Gwell Cysylltiadau Busnes Organig

Better Organic Business Links

A Market Review of the Welsh Organic Pig, Poultry and Arable Sectors

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The Organic Centre Wales has received £2 million funding through the Rural Development Plan for Wales 2007-2013, which is funded by the Welsh Assembly Government and the European Agricultural Fund for Rural Development, to run the Better Organic Business Links (BOBL) project over 3 years (2009-2012). The BOBL project is designed to support the primary producer in Wales and grow the market for Welsh organic produce in a sustainable way. The project will develop new, emerging and existing markets for organic produce whilst driving innovation, at all levels, within the supply chain. It will strive to increase the consumer demand and markets for organic produce, especially in the home market whilst also ensuring that the primary producers are aware of market demands. The project will provide valuable market information to primary producers and the organic sector in general.

Delivery of the project is divided into five main areas of work:

1. Driving innovation
2. Consumer information and image development of organic food and farming in Wales
3. Market development
4. Market intelligence
5. Addressing key structural problems within the sector.

This report provides market intelligence and is one of a series covering the main organic commodities produced in Wales.

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Executive Summary

The sectors under review in this report are minority sectors in the context of mainstream Welsh agriculture, both organic and non-organic. There are linkages between them centred around the use of cereals in the diets of both pigs and poultry.

In 2009 the overall organic market decreased for the first time in nearly 20 years (Soil Association, 2010). The market as a whole reduced in value by 12.9%. It was not possible to disaggregate figures for all the sectors but the poultry and game sector dropped by 28.2%. Pig meat is part of the fresh meat category and this dropped by 22.8%. Figures for bread and bakery, biscuits, and breakfast cereals fell by 39.8%, 19% and 8.6% respectively.

The Welsh organic arable area has shown a slight increase but the patterns identified in an earlier survey (Hitchings, Clark, & Trump, 2007) are broadly similar. Organic arable production occupies 4% of the Welsh certified organic land area compared with 9% for the UK as a whole. This represents 7.6% of the total Welsh (organic and non-organic) arable area. The majority of the crop produced is used on-farm or traded with other producers. A fifth of production is sold to traders but none is sold to processors as there are no processors with facilities in Wales.

According to the Welsh Organic Producer Survey (Moakes & Fowler, 2010), the Welsh laying flock remained broadly the same from 2008 to 2009 but egg sales are shown as dropping sharply. Producers have expressed concern about the price of feed but some of those contacted are planning to expand. Difficulties have been experienced when seeking organically raised pullets and some are considering raising their own. A number of egg producers would be willing to produce table birds but there are no available slaughtering facilities in Wales. Some feed grain and some would source local supplies of grain if they were available.

There are only two significant producers of table birds in Wales and one of these did not provide any information for the review despite several attempts to contact them. This particular producer has the only licensed slaughtering facilities in Wales but does not slaughter for other producers. Exempt slaughtering facilities exist but they are subject to a number of restrictions. The lifting of these restrictions could make it possible for increased production.

The overall Welsh pig herd has consistently decreased over the last 20 years. The organic pig herd is small and it has also decreased. Feed prices have been a contributory factor along with poor prices, a lack of suitable land for rotating pigs and difficulties in sourcing organic weaners. Slaughtering facilities exist in Wales but the number of pigs killed is decreasing and one facility did not kill a single pig in 2009.

There is a need for linkages to be developed between potential cereal producers and pig/poultry producers. There is a lack of infrastructure that would need to be addressed if these sectors are to halt their decline and expand. Information and technical expertise is also needed to sustain these sectors. Market promotion is also an essential component of further development of these sectors.

1 Introduction

1.1 Overview

This review covers the minor production sectors in Wales other than horticulture which is dealt with in a separate review. These sectors are very different in many respects but there are some threads that link them together. Pigs and poultry are non-ruminant mono-gastric animals and they cannot convert grass and forage in the same quantity and efficiency as ruminants. In order to address their dietary needs and to guarantee an economic level of production they must be fed cereals and other more concentrated feedstuffs.

Arable production is therefore potentially linked to the production of pig meat, table birds and eggs. A previous market review (Hitchings, Clark, & Trump, 2007) showed that the majority of a relatively small area of organic arable production was either used on-farm or traded between farms primarily for ruminant consumption in the production of milk, beef and lamb. This review will revisit this area and also consider the production of pigs, table poultry and eggs in some detail. It will explore the links, if any, between Welsh organic arable production and these minority sectors.

