A Report on the Growth in Pig Meat Imports into the United Kingdom

An update for 2005

BPEX
British Pig Executive

A REPORT ON THE GROWTH IN PIG MEAT IMPORTS INTO THE UNITED KINGDOM IN 2004

1. Executive Summary

- Imports of pork and processed pork products (such as bacon) increased by 2% in 2004 following a 14% year-on-year rise in 2003 to reach 793,000 tonnes product weight. Live pig imports increased by a further 21% to 402,000 head. In 2004, an estimated 60% (876,000 tonnes carcase weight equivalent) of all the pig meat consumed in the UK was imported. It is estimated that at least two-thirds of these imports came from pigs that would not conform to UK minimum legal standards.

- MLC estimates indicate that most imported pork* was processed in the UK into bacon and ham. However, 59,000 tonnes of imported pork is estimated to have been sold directly through UK retail outlets. This represents a year-on-year increase of almost 50%.

- A detailed analysis of import data and production data from supplying countries indicated that selected cuts from about 15% of the pigs slaughtered in supplying countries are exported to the UK. However, there are wide differences. The two major suppliers, the Netherlands and Denmark, use selected cuts from 94% and 40% of the pigs they slaughter each year to supply the UK market. It is estimated by BPEX that in all cases less than 20% of production meets UK legal minimum standards with respect to pig welfare**.

- Importers have claimed that they merely react to market demand. Therefore, the market research company TNS was commissioned to conduct a survey of 1,502 British consumers. The results of the survey were:

  - 92% of consumers agreed that imported meat should be produced to standards that are equivalent to those in the UK.

  - 90% of consumers were concerned that the vast majority of imported pork, bacon and ham would be illegal to produce in the UK.

  - 78% of consumers thought that independent quality assurance schemes were important.

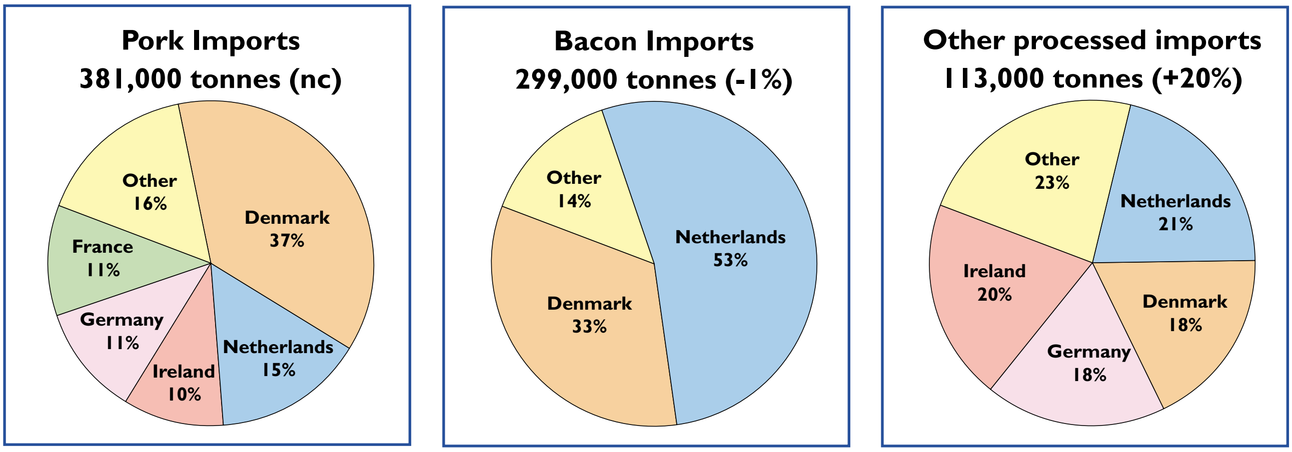
* *Pork refers to fresh and frozen unprocessed pig meat.*

** *The use of sow stalls and tethers has been banned in the UK since 1999.*

2. Introduction

Imports of pork, bacon and ham into the UK, which have been rising in recent years, increased sharply in 2003. In 2004 imports increased by a further 2%. This report analyses the volume and type of cuts imported in 2004 and the countries from which they came. The report also assesses the extent to which imports might conform to UK legal minimum standards with regard to the keeping of sows. It also presents the results of consumer research conducted in March 2004 into consumer attitudes about production standards. This report follows a report into long-term import trends published in July 2003 (BPEX 2003) and updates "A Report on the Growth in Pig Meat Imports into the United Kingdom", published in 2004 (BPEX 2004).

Figure 1 Imports into the UK, 2004



3. Pig Meat Imports In 2004

Pork imports in 2004 were unchanged compared with a year earlier but still 38% higher than in 2002. The main cuts imported were fresh legs, fresh loins and frozen boneless pork, and the main supplying countries were (in descending order) Denmark, the Netherlands, Germany, the Irish Republic, France, Belgium and Spain.

The main usage of this pork was for processing into bacon (including gammons) and ham. Meat and Livestock Commission estimates are that 122,000 tonnes (cwe) of imported pork, equivalent to 106,000 tonnes cured weight, was used in bacon production alone in 2004. This represented an increase of 14% compared with a year earlier and 72% compared with 2002.

Trade sources indicate that imported frozen boneless pork is used in processed pork products such as sausages and pies.

A small but increasing amount of imported fresh pork imports is being sold directly at retail. Meat and Livestock Commission estimates indicate that this figure was approximately 59,000 tonnes in 2004, an increase of nearly 50% compared with a year earlier.

Bacon imports in 2004 totalled 299,000 tonnes, a stable amount compared with the previous two years. Trade sources indicate that approximately 90% of all bacon imports are bacon backs for slicing into rashers. There is a small amount of gammons imported. The main suppliers are the Netherlands which has been increasing market share (53% of imports), mostly at the expense of Denmark (33%), followed by France (5%) and the Irish Republic (2%).

Live pigs are imported from the Irish Republic for slaughter in Northern Ireland. In 2004 the recorded number of live pigs imported from the Irish Republic totalled 402,000 head, an increase of 21% compared with a year earlier and 73% compared with 2002.

Other processed pork product imports, such as hams, salamis and sausages increased by 21% to 111,000 tonnes in 2004. The main supplying countries were the Netherlands, Denmark, Germany and Ireland.

The principal reasons for the growth in imports are generally lower-priced pigs in many supplying countries and some reduction in the supply of UK-produced pig meat.

4. Sales of Imported Pork and Pork Products

The sales channels of imported pork and pork products are difficult to determine due to the absence of specific data. MLC has used a combination of market research data and industry contacts to estimate which sales channels are used to deliver imported pork and pork products to British consumers.

Retail sales - approximately 68% of all pork and pork products consumed in the UK are sold through retail outlets. This section of the market is dominated by multiple retailers that accounted for 76% of all retail pork sales and 81% of all retail bacon sales in 2004.

MLC estimates indicate the following:

Fresh pork 20% of imported pork (excluding pork cured for bacon in the UK) is sold fresh through retail outlets. Imported pork represents about 25% of all pork sold through retail outlets.

Bacon 59% of imported bacon (including imported pork cured in the UK) is sold through retail outlets. Imported bacon represents about 59% of all bacon sold through retail outlets.

Other processed pork products 52% of imported processed products (including imported pork processed in the UK is sold through retail outlets. This represents about 43% of all processed products sold through retail outlets.

Foodservice sales – approximately one third of all pork and pork products consumed in the UK is sold through foodservice channels. This is a varied market from sandwiches to restaurants and from national and international chains to single operators.

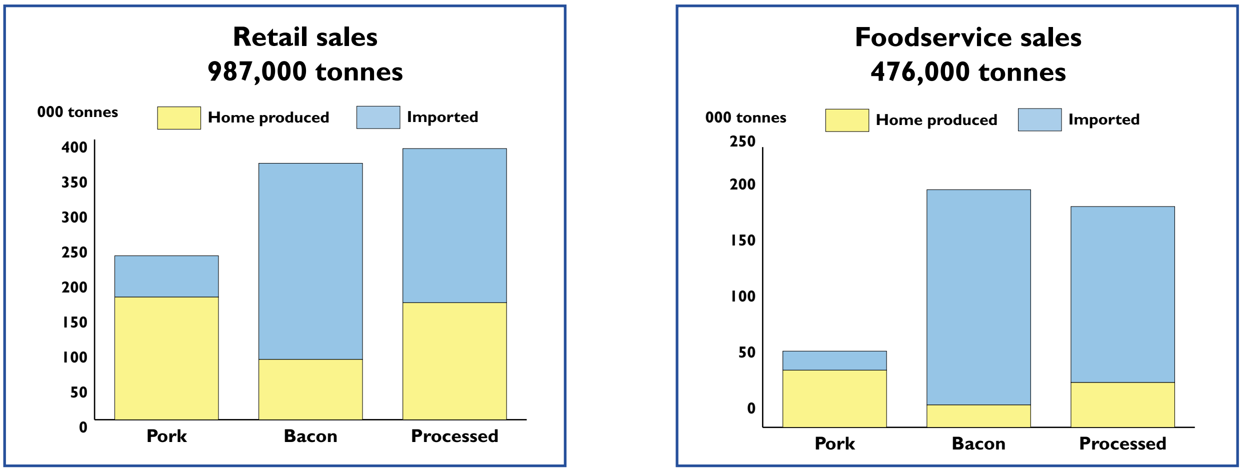
MLC estimates indicate the following:

Pork 6% of imported pork is sold through foodservice outlets. This represents about 25% of all pork used in foodservice outlets in the UK.

Bacon 41% of imported bacon (including imported pork cured in the UK) is sold through foodservice outlets. This represents about 90% of all bacon sold through foodservice outlets.

Other processed pork products 48% of imported processed products (including imported pork processed in the UK) are sold through foodservice outlets. This represents about 80% of all processed products sold through foodservice outlets in the UK.

Figure 2 UK pig meat sales, 2004



5. Farm Production Standards of Imported Pork and Pork Products

The UK has a voluntary system of independently audited Quality Assurance marketed under the British Meat Quality Standard Mark. This whole chain system covers more than 90% of UK pig production and 85% of UK processing and operates to the internationally recognised EN45011 standard. Assurance schemes also operate in other member states with varying degrees of independence and market coverage.

However, the major difference between production standards on pig farms between the UK and all other EU countries (except Sweden) is that the use of stalls and tethers for pregnant sows has been banned in the UK since the beginning of 1999. A ban on tethers is in force in the Netherlands and will be introduced in the rest of the EU from 2006. However, a partial ban on the use of sow stalls will not be introduced in the rest of the EU until 2013. This will still allow the use of stalls for 4 weeks after mating.

6. Proportion of EU Production required to supply the UK market

Import data has been analysed in depth in order to estimate the number of pigs in supplying countries that would have been required in 2004 to supply the volume of pork and pork products exported to the UK. This is then compared with total slaughterings in each country in 2004. The results are presented in Table 1.

The results of the analysis show that overall, selected cuts from about 15% of the pigs slaughtered in the countries featured are exported to the UK. There is, however, a very wide range.

Table 1 Estimated number of pigs required to supply UK pig meat imports in 2004

Supplying country	Estimated number of pigs required to supply the UK (1) Million head	Pigs slaughterings 2004 (2) Million head	% of total national EU slaughterings
The Netherlands	13.50	14.40	94.1
Irish Republic (3)	1.82	3.14	57.9
Denmark	9.24	22.90	40.3
France	2.66	26.18	10.1
Germany	1.61	46.90	3.4
Belgium	1.43	11.09	12.9
Spain	0.40	38.06	1.1
Other	0.64	45.26	1.4
Total	**31.30**	**208.03**	**15.0**

(1) The number of pigs required to produce the volume of pork and pork products exported to the UK in 2004. This figure reflects the fact that in most cases only selected cuts are exported to the UK. This is particularly the case for loin cuts either in the form of bacon or used in bacon production.
(2) Net slaughterings. Source EU Commission.
(3) Including live pigs for export.

The Netherlands has by far the largest proportion of pig production that is used in some part to supply the UK market. In recent years pig slaughterings have fallen under the pressure of a smaller breeding herd and increased live pig exports. At the same time exports to the UK have increased sharply. The analysis suggests that selected cuts from 94% of pigs slaughtered in the Netherlands come to the UK. This extraordinarily high figure indicates that pork is being imported into the Netherlands for curing and subsequent export to the UK.

The Dutch PVE indicate that the level of stall and tether free production in the Netherlands is almost 20% of total production. Therefore, the vast majority of pork and pork products imported from the Netherlands would not meet UK minimum legal standards.

The Irish Republic has the second highest requirement of pigs to meet exports to the UK. It is estimated that 58% of the pigs produced (including live pigs exported to Northern Ireland) are needed to supply exports. Trade sources indicate that less than 20% would meet UK legal minimum requirements.

Denmark requires cuts from approximately 40% of pigs slaughtered. A 'UK contract' has been in operation for some time although in recent years its popularity has fallen. This contract produced about 3.5 million pigs in 2002, 3 million pigs in 2003, and 2.7 million pigs in 2004 (Danish Bacon and Meat Council). This equates to about 12% of national slaughterings.

Belgium and France use approximately 13% and 10% of slaughtered pigs respectively to supply the UK market. Trade sources indicate that production to UK legal minimum standards is very low, especially in Belgium.

Overall The analysis of available data indicates that at least two-thirds of all the pork and pork products imported into the UK in 2004 came from pigs produced in production systems that would be illegal in the UK on the grounds of pig welfare.

7. The Legal Position

Importing countries supplying the UK are not obliged to meet UK minimum legal standards regarding pig welfare. As long as they are meeting EU standards then that is sufficient.

A number of, but not all, multiple retailers have specifications that their suppliers must meet that includes meeting UK legal minimum standards. However, in general these specifications are applied only to pork and pork products sold under the supermarket's own label. These requirements do not often apply to the other pork and pork products sold under a range of brand names (including what are known as "tertiary brands"). Data from TNS indicates that in 2004, 9% of fresh pork, 36% of sausages, 38% of bacon, 40% of ham are sold under a brand name (other than supermarkets own brand). A list of products sold by major supermarkets and conforming to at least UK legal minimum standards can be found at www.lookforthemark.co.uk

8. Consumer requirements

Following the publication of the previous BPEX report into this issue in 2003 a number of organisations representing importers reacted by stating that they 'supplied product according to market and customer requirements' (Grocer 2003).

While this may reflect the stated requirements of UK buyers it is by no means clear that it reflects the views of British consumers. Therefore, independent consumer research was conducted in March 2004.

A leading market research company, TNS, conducted a face-to-face survey with 1,502 consumers. The survey was conducted throughout England, Scotland and Wales and reflected a representative cross-section of social classes and ages. Three questions were asked and the results were as follows:

1. *When buying meat and meat products how important is it that the quality of the produce is approved by an independent quality assurance scheme?*

   78% of respondents stated this was **important** (55% very important and an additional 23% quite important).

2. *How much do you agree or disagree with the statement that imported meat and meat products should be produced to standards that are equivalent to those required within the UK?*

   92% of respondents **agreed** (80% agreed strongly, and a further 12% agreed slightly).

3. *How concerned would you be to learn that 70% of imported pork, bacon and ham for sale in Britain was produced to standards that would be illegal in Britain?*

   90% of respondents said they would be **concerned** (70% were very concerned and a further 20% quite concerned).

The results of this comprehensive consumer research clearly show that perceived 'market requirements' do not appear to match the concerns of British consumers.

9. Conclusion

The recent rapid rise in UK imports of pig meat, and particularly pork, has been dramatic as retailer and food service companies have sought cheaper supplies. Large volumes of imported pork are being processed into bacon and ham in Great Britain and increasing amounts of imported fresh pork is being sold through retail outlets.

It has been more than 6 years since UK legislation banning the use of stalls and tethers for pregnant sows was introduced in the UK and 13 years since the legislation was passed. Despite this the amount of pork produced to UK legal minimum standards in supplying countries is generally low and in some cases extremely low relative to total exports to the UK.

There is a perception that the British market does not require pork and pork products produced from pigs that meet the UK legal minimum standard. And yet, consumer research clearly shows the opposite. British consumers are overwhelmingly concerned about imports not meeting UK legal standards, they have strongly expressed the desire for equivalent standards in meat production and they believe that independent quality assurance schemes are important to them.

Issues to be addressed

1. Research has shown that British consumers are concerned about the standards of imported pork and processed pork products. Consumers could benefit from a clear understanding of the specifications that retailers and food service customers agree with their suppliers. A number of supermarkets have contributed information to www.lookforthemark.co.uk to help consumers make an informed choice. This needs to be extended to other retailers, particularly in the discount sector and to foodservice companies.

2. The amount of pork and pork products available in supply countries that would meet UK legal minimum standards is currently relatively small. It is important to know that where product equivalent to UK welfare standard has been specified then product of that quality is indeed delivered. It could be reassuring for British consumers to know that the imported pork and pork products claiming to be produced to UK standards are subject to independent audit to accepted international standards.

3. There is a need for clear and unambiguous labelling about the country of origin when making their purchase decisions to ensure consumers are fully informed. This applies particularly to the large and increasing amount of fresh and frozen pork that is imported for subsequent processing into bacon, ham and other products in the UK.

4. Among the suppliers of pork and processed pork products to the UK, countries such as Denmark and the Netherlands have been transparent about their efforts to encourage their producers to raise pigs to a 'UK Standard'. Other countries that supply the UK should be encouraged to be equally open in the production of this information.

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BPEX
May 2005

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