:

Stewart Houston, Chairman and MLC Commissioner
Adam Couch (British Meat Processors Association)
Jon Easey (National Pig Association)
Neil Hammond (British Meat Processors Association) - resigned July 06
Steve Hart (National Pig Association)
Bob Howe (British Meat Processors Association)
John Hughes (British Meat Processors Association)
Richard Lister (National Pig Association)
Richard Martin (British Meat Processors Association)
John Rowbottom (National Pig Association)
Mike Sheldon (National Pig Association)
Meryl Ward (National Pig Association)

A short biography of each Board member is available on the BPEX website: www.bpex.org.uk

Delivering our objectives

Knowledge transfer, research and development (KTR&D) play a vital role in helping the pig industry improve herd health and cost competitiveness. BPEX undertook a comprehensive review of industry KTR&D needs and consulted widely on the conclusions. The most significant change was to increase substantially the budget from £1.3million net levy spend a year to £2.2million. Match funding has been identified to increase the total to £4.4million. Implementation of the KTR&D plan continued in 2006/07 following the appointment of a Pig Industry Development Director and includes the appointment of a six person Knowledge Transfer team to work with producers and processors.

Help the industry recover herd health

- The British Pig Health Scheme (BPHS) provides producers and their veterinarians with feedback on post-mortem health information from the abattoir. Membership of the scheme continued to expand and at the end of the year had reached nearly 700.
- The NADIS veterinary practice surveillance network was sponsored by BPEX. Monthly reports on trends in pig diseases were circulated widely to the industry.



- Research has been commissioned on a range of topics that address herd health improvement. These include the following; risk factors for pig disease; on-farm epidemiology of major enteric diseases; efficacy of disinfectants.
- BPEX collaborated as a commercial partner with a number of universities on four projects on endemic diseases in pigs.
- Four PhD and three MSc studentships were supported at a number of British universities.

Help the industry improve cost competitiveness to a level at least comparable with our main EU competitors

- The Pig Development Centre was launched as a collaboration between BPEX, Leeds University, Newcastle University and the Veterinary Laboratories Agency, Thirsk.
- The Bristol University/BPEX Pork Chain Unit was established to study improvements to pig meat eating quality.
- The pig industry training strategy 'from sustainability to sustained ability' was supported through the provision of training material and the employment of a national training coordinator.
- The BPEX artificial insemination (AI) quality assurance scheme for the provision of porcine semen was developed with industry and adopted by the major breeding companies in the UK.

- Research projects were commissioned on a range of issues including a husbandry advice tool on tail biting, improving the uniformity of pork, and energy efficiency in pig production.
- Specific advice and support on environmental issues affecting the pig industry was provided through a dedicated member of the BPEX Technical team. Much of the work focused on integrated pollution prevention and control (IPPC) applications. The initial work to develop a Pig Industry Environment Strategy (PIES) was undertaken during the year.

Build industry confidence to invest in the future

- The British Pig Project produced comprehensive blueprint information on the construction of new finishing buildings. Interest has been good and 30 packages were distributed during the year.
- Support was provided for Red Meat Industry Forum work with the pig industry. Focus was put on benchmarking and business process improvement in order to demonstrate areas for improvement and encourage investment.

Increase the demand for British pork and pork products

- The main focus continues to be on the promotion of whole chain, quality assured pork and pork products using the Quality Standard Mark (QSM). In addition to trade PR activity a major consumer campaign was conducted under the title of 'Love QSM Pork'.

- Greater integration in supply chains was stimulated through the on-going Supply Chain Grant Scheme. This has stimulated the production and consumption of assured pork and pork products through a range of large and small supply chains.
- The production and sales of new and innovative quality pork and pork products was stimulated through a range of national and regional activities. The national activities centred on Bacon Week and Sausage Week while regional and local events were centred on regional road shows and product competitions.
- BPEX helped to co-ordinate industry engagement with various government departments in areas such as salt and fat levels in processed pork products and the role of pork and pork products in school and health service menus.
- A comprehensive service was provided to the industry to enable the monitoring and interpretation of consumer market research. A number of detailed Category Reports on specific parts of the pork market were produced and circulated to the industry. In addition a regular feedback on trends in the market was provided to allow the industry to match consumer requirements more closely.



