PDIC conference

How did it happen?

Marcel Hacault
Manitoba Pork Council
April 25, 2003
Average Number of Pigs Per Farm in Manitoba

No. of Pigs

1-Jan
1-Apr
1-Jul
1-Oct

Year


0 200 400 600 800 1000 1200 1400 1600 1800
Number of Pig Farms in Manitoba

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Farms</th>
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<tbody>
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<td>1996</td>
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*Note: The image shows a bar chart with the number of pig farms in Manitoba from 1996 to 2002, categorized by different months.*
Production

- 6.5 M pigs marketed (↑ 7.8%)
- 3.60 M hogs - MB origin slaughter (↑ 5.4%)
- 1.95 M weanlings exported
- 0.93 M hogs exported
Manitoba Hog Exports To USA By Quarter

Data Source: Manitoba Pork, Est, Statistics Canada

Market Analysis and Statistics Section, Manitoba Agriculture & Food
Manitoba Processing

- Maple Leaf Foods Brandon 45,000 hogs/wk
- Maple Leaf Foods Wpg 17,500 hogs/wk
- Springhill Farms 20,000
- Max capacity ~ 6 million currently 4.7M
- 85% supply contracts
Manitoba Growth

- Weanling production
- Uncertain approval process
- Feed grain supply
- Cold weather, less disease
- COOL
Reliance on U.S.A.

- Soy, corn
- Equipment
- Surplus hogs
- Price discovery
- Weaner market
- Smithfields ownership in Sask Mitchell’s
- U.S. investment in Manitoba barns
- Canadian investment in U.S. finisher contracts
How did it happen?

- Asleep at the switch
- Canada exports are 6-7% of U.S. market
- Little trans-border movement of hogs
- Production contracts in N.D. for MPL Brandon
- Strong demand for Canadian quality isoweans not met by U.S. suppliers
Traceability

• Is happening as we speak.
• MPL DNA project-market access
• Farm and animal ID- FAD, Food safety, animal welfare and environment.
• Goal should be to add value or to gain/retain market access.
The future with COOL

- Market advantage to poultry
- Less transparent pricing in Canada
- Larger U.S. packer interests in Canada
- More U.S. hogs imported to Canada
- Less market hogs exported to U.S.
- More Canadian pork replacing U.S. pork in exports
- Building on “Canada” brand in APF
- More case ready product
COOL Future cont’d

- Closure/reassigning of some U.S. plants relying on Cdn sources to maintain efficiencies
- Supply chain adjustments
- Forced integration of farmers into supply chains
- Segregation of product stream for food service trade and processed food items
- Liability implications of Product of Canada, raised and slaughtered in U.S. label