A team approach has been used for this review with team members who are knowledgeable in the individual sectors. The review starts with a general overview of both the organic and non-organic markets that is followed by individual reviews of the different minority market sectors. The wide scope of this review has had implications for the time input and level of detail for both the individual sector reviews and the general overview.

1.2 History

While organic horticulture played an important part in the development of the overall organic sector and its market (Hitchings, Frost, Sumption, & van Diepen, 2007), the early expansion of organic production in Wales in the 1980s was agricultural with a number of farms focusing on established livestock enterprises such as dairy, beef and sheep. A number of farmers re-introduced cereals onto these farms often as oats or barley for retaining for animal feed. Pigs and poultry did not feature significantly by comparison in these early developments but a number of producers were engaging with egg production on a small scale.

2 The Market

This section will start with a relatively brief review of the UK food market to set the overall context. Figures for the fresh produce sector will be included and the relationship between the organic market and the wider market for all types of food will be explored. This will be followed by the picture for Wales. It is not usually possible to easily find disaggregated data for Wales so this will be interpolated from the UK data.

2.1 The UK food market

A sample review from Cobweb Information Ltd. (Cobweb, 2009) gives an overview of performance, trends and key factors affecting the UK food and grocery retail sector published in September 2009. In this they quote IGD (formerly the Institute of Grocery Distribution) as stating that the UK food and grocery retail sector was worth £140 billion in 2009.

This excludes online food retailing which IGD note was worth £3.2 billion in 2008 and they predict that it will rise to £13.2 billion in 2013, a significant expansion. Its average growth rate is 4% per year so the 2009 figure will be in the region of £3.32 billion. In total the UK food market was worth £143.3 billion for 2009. If alcoholic drinks are included the figure rises to £173 billion (Defra, 2009).

2.2 The UK organic market

The Soil Association Market Report 2010 (Soil Association, 2010) shows that total sales in the organic food market accounted for £1.84 billion in 2009 down from the high of £2.11 billion in 2008. This followed a period of more than 13 years of continuous growth and was a drop of 12.9%. The reasons for this decline tend to be focused on the credit crunch and tighter finances but there are other influences in the market place such as competition from Fairtrade products. Sales through multiple retailers fell by an average of 12.2% while non-multiple retail outlets saw combined sales fall by 14.9%. This suggests that there was a slightly larger turn away from more local marketing compared to the supermarkets. This implies that things have been tougher for locally oriented fresh produce outlets.

The report divides the market into a number of different categories but they do not always match the sectors covered by this review. Fresh Poultry and Game is a separate category – this was 2% of the market in 2009, a sharp drop of 28.2% on the previous year. Eggs are not included as a separate category and pig meat products are included in the overall fresh meat category. The market share for this category stood at 5% for 2009, a fall of 22.7%. It is impossible to say if pig meat sales suffered a greater or lesser drop.

Arable crops feed into several categories in the report. These are bread and bakery (3%), biscuits (3%) and breakfast cereals (4%). Overall this is 10% of the market, a figure that does not include those crops used in the production of animal feed. The fate of these food categories in the recent down turn is very mixed; the sales of breakfast cereals dropped by 8.6%, biscuits by 19% and bread & bakery by 39.8%. Breakfast cereals have performed better than the market as a whole while bread & bakery sales showed the largest drop in sales of all the categories reported.

2.3 The Welsh food market

It has not been possible to obtain figures for the Welsh food market so in order to get a ball park figure we have used the overall UK market statistics coupled with a ratio based on relative population figures. On the basis of government statistics (ONS, 2009) the Welsh population in 2009 was 4.9% of the total for the UK. Applying this assumption to the overall market statistics it is possible to get a figure of £7.02 billion for total food sales excluding alcoholic drinks. It is necessary to apply a serious caveat here – the demographic in Wales will be different and some studies have suggested that buying behaviour is different (Lobley, 2009). Nevertheless a round figure of £7 billion provides an overall context for this market review.