The year ahead

The year ahead will present a number of challenges. High among these will be seeking to cope with the escalation of feed costs in the UK, the EU and beyond. A combination of a relatively poor harvest due to the hot weather in 2006, poor harvest expectations from the major world grain exporters in 2007, and a substantial increase in the demand for maize and oilseeds to meet the growing requirement for biofuels have combined to force up feed prices.

This has two implications for BPEX and the pig industry. Firstly, there is likely to be the risk of more volatility in feed costs. While this volatility will be transmitted through market forces it may be possible for producers to mitigate some of the effect through the use of risk management tools. Secondly, the impact of increased volatility in feed price will be global with no pig industries inside or outside the EU immune to them. Consequently there will be inevitable pressure to increase prices paid to producers. Unless there is some movement in the market the future viability of the pig industry in all countries will come under question.

This sharpens up the BPEX priorities for the coming year. There will be a need more than ever to assist the industry in becoming more competitive. While product cost price is unlikely to fall given the feed price rise we will be helping the industry to continue to recover productivity. In addition we will be helping to

gain more value from the market, particularly in the premium and standard plus segments of the market. We will also be working closely with government and the industry to gain maximum access to non-EU markets.

Environment issues will also be a priority for the industry in the coming year. BPEX will be working in partnership with Defra, the Environment Agency, NPA and NFU to develop and launch PIES (Pig Industry Environment Strategy). This aims to deliver a sustainable pig production industry both environmentally and economically.

Stewart Houston
Chairman
British Pig Executive

Further information on the work of BPEX is available on the BPEX website, www.bpex.org.uk

BPEX performance against target 2006/07

1. Help the industry recover herd health

Table B.1

Strategy	Target	Performance
Objective 1.1 – British Pig Health Scheme		
1 – Manage the operation of the British Pig Health Scheme in England and Wales including the coordination of Scheme contractors. Stimulate the implementation of herd health improvement plans to effect improvements in average herd performance based on information provided by the British Pig Health Scheme	Recruit 70% of assured finishing units on to the scheme, undertake 90% of assessments in abattoirs on the published dates, disseminate 90% of reports within 48 hours	61% of individual assured units recruited to BPHS scheme and over 85% of assured business with at least one unit in the BPHS scheme. 92% of reports disseminated within 48 hours of assessment
Objective 1.2 – Coordination of the Pig Industry Health and Welfare Strategy Council		
1 – Provide an efficient and effective secretariat to the British Pig Health and Welfare chairman and board members ensuring clear communication and updates on activity to deliver the strategy	Dissemination of papers at least 10 working days before meeting. Publication of meeting summaries on website within 5 working days of meetings	Papers disseminated on average 5 working days before meeting. Meeting summaries published on website 15 working days after meeting

2. Help the industry improve cost competitiveness to a level at least comparable with our main EU competitors

Table B.2

Strategy	Target	Performance
Objective 2.1 – EU Information and Leverage		
1 – The Brussels office will monitor and comment on developments in EU policy and legislation. It will also inform decision-makers and stakeholders of BPEX views, using its contact and influence to guide legislation in favour of the British industry. It will provide support for demand and competitiveness initiatives in the areas of market access and external funding	(a) Monthly policy and legislation summary for the BPEX web-site (b) Daily North America bulletins (c) Specialist media visit (d) 2 Information sessions for BPEX staff/stakeholders per annum (e) Clear communication of BPEX position on WTO/risk of market liberalisation (f) Quarterly meetings with MEPs and officials on key issues as agreed with BPEX	(a) Monthly summaries delivered (b) Bulletins delivered (c) Specialist Media visit carried out (d) Participation at BPEX board meeting to communicate on key issues (e) MLC Brussels has worked with UECBV and other equivalent bodies to ensure that issues relating to market access and sensitive products are clearly communicated (f) Ad hoc meetings taken place as needs and issues have arisen
Objective 2.2 – Pig meat supply chain business improvement		
1 – Pig chain businesses recruited to participate in business improvement processes. Identification of international best practice and disseminate through the industry. Expand the coverage of the senior management development programme and instigate the young leader programme	(a) Complete 6 business activities monitored through industry uptake and case study assessment. (b) Complete 2 activities. Testimony of benefit from participants	4 On farm Masterclasses completed delivering 40% ~50% productivity improvement. Masterclass "champions" used at a workshop attended by 11 pig businesses. Work continued with SME processors. Senior executive events held. Young leaders programme fully recruited
Objective 2.3 – Market and policy analysis		
1 – Provide UK and GB market forecasts, manage the InterPig network, manage the agrosoft industry data contract and provide legislative and policy analysis that identifies emerging threats. Organise and manage civil service seminars and organise and manage the David Black Award	Quarterly review of accuracy of forecasts:- slaughterings: within +/- 2.5% - total supplies: within +/- 3.0%. Production of annual Cost of Production report. Survey of BPEX website users on the coverage and usefulness of the monthly commentary on a scale of 1 – 10	Quarterly forecasts issued - Accuracy of forecasts: slaughterings within 2.0%; total supplies within 2.7%. Annual cost of production report published in December 2006. Website survey rate updates as "satisfactory," with some topics as 'very useful' and others as of 'limited use'
Objective 2.4 – Knowledge transfer		
1 – Northern/Eastern and Southern Region Pig Development Centre will be created as partnerships between veterinary practices, marketing groups, universities. Pork Chain group established at Bristol. Develop a grant scheme to incentivise people to demonstrate their new facilities / investment / ideas	Customer satisfaction survey to be undertaken at 2006 pig fair. Achieve an 80% satisfaction score	Pig Development Centre set up. Pork Chain Unit established. Projects with two major pig veterinary practices commissioned. Producer meetings held on wide range of production performance and efficiency issues. Range of training material and advice leaflets published. Annual customer satisfaction survey showed 100% 'satisfactory' rating and 89% above 'satisfactory'

BPEX performance against target 2006/07

2. Help the industry improve cost competitiveness to a level at least comparable with our main EU competitors

Table B.2 *continued*

Strategy	Target	Performance
Objective 2.5 – Development		
1 – Visits to conferences, pig research facilities, academic groups to establish contacts for specific expertise. Rapid development of commissioned research projects through a network of UK Development Units – University and Innovative Commercial producers established	Establishment of development grant scheme and 7 successful applications in 2006	Development grant scheme launched, first applications in discussion at year end
Objective 2.6 – Applied research		
1 – Issue a series of concept notes to attract project tenders for identified knowledge gaps in UK pig research. Hold an annual seminar and publish an Annual Technical Report to communicate research, development and knowledge transfer activity and findings to all stakeholders	Dissemination of KT packages to 90% of pig production, receipt of concept notes for 80% of activity identified in 2005 strategy review	Range of new projects commissioned. Dissemination of findings from the Defra funded weaner research project to businesses representing c.90% of pig production. Annual report published detailing the KTR&D work

3. Increase demand for British pork products

Table B.3

Strategy	Target	Performance
Objective 3.1 – Differentiation through the Quality Standard Mark		
1 – Monitoring of packaging, Trade press PR, Working with retail buyers, Consumer PR and political PR, development of the QSM website and ensuring QSM standards are represented to food service buyers	The monitoring of targets will be through the use of Porkwatch, a bi-monthly survey of around 200 retail stores. Results will indicate the levels of retailer use of the QSM on product packaging. In addition a review of PR coverage achieved versus costs invested will be conducted	Continued use of the QSM to differentiate pork. Presence of QSM product in retail as measured in the PorkWatch survey was Ham 13%, Bacon 17%, and pork 62%. A review of consumer PR spend versus coverage showed a ratio of 1:10
Objective 3.2 – Integrating supply chains		
1 – Promotion and administration of tranches 8 and 9 of the supply chain, development of a suite of training/self help materials, define a core of key product category objectives based on market mapping and run a trade PR programme in both catering and retail press	Grant applications for Tranches 8 and 9 to be invited, assessed and grants made before the end of 2006	Tranche 8 and 9 of supply chain grant scheme undertaken. Online business toolkit developed
Objective 3.3 – Increasing demand for pork		
1 – Development of umbrella campaign theme, building on 'healthy' campaign of 06/07, sell in campaign theming key retailers and processors and execute consumer PR campaign through women's trade press	Attitudes to pork across a range of measures using Millward Brown - achieve a 2% uplift in scores based on the baseline of 2005	'Love Pork' umbrella theming developed and successfully sold into the top 7 retailers. Millward Brown Awareness of QSM pork increased from 35-37% during this period
Objective 3.4 – Defending pork and pork products from adverse policy initiatives		
1 – Continued liaison with FSA and DoH officials, bespoke research on the effects of government proposals, in-depth consultation responses to government initiatives, manage the delivery of British Sausage Week. Through British Meat Information Service (BMIS) and British Meat Nutrition Education Service (BMNES) present pork and pork products as wholesome food with nutritional benefits	Deliver a decrease in adverse attitudes to pork measured across annual survey of officials' views on meat and pork products, through Millward Brown's survey of consumer attitudes and additionally via published official attitudinal data from ASA	A range of consultation responses and defence documents developed and deployed. Millward Brown tracking data recorded a decrease in adverse attitudes to pig meat from 42% (Dec 05) to 39% Dec 06

