

Joint meeting of the CDG ANIMAL PRODUCTS (Section Pigmeat) and the CMO EXPERT GROUP  
(Section Animal Products)

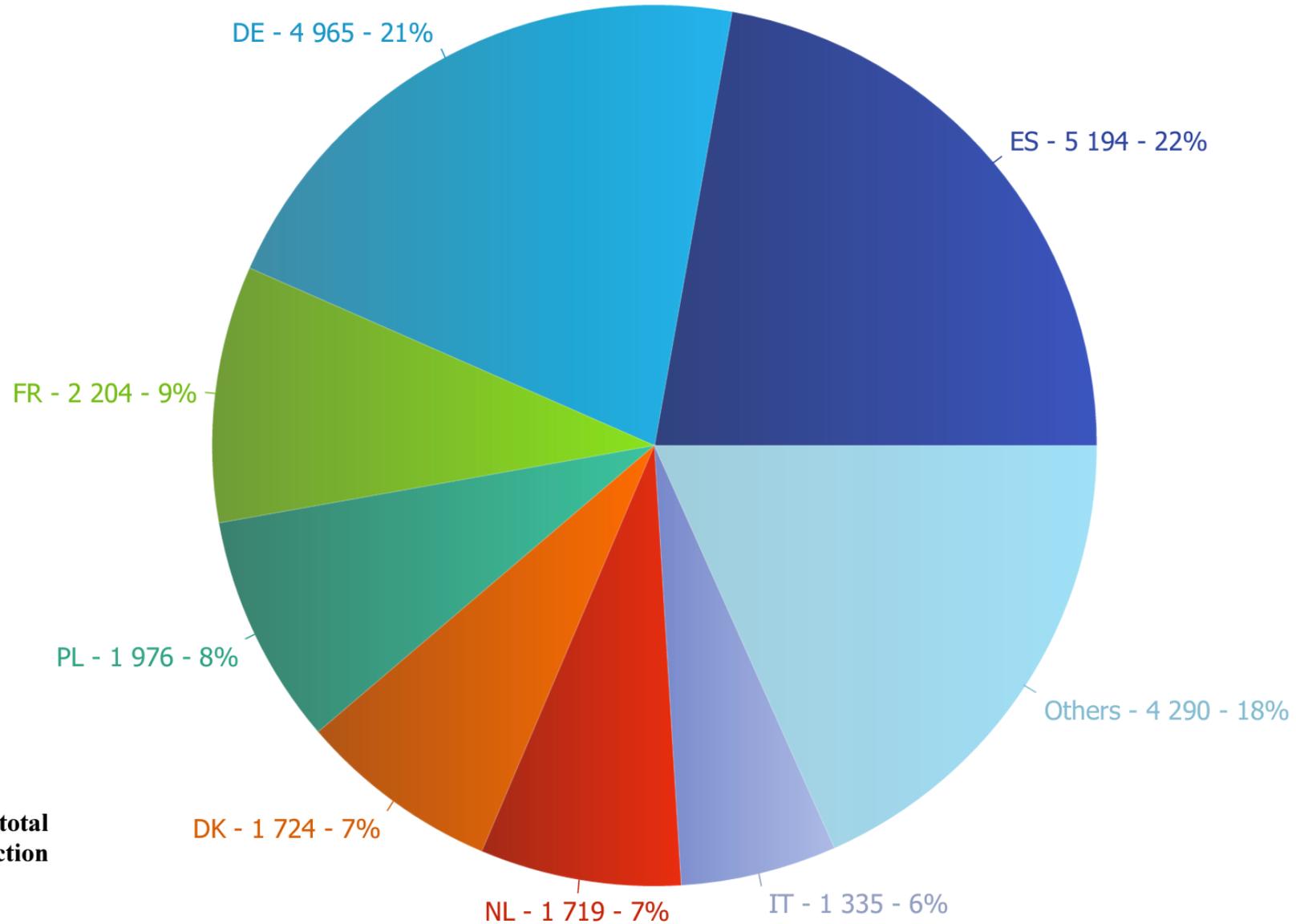
**EUROPEAN PIGMEAT REFLECTION GROUP – 1<sup>st</sup> Meeting**