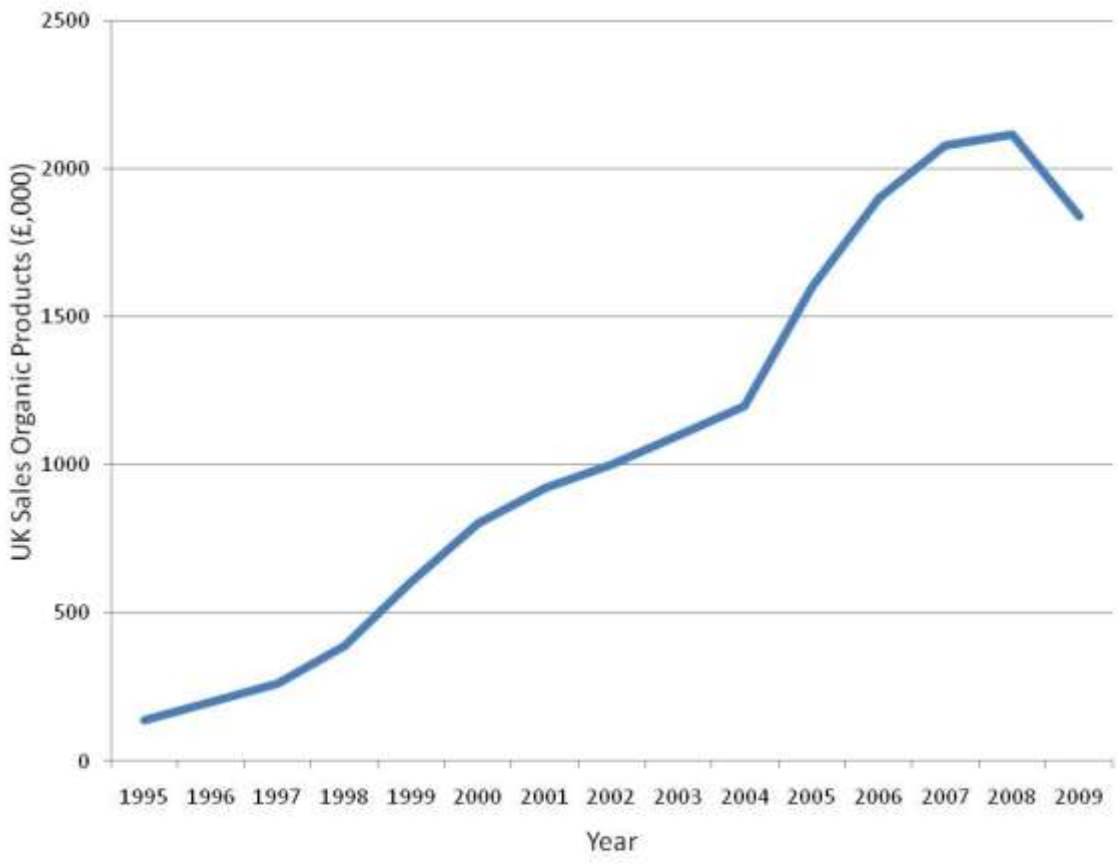

Figure 1: UK Sales of Organic Products (£,000) 1995 – 2009.
(Soil Association, 2010)

2.4 The Welsh organic market

Applying the same population based approach it is possible to derive a figure for the total Welsh organic market and this is in the region of £90 million. If the proportions for the easily identifiable categories set out in the SA market report are applied, approximate figures for the total market for organic poultry (2%) and cereals for human consumption (9%) can be derived. These are £1.8 million and & £8.1 million respectively in 2009.

The SA market report differentiates the total market by outlet type (Table 1). Great caution must be applied to the figures in the 3 right hand columns as they have been calculated on the assumption that purchasing behaviour is the same in Wales as in the rest of the UK. That said the indications are interesting in that organic fresh produce is sold in relatively small quantities through some outlets.

The Exeter (Lobley, 2009) study suggests that Welsh farms tend to seek national (i.e. UK) markets for agricultural produce such as beef, lamb and milk but the evidence of the producer survey strongly suggests that Welsh horticultural producers are much more local market focused. This is discussed in more detail in the next section.

Table 1 : Value of UK and Welsh organic sectors (£m) 2009
(Soil Association, 2010).