BPEX performance against target 2006/07

3. Increase demand for British pork and pork products

Table B.3 continued

Strategy	Target	Performance
Objective 3.5 – Consumer and market insight		
1 – Provide output to assist National Account Managers in identifying supply chain integration opportunities, publication of category reports and regular monthly reports and conduct as necessary research to assist in key PR activities to support QSM campaigns, industry defence initiatives etc	Achieve 80% satisfaction rating in 2006 through Category Report feedback questionnaires	Publication of category reports delayed until March 07. Results from customer satisfaction survey still awaited
Objective 3.6 – Export trade development		
1 – Export department staff will help to develop and maintain trade through the running of targeted trade missions as well as researching new opportunities for pork, pork products and livestock genetics. The weekly pig report will be enhanced	a) Survey to evaluate relevance/usefulness of weekly market reports. b) Delivery of SIAL event c) Visit to all major exporters – 6 monthly tracking of value/perceived value of the work d) Increase to 6000 tonnes of British sausage exports by end 2006	a) Reports completed - evaluation will be carried out in April/May 2007. b) SIAL delivered with high approval rating from exporters c) Exporters contacted - evaluation will be carried out in April/May 2007 d) Export programmes completed - Exports of breeding pigs up, worth £8m, up from £5.5m in 2005. Sausage exports stable at 5,000 tonnes. Pork exports up 3% to 94,000 tonnes

4. Build industry confidence to invest

Table B.4

Strategy	Target	Performance
Objective 4.1 – Benchmarking and business club development		
1 – The greater use of benchmarking will be stimulated as a tool to identify improvement opportunities, and the Farm Business Clubs as a means of delivering business improvement (dovetailing with BPEX's own TI programme)	Establish 30 benchmarking clubs in the pig sector and undertake 2 pre-farm gate Business Improvement Process pilots	11 Pig benchmarking clubs operated in 2006-07. Four on farm Masterclasses completed delivering 40%~50% productivity improvement for a key process within each business
Objective 4.2 – BPEX communication		
1 – Improve stakeholder awareness and understanding of how the BPEX levy is invested, help build stakeholder confidence in the future prospects for the British pig industry and support the knowledge transfer process through coverage in the England and Wales trade and regional press	Independent monthly media analysis of coverage in terms of value, quantity, and tone – increase volume by 5% year on year and deliver value ratio of 2:1. Maintain % of negative media coverage at or below 2004/05 benchmark of 1%	882 media items were generated compared to 917 for the previous year. Estimated advertising value of media coverage was £420K meeting the value ratio target of 2:1. There was 0% negative media coverage of BPEX
Objective 4.3 – BPEX management and coordination		
1 – Enhance the management of BPEX suppliers and enhance the management and effectiveness of the operation of the Board. Establish effective customer satisfaction and confidence indices	Completion of a survey of internal suppliers in June 2006 to assess customer satisfaction and assess the effectiveness of communication with suppliers	Survey completed in January 2007. Industry confidence 93.2% relative to a baseline of 2006. Overall BPEX service quality score of 3 - satisfactory on a scale of 1-5 with 70% of respondees using BPEX services in 2006. Main reasons for not using BPEX services was lack of relevance to business and uncertainty over contact point