# **Contracts and vertical integration SPAIN**



**Mr. Manuel García Lorenzo**  
Grupo Vall Companys  
Presidente ANPROGAPOR

# EU Main Producers (1000 tonnes product weight)

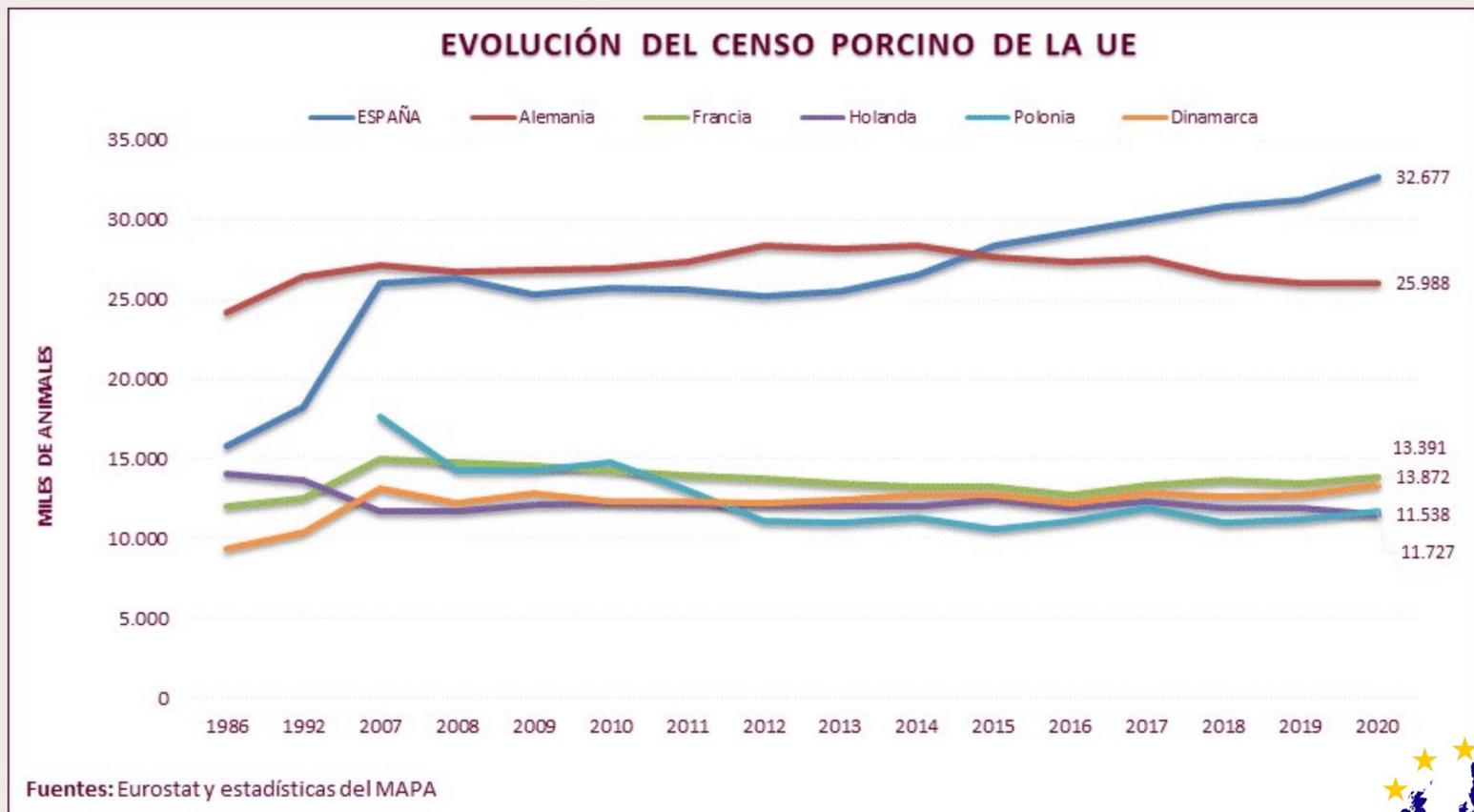


**Year 2021**  
**Total EU = 23408**  
**(+2% over 2020)**

**7 MSs = 82% of total  
EU production**

**Source: Eurostat**

## EVOLUCIÓN CENSO DE GANADO PORCINO EN LA UE

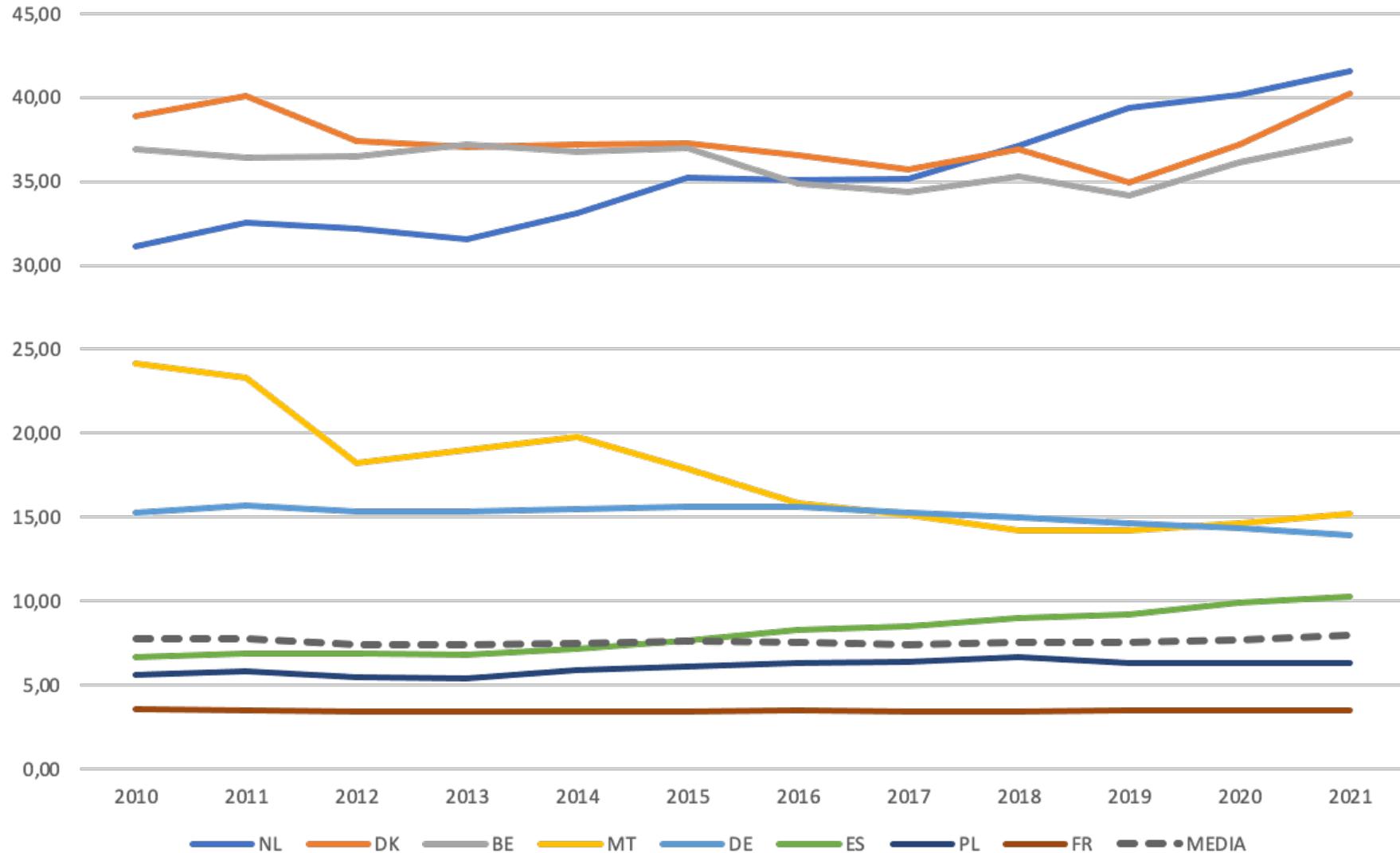


### Variation pig populationç Dec 2021/20

BE: -2,8%  
 DK: -1,8%  
 DE: -9,4%  
 IE: +2,1%  
 FR: -3,4%  
 IT: -1,6%  
 NL: -5,8%  
 PL: -12,7%  
 PT: -1,4%  
**ES: +5,1%**  
 Av UE: -3,0%



# Evolution. Kg pig meat (GIP) / Km2



2021

NL=41,56 kg/km2

DK= 40,21 kg/km2

BE= 37,48 kg/km2

MT= 15,17 kg/km2

DE= 13,93 kg/km2

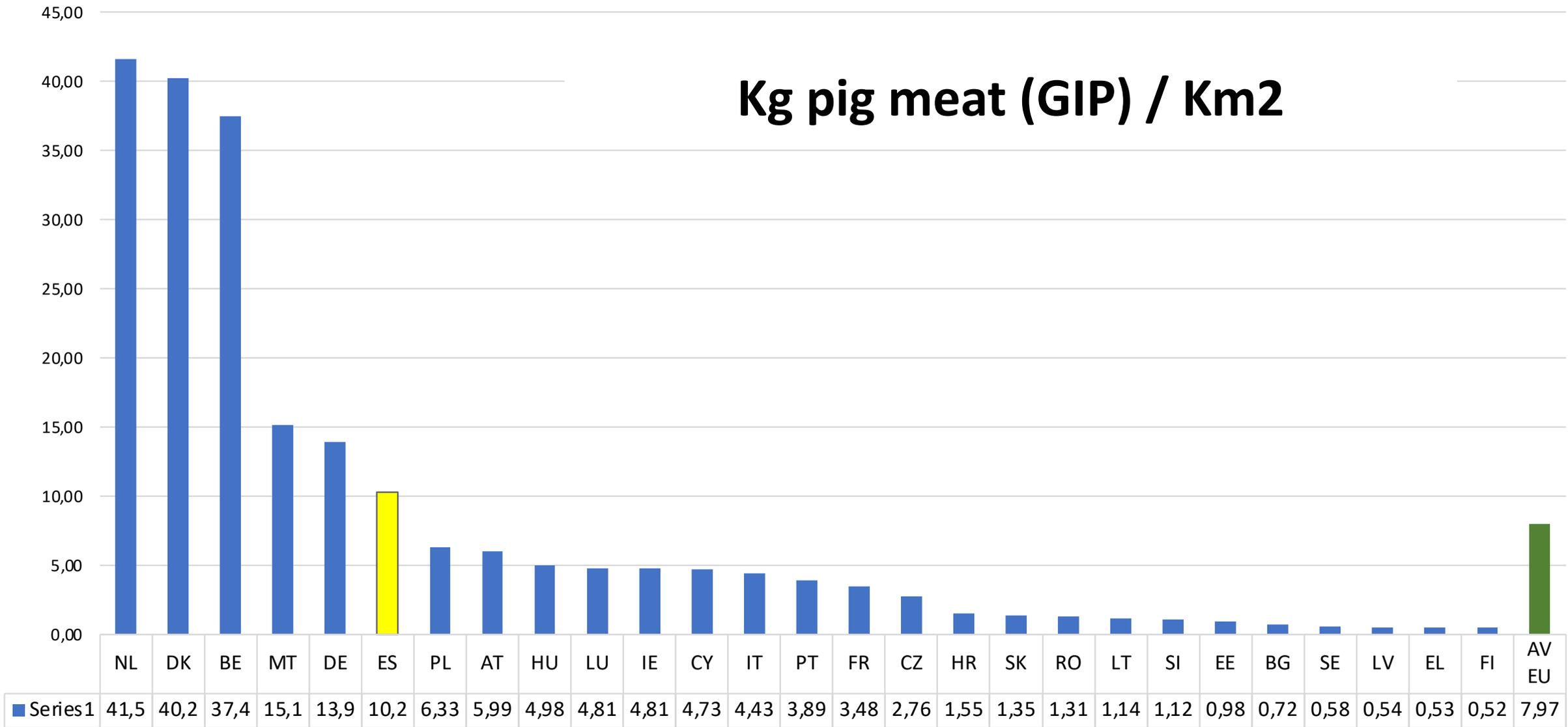
ES= 10,28 kg/km2

AV EU= 7,93 kg/km2

PL= 6,33 kg/km2

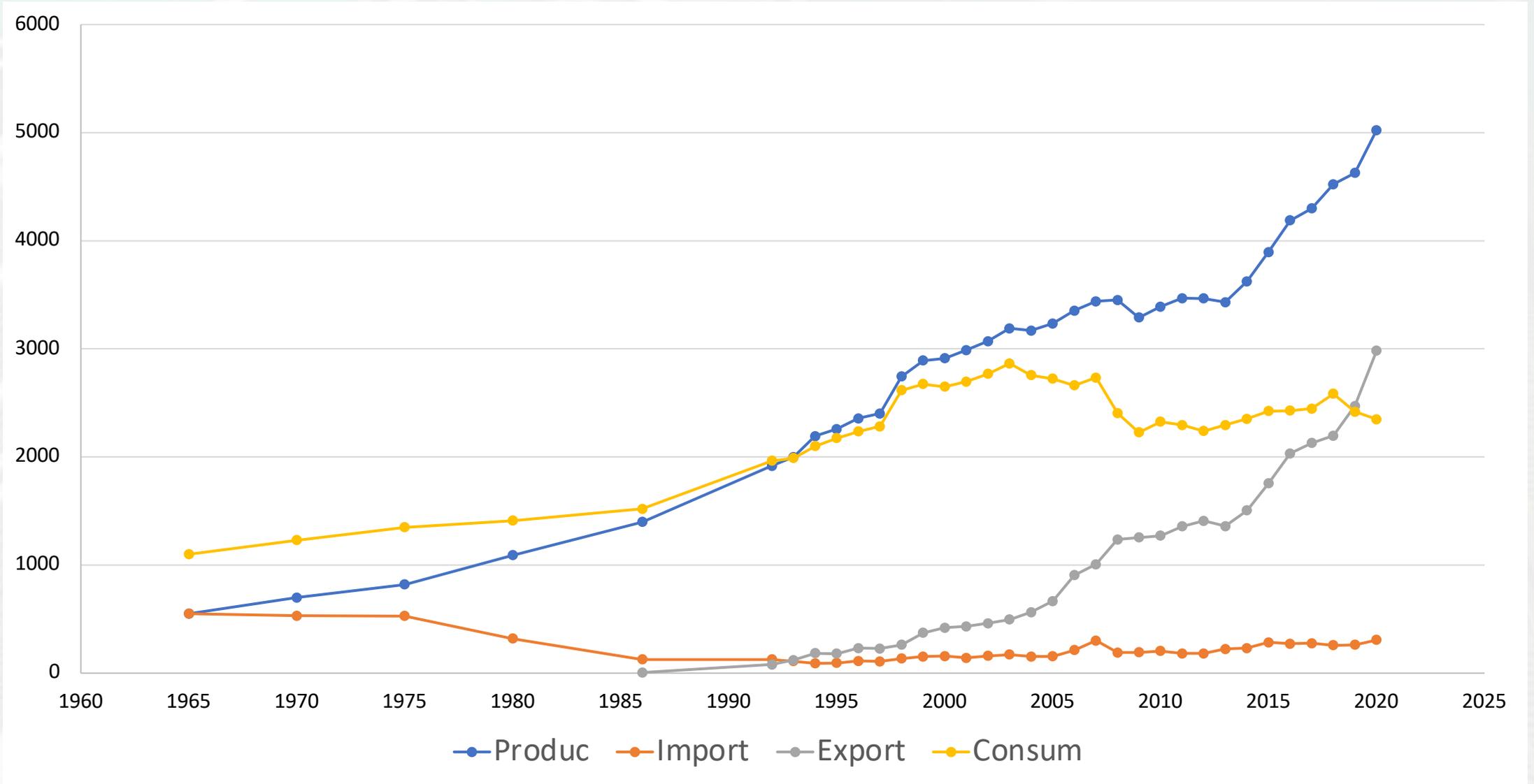
FR= 3,48 kg/km2

# Kg pig meat (GIP) / Km2

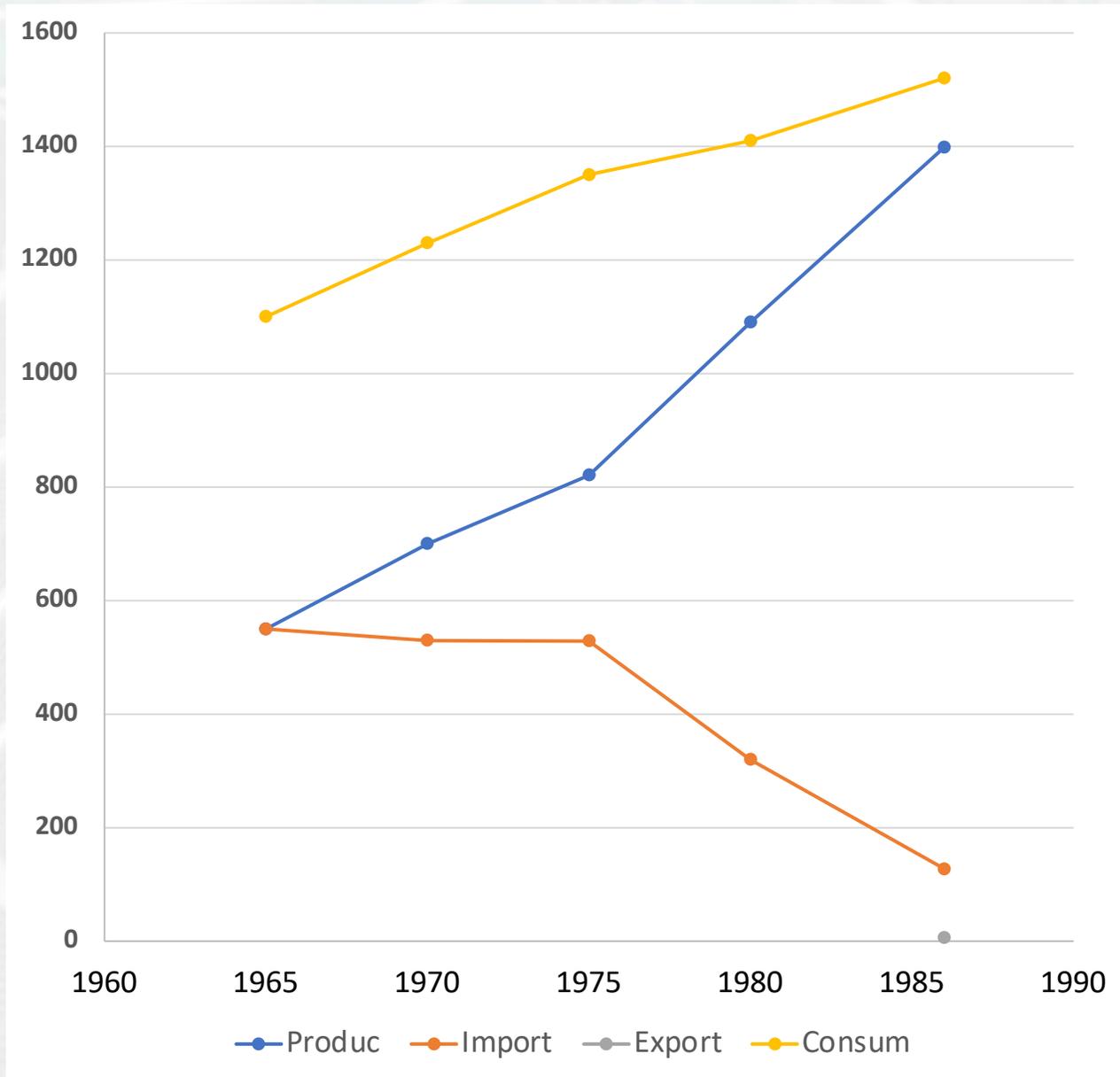


1 human = 10 m2

# Evolution of pig production in Spain. kg (x1,000)



# Pig production in Spain. 1965 a 1986



African Swine Fever

No exports

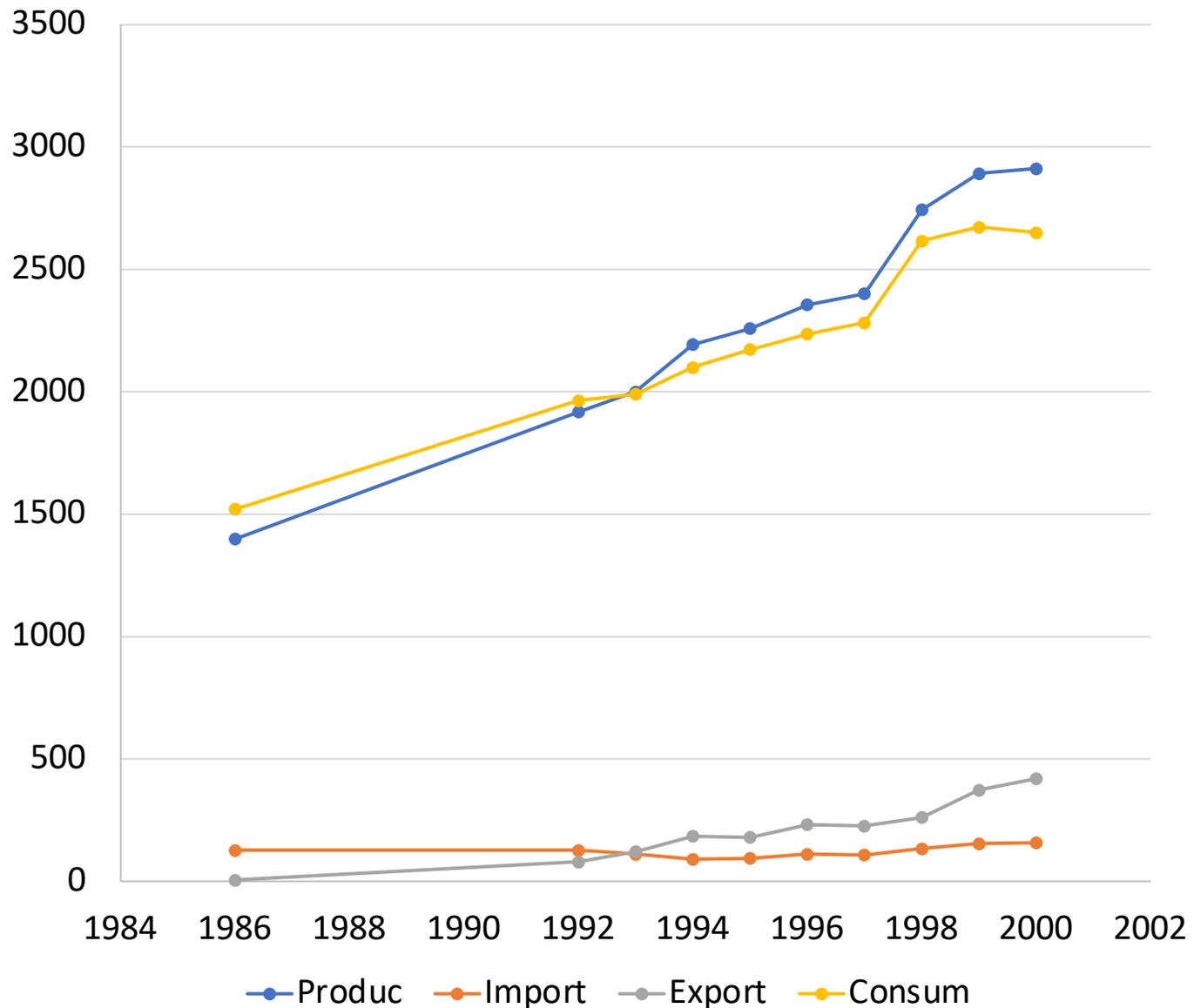
Self-sufficiency: 50 - 85%.

Non EU member

Net importer

Beginning of integration development:  
-Individual growth  
-Protection/insurance against ASF

# Pig production in Spain. 1986 a 2000



ASF eradication

- Start: 1988

- Eradication: 1995

Strong growth: +108%.

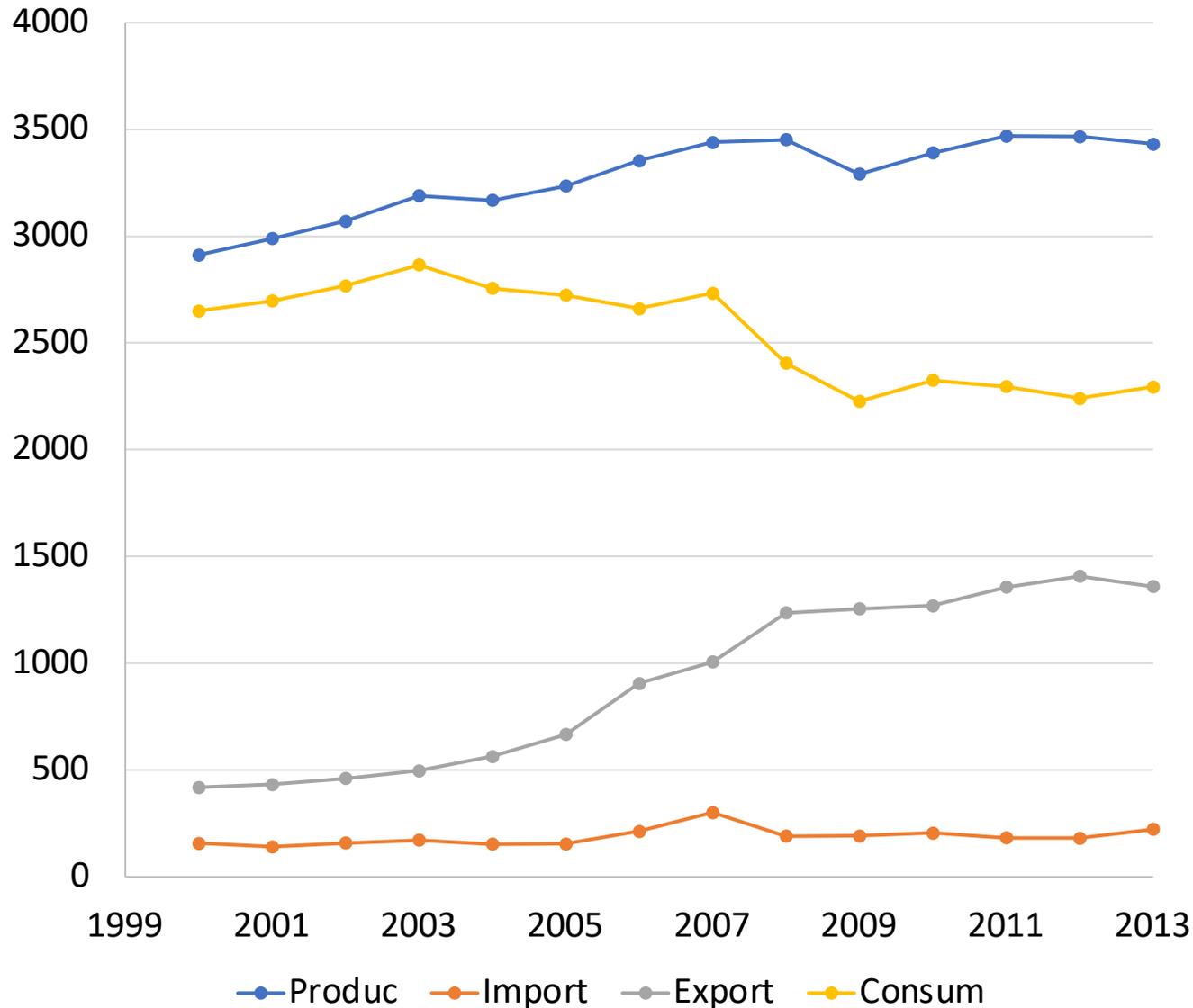
Export begins (mainly EU)

Reduction of imports

Self-sufficiency: 109.9%.

RD 324/2000. Regulation of the pig sector

# Pig production in Spain. 2000 a 2013



RD 324/2000. Regulation of the pig sector

Management of excrement

Emission control

Distances between farms (1 km)

Limitation of maximum size

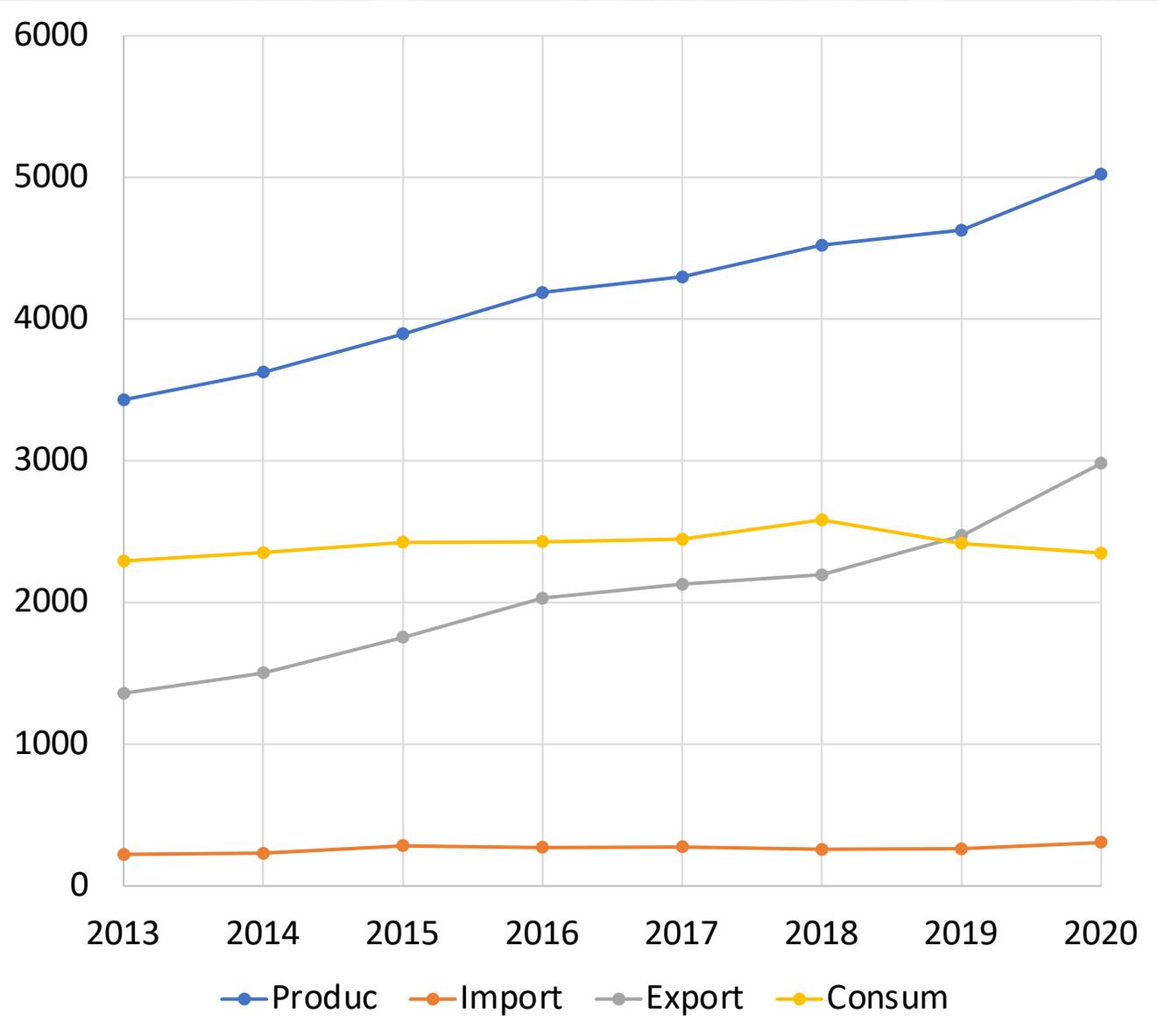
Biosecurity

Orderly growth of the sector: +17.8%.

Uncertainty: How to implement animal welfare rules - Directive 120/2008?

Exports EU and third countries

# Pig production in Spain. 2013 a 2020



Animal Welfare

Correct implementation of Directive 120/2008

Growth of technological and efficient farms

Development of exports to third countries

Reduction of antibiotic use

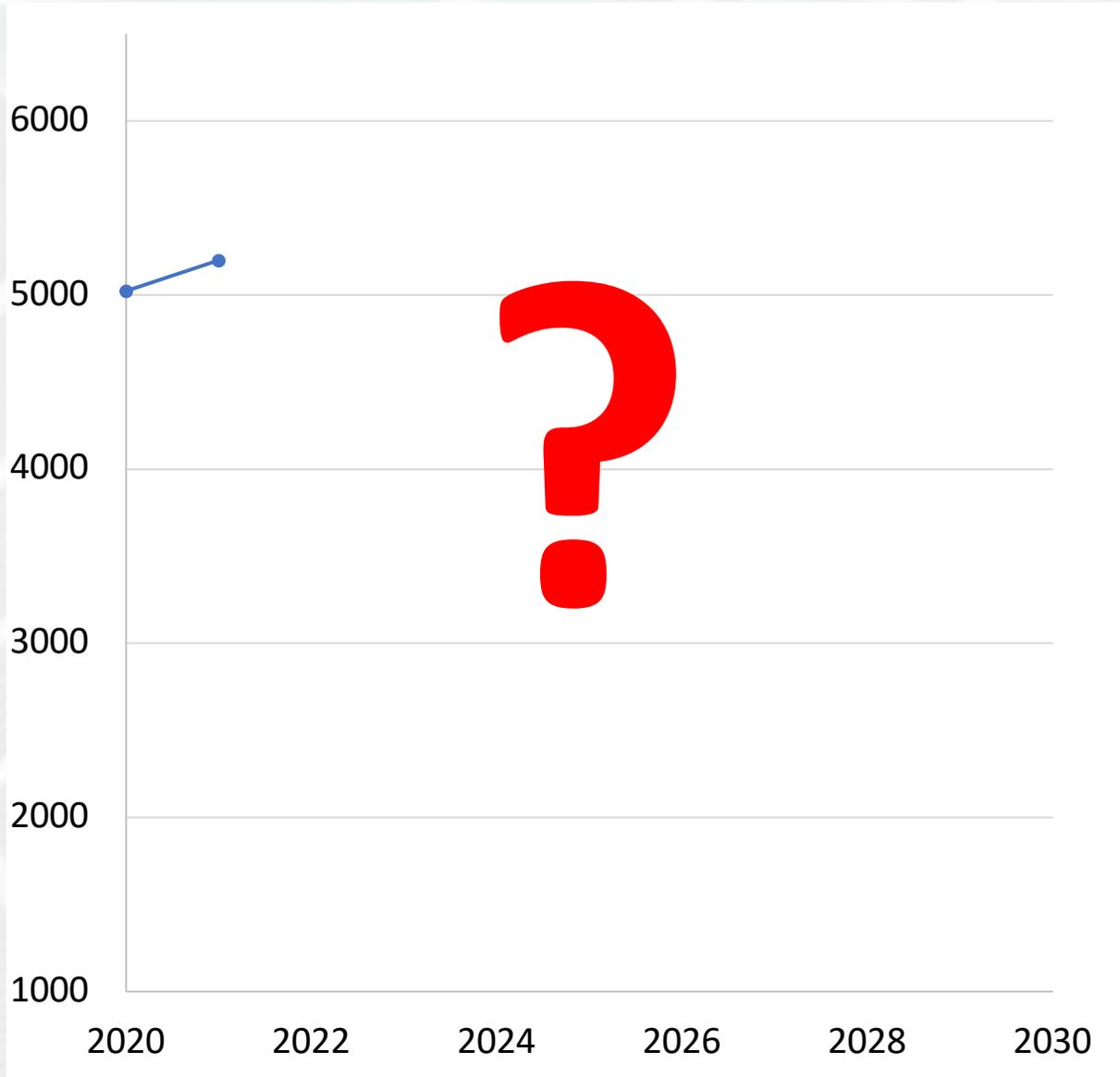
-60%

-Elimination of colistin

Growth: +46%.

Self-sufficiency: 214%.

# Pig production in Spain. 2020 a 2030



Strategy: "From farm to fork".

Organic fertilisation

Animal welfare. Labelling

Sustainability:

- Economic

- Social

- Environmental

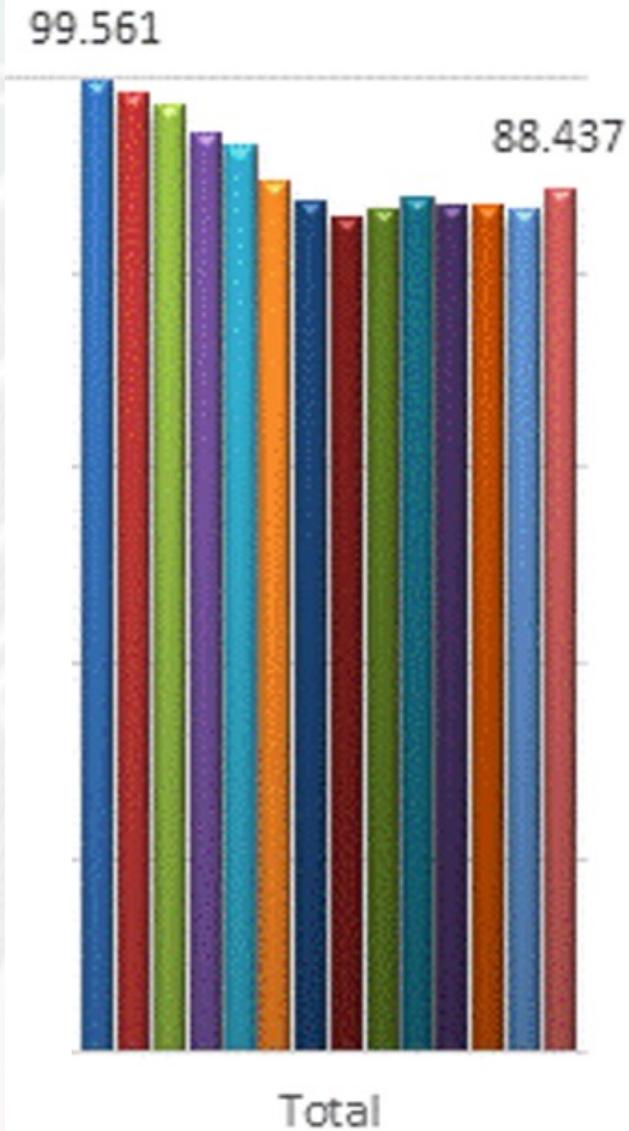
Reduction of antibiotics

Export added value

African Swine Fever: Regionalization agreement UE-TC?



# NÚMERO DE EXPLOTACIONES DE GANADO PORCINO POR CAPACIDAD PRODUCTIVA: EVOLUCIÓN 2007-2020



Until the implementation of the AW regulation, reduction in the number of farms

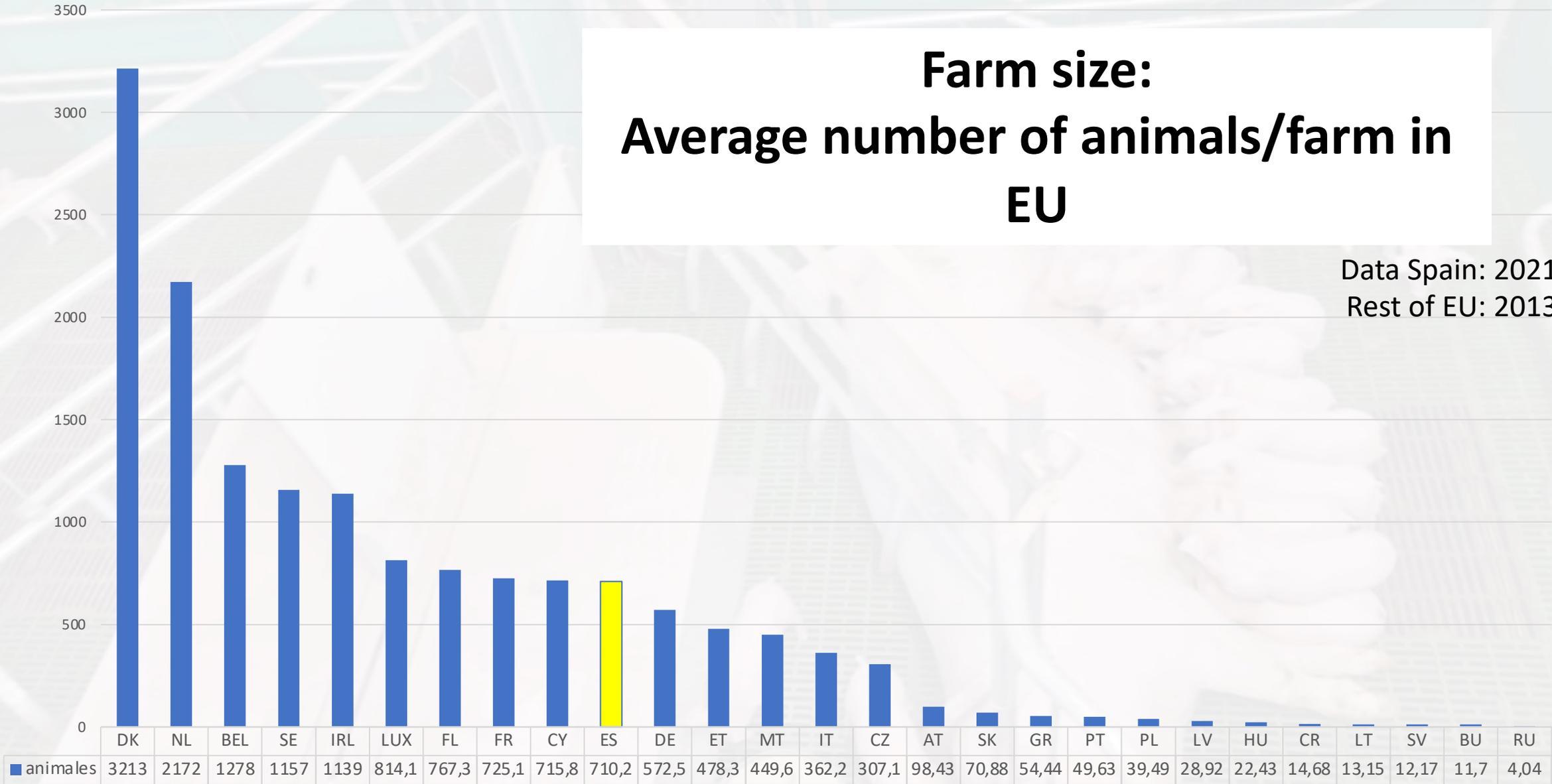
**2013**

**Directive 120/2008**

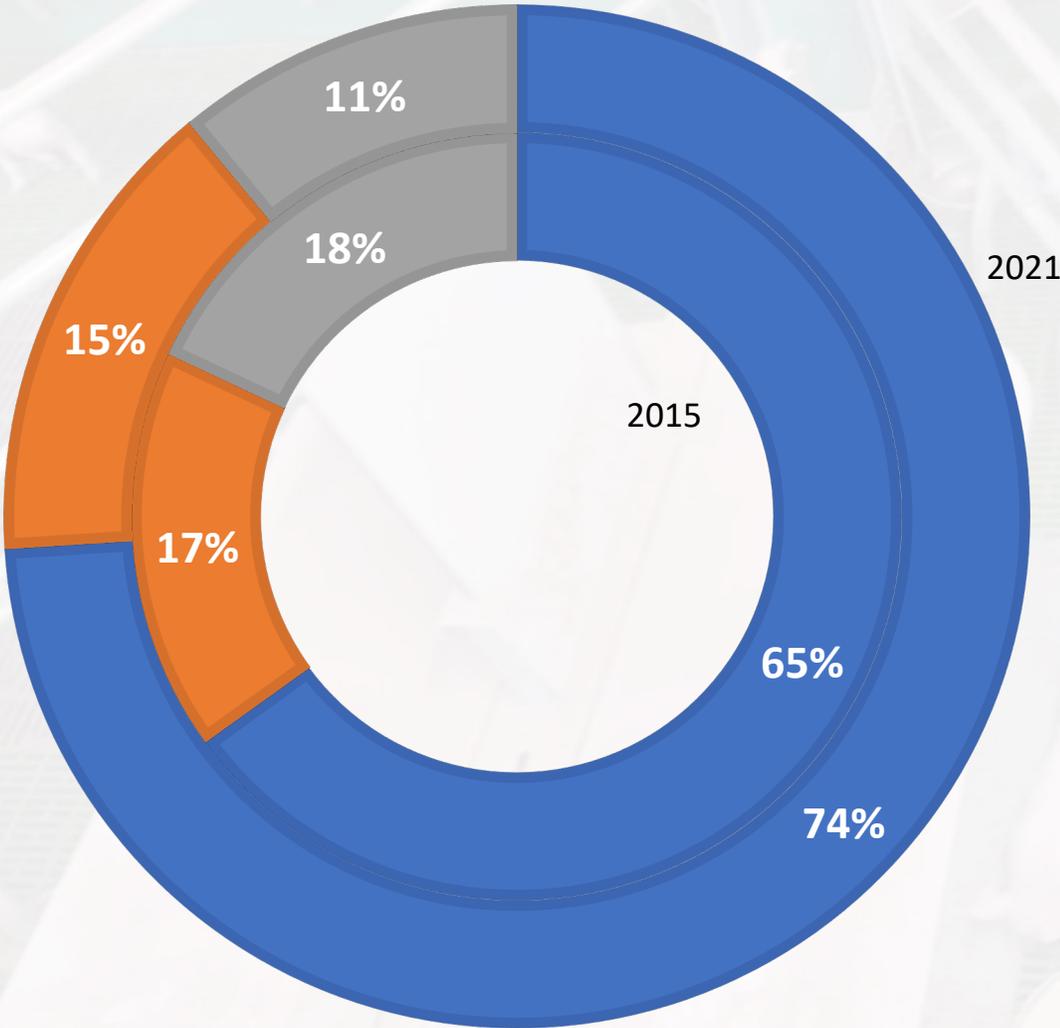
AW regulations have stabilised the number of farms in Spain.

# Farm size: Average number of animals/farm in EU

Data Spain: 2021  
Rest of EU: 2013



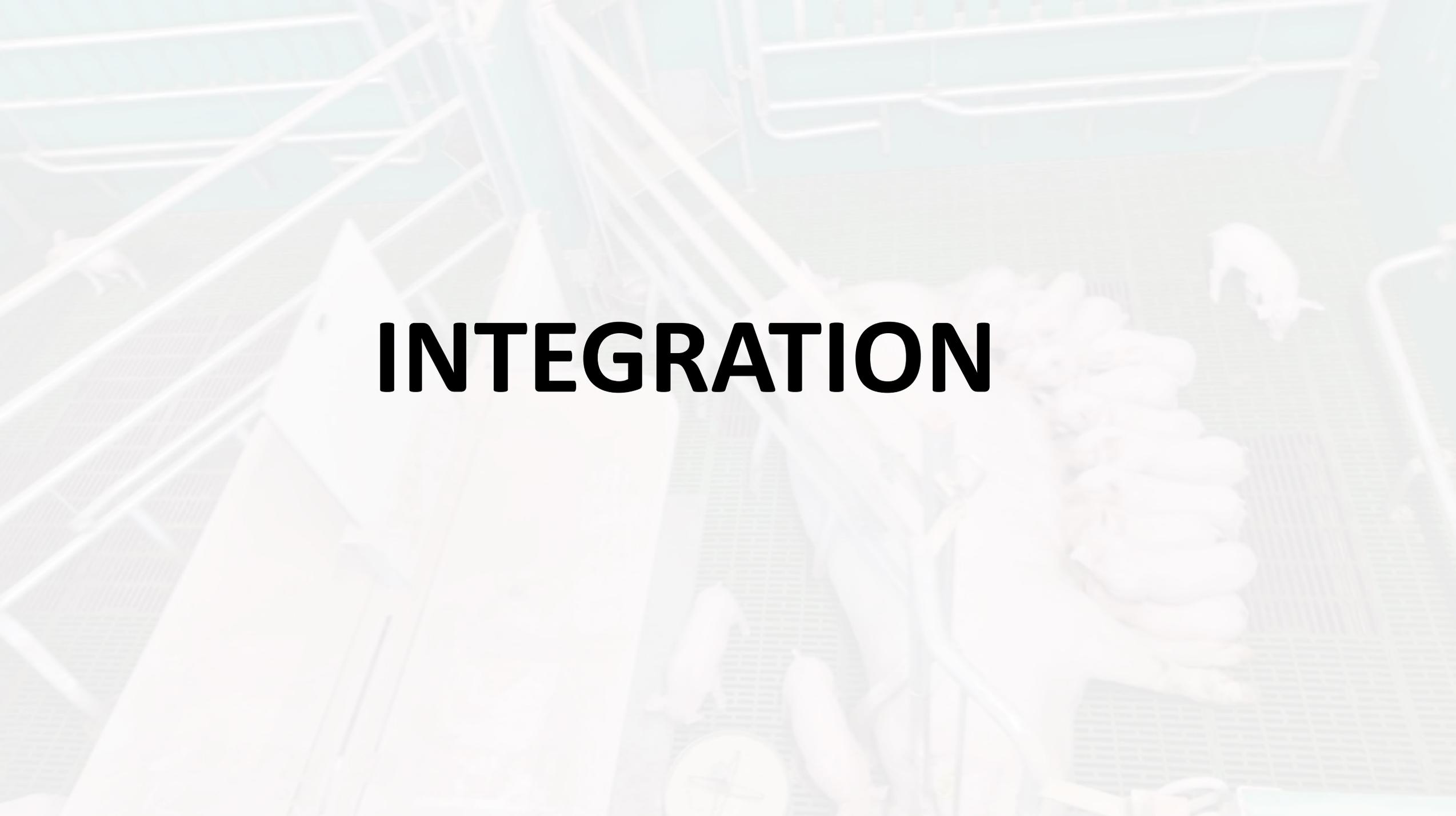
# Evolution of business models in the pig sector

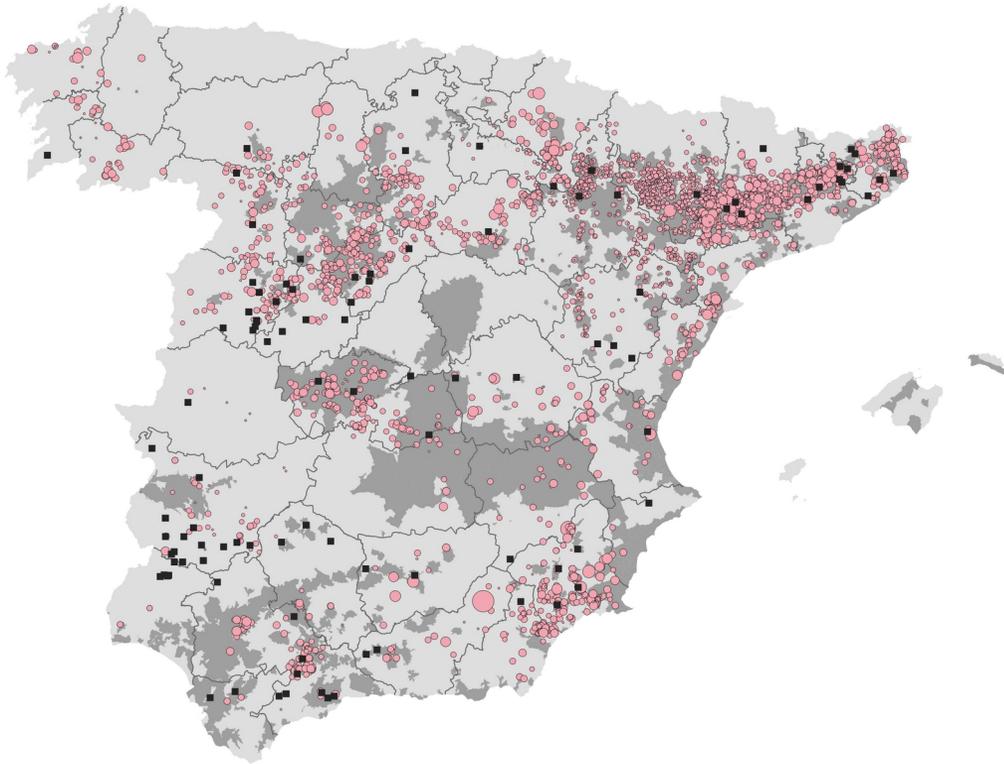


	2015 (%)	2021 (%)	Dif (%)
Integracion	65	74	9
Cooperativa	17	15	-2
Independiente	18	11	-7

- Integracion
- Cooperativa
- Independiente

# INTEGRATION

A photograph of a pig farm with the word 'INTEGRATION' overlaid in large black letters. The background shows a large indoor facility with metal railings and a grid floor. A large group of white pigs is gathered in the center, with several smaller piglets scattered around them. The scene is brightly lit, and the overall tone is clean and professional.



Granjas porcinas AAI

Mataderos

Zonas Vulnerables

### Integrating companies in Spain

- 100% Family sized companies
- (exception: 1 multinational integrator from the Netherlands)
- The oldest ones are already in the 3rd generation of farmers. But there are integrators in 2nd and 1st generation of farmers.
- Evolution towards the industrialisation of pork

### Integrated livestock farmers in Spain

- 100% Family businesses of different sizes
- Land-based.
- Need slurry to fertilise cereals
- With or without hired labour
- Generational changeover

## Integrating company

- Animals
- Food
- Veterinary services
- Veterinary medicines
- Animal marketing
- Payment to the integrated farmer



## Integrated livestock farmer

- Facilities
- Labour
- Energy / water
- Waste management.
- Carcass management
- Receives payment for the animals produced.



CVE-DOGC-B-20339033-2020

## DISPOSICIONES

### **DEPARTAMENTO DE AGRICULTURA, GANADERÍA, PESCA Y ALIMENTACIÓN**

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**RESOLUCIÓN ARP/3174/2020, de 3 de diciembre, por la que se hace público el modelo homologado de contrato de integración.**

# **Integrated Livestock Farming. Additional elements**

## **Payment according to integration contract:**

- Piglets (mother farm): from 12 to 15 €/weaned piglet.
- Fattening: 14-16 €/pig produced

## **In addition:**

- Feed. Conversion rate
- Mortality
- Antibiotic use
- Biosecurity

## **Other services provided by the integrator**

- Visitors
- Vaccinators
- Loaders
- Cleaning and disinfection of facilities
- Floating team to cover breaks, holidays and sick leave

## Integrated farmer:

Farm: 3,500 sows. Piglets production 6kg

Investment: 6.5 M €.

Amortisation: 10 years

### Annual expenses:

Amortisation + interest rate: 675.000 €.

12 workers: 480.000 €.

1 Foreman: 60.000 €.

Other costs (manure, water, electricity, dead animals...) : 375.000 €.

Total: 1.590.000 €.

## Integrated farmer:

Farm: 3.500 sows. Production piglets 6kg

Invest: 6,5 M €

Amortization: 15 years

### Annual Incomes:

- $3.500 \text{ sows} * 32 \text{ w/s/y} = 112.000 \text{ piglets}$
- $112.000 * 15 \text{ (without pluses)} = 1.680.000 \text{ €}$

**Results: + 90.000 €** (with amortization/without pluses)

## Integrated farmer:

Farm: 6.000 fatteners.

Invest: 1,8 M €

Amortization: 15 years

### Annual Expenses:

- Amortization + interest rate: 125.000
- 2 Workers: 60.000 €
- Other cost (Slurry, Water, Electricity, Death Animals...) : 20.000 €
- Total: 205.000 €

## Integrated farmer:

Farm: 6.000 fatteners.

Invest: 1,8 M €

Amortization: 15 years

Annual Incomes:

- 6.000 fatteners \* 2,3 – (3%) = 14.000 slaughter pig
- 14.000 pigs \* 15 = 210.000

**Results: + 5.000 €** (with amortization/without pluses)



# Integration model

- 1.- Rigid or inflexible model in the short term. Depends on contracts
- 2.- Integrated livestock farmer has not entered more due to increased exports to China.



# Integration model

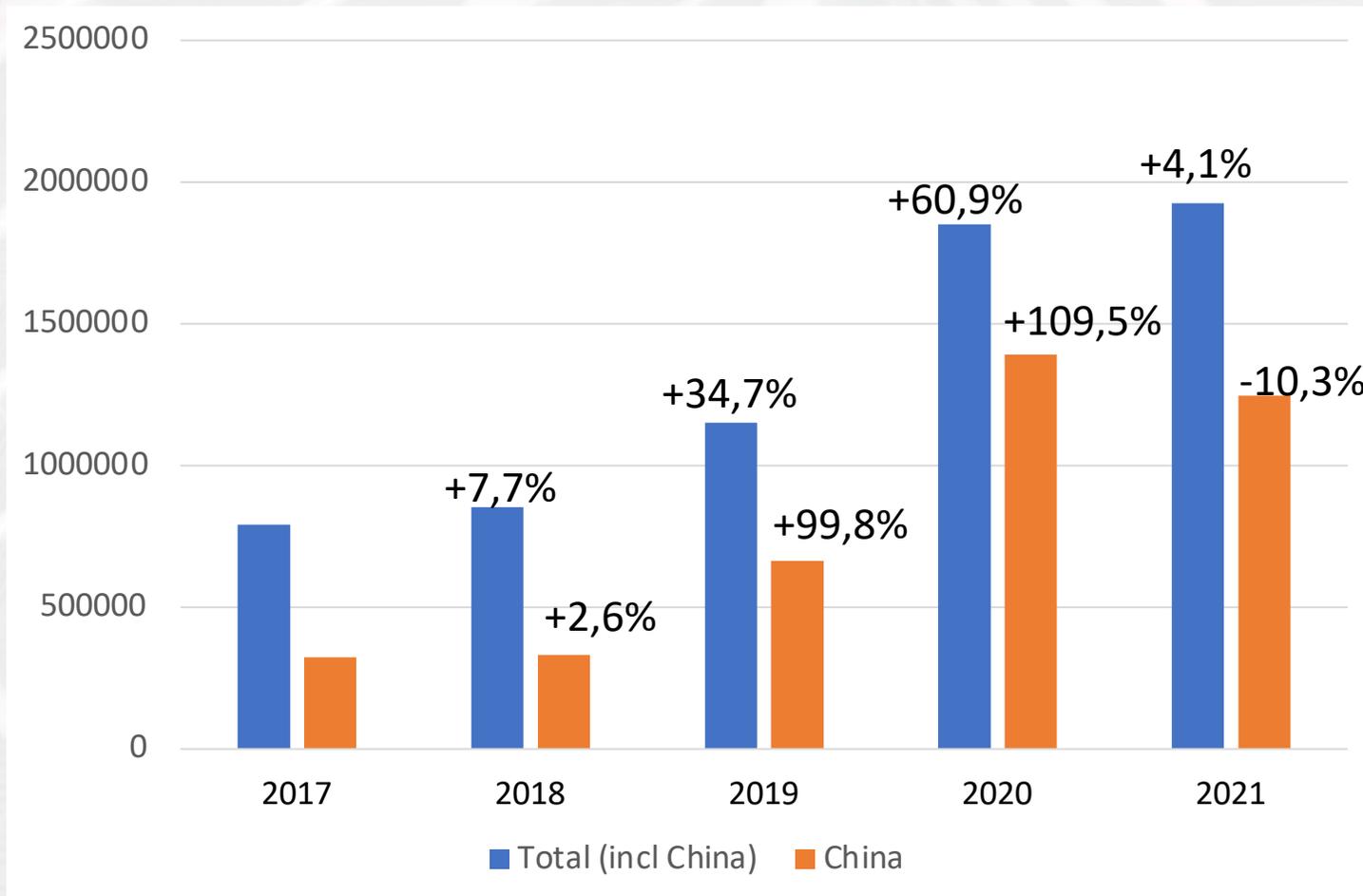
## For the integrated livestock farmer

- 1.- Total profit security
- 2.- Very robust system that brings more reliability to the meat industry.
- 3.- Specialisation and professionalisation. The farmer does not have to worry about raw materials or sales prices. He only worries about the animals.
- 4.- Very stable employment. It boosts rural development.
- 5.- Use of slurry as fertiliser.
- 6.- Generational change
- 7.- Sanitary control

## For the integrated livestock farmer

- 1.- Accompanied dimensioning
- 2.- Productive efficiency
- 3.- Economy of scale
- 4.- Virtualisation and structuring
- 5.- Market oriented production (international or national)
- 6.- Adaptation to the market
- 7.- Chain balance (by dimensioning)

# Example of the strength of a verticalised system: Exports to third countries



- In 2021 there has been a generalised loss of exports to China
- Spain has lost 10.3% of sales to China.
- This has been compensated by other destinations and the total has been an increase in exports to third countries of +4.1%.

# Fertilisation needs

Spain: 50,599,000 Ha

Arable land: 17.000.000 Ha (76% rainfed and 24% irrigated)

N requirements (at 50 kg N/Ha) = 850,000 tonnes of N

Pig sector (2019) N production = 155,729.6 tonnes N  
(only 18.3% of the needs are covered)

“From farm to Fork” strategy Reduction of fertiliser use

# Vertical integration

- Guarantees the benefit to the farmer
- Ensures social, economic and environmental sustainability of the pig sector
- Very robust system
- System able to compete in external markets
- Market Confidence. Traceability through reducing number of suppliers
- Reduces the atomisation of production, balancing the chain.
- Allows to work in economy of scale
- Market oriented
- Specialisation of production



**Junio 2021**

2.400 cerdas con lechones a 20 kg



**Sept 2021**

3.400 cerdas con lechones a 6 kg



Duchas



Tratamiento agua



**Ene 2022**  
2.700 cerdas con  
lechones a 20 kg

Partos libres



Geotermia