£ million	UK all organic	Wales all organic (est)	Wales organic poultry and game (est)	Wales organic bread, biscuits, cereals, etc.
Multiple retailers	1,356.80	66.48	1.330	5.983
Box scheme/home delivery/mail order	154.20	7.56	0.151	0.680
Farm shops	32.67	1.60	0.032	0.144
Farmers markets	18.96	0.93	0.019	0.084
Catering	16.47	0.81	0.016	0.073
Other independent retailers	261.10	12.79	0.256	1.151
Totals	1,840.20	90.17	1.803	8.115

3 Welsh organic production

3.1 Organic land area

The organic land area in Wales has continued to grow in all sectors of production albeit with certain sectors growing faster than others. The main increase has been in grassland associated with beef and sheep production. Overall there has been a greater growth of organic and in-conversion land in Wales than other parts of the UK.

Table 2: Distribution of organic land (hectares) in the UK and area change in 2009 cf 2008
(Soil Association, 2010).

	2008	2009	% age change
UK organic land	524,303	594,413	+13.4
UK in conversion land	157,893	149,103	-5.6
UK total organically managed	682,196	743,516	+9.0
Wales organic land	65,127	75,143	+15.4
Wales in conversion land	30,908	49,475	+60.1
Wales total organically managed	96,035	124,618	+29.8

The details relating to the individual sectors are discussed in the following sections.

4 The Welsh organic arable sector

4.1 Introduction

A previous market report was produced for this sector in 2007 (Hitchings, Clark, & Trump, 2007) and the main conclusions were as follows:

- Welsh organic land area increased over the period 2002-05; the organic arable land area increased at a slower rate than that for grassland.
- Actual output of Welsh arable producers was difficult to quantify using available figures.
- A producer survey showed that 50% of crops were harvested as whole crop and 47% as grain. Only 455 tonnes of grain was actually marketed and yields tended to be on the low side. Poor prices and high transport costs were cited as disincentives to growing grain for the market.
- A trade survey showed that the vast majority of feed is imported and on the basis of the responses this was estimated to be approximately 16,000 tonnes – 11,000 tonnes for ruminants and 5,000 tonnes for non-ruminants. Feed compounders estimated that demand would continue to increase by 20% annually.
- A SWOT analysis suggested that there were more weaknesses than strengths and concern was expressed about a reported decrease in plantings for the then current season (2007).

4.2 Organic arable crops in Wales

The area of cereals and other arable crops continues to lag behind other enterprises and is relatively static accounting for approximately 4% of Welsh organic land, whereas just over 9% of all UK organic land is in arable production. The Welsh Organic Producer Survey 2009 (Moakes & Fowler, 2010) shows the area of organic cereals increasing from 2,361 hectares in 2007 to 3,002 hectares in 2008, an increase of 27%. This represents 7.6% of Welsh cereal production.

The same survey also reported a category of Other Arable that includes oilseed crops and pulses. This showed a sharp increase from 1,618 hectares in 2007 to 3,164 hectares in 2008, an increase of 96%. This represents 13.1% of Welsh production of these crops.

Arable silage/preserved grain is the most common form of arable production followed by combined crops and then a small area of fodder crops. The 'split' figures in the following table refer to the proportion of the total land areas – 47,810 hectares for the organic column and 24,316 for the in conversion column.

Table 3: Area of Welsh organic arable land in 2009
(Moakes & Fowler, 2010)

Crop type	Survey Recorded Data						Estimated Data		
	Fully organic		In-conversion		% organic & in-conversion		Calculated total Welsh areas hectares		
	Area ha	% split	Area ha	% split	Organic	In-conv	Organic	In-conv	Total
Total arable	7016	14.7%	1769	7.3%	79.9%	20.1%	10750	2750	13500
Fodder crops	343	0.7%	217	0.9%	61%	39%	525	325	850
Arable forage	1153	2.4%	179	0.7%	87%	13%	1775	275	2050
Arable combined	919	1.9%	276	1.1%	78%	22%	1425	400	1825

With the majority of production being used on-farm either as combined grain or whole-crop silage little is left for off-farm sales. That which was sold went mainly to other organic producers with very little sold to processors or grain traders (Organic Arable, 2010). The lack of processors in

Wales and the resulting high costs of transport coupled with the small scale of production and the lack of infrastructