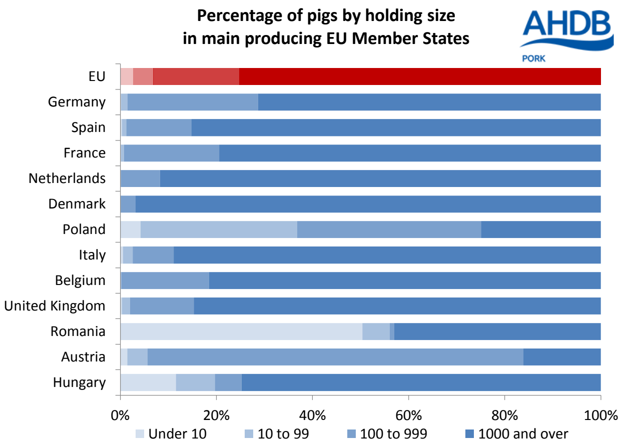
Pig farm structures still vary across EU

There are still considerable differences between the structures of pig farms in the Member States of the European Union, according to recently published figures from the 2013 Farm Structure Survey. This is the fourth of these surveys, which are carried out every three years.

The survey shows that there were just under 2.2 million EU farm holdings keeping pigs in 2013. Over half of these farms were in Romania, with 99% of them having fewer than 10 pigs (86% had just one or two). These 'backyard farms' accounted for over half of the Romanian pig herd, the EU's 10th largest and only slightly smaller than the UK herd.

A number of other eastern Member States had at least 10% of their pigs in these 'backyard farms'; they accounted for over 20% in Slovenia and Lithuania. In the latter, this has hindered the control of African Swine Fever. This could also be an issue were ASF or other diseases to reach other countries with significant backyard pig populations.



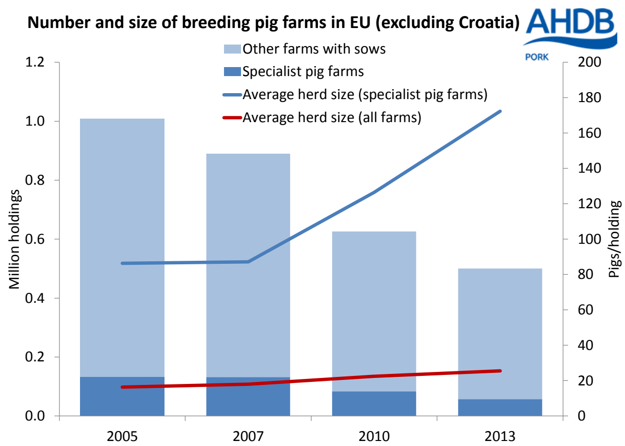
Source: Eurostat

Overall, only around 3% of the EU pig herd is in 'backyard farms' and the share is lower in most major producing countries, where large farms are the norm. For example, 97% of Denmark's pigs are on holdings with 1,000 or more animals. In total, over three-quarters of the EU's pigs are found on these 'commercial holdings'. Of Europe's nine top producers, only Poland has less than 70% of its pigs in them.

Even among 'commercial holdings', there are variations between Member States. The average herd size on these farms across the EU was just under 3,000 head. However, in some Eastern Member States, the typical size of 'commercial holdings' was much larger, averaging over 10,000 animals in Lithuania, Romania and Slovenia. This highlights how polarised the industry is in these countries, as they are the same three with the highest proportion of pigs in 'backyard farms'. Among the nine leading producers, Denmark had the largest 'commercial holdings', with an average of 4,700 head and Germany the smallest, averaging 1,900 head. The average UK commercial herd had 2,600 head.

The picture for breeding herds is similar, with two-thirds of holdings having just one or two sows but over 70% of sows being in herds of 200 head or more. Nearly three-quarters of the smallest breeding farms are in Romania and Poland, while large farms dominate in countries such as Denmark, where 98% of sows are in the largest category.

The number of farms with pigs has declined over time. In 2005, there were over 3.8 million farms with pigs in the EU (excluding Croatia), of which 1 million had breeding sows. By 2013, those numbers had fallen by around half. With the number of pigs falling much less, the average herd size has grown. The number of specialist pig farms - those which get most of their income from pigs - has also fallen over time but their share of pigs has increased, from about two-thirds in 2005 to three-quarters in 2013. The average size of specialist pig farms doubled to almost 700 head, with their breeding herds showing similar growth to an average of 170 sows.



Source: Eurostat

The evolving structure of pig farms has implications for the pig market. The loss of many smaller farms and the increasing specialisation of those which remain has been a key factor in improving the productivity and efficiency of the EU herd. That means that, despite the long-term decline in the breeding herd, EU pig meat production has been relatively stable. With further concentration of production expected, productivity gains are likely to continue.

Another consequence of the larger, more specialised farms, is that their responses to market signals may be less agile. Large farms are likely to have more capital tied up, reducing their ability or willingness to scale back or stop production. This is particularly true of specialist pig farms, which, by definition, do not have other agricultural activities they can switch to when the profitability of pig production is poor. Therefore, production may respond more slowly as prices fall, as seems to have been the case over the last year, with potential implications for the speed of market recovery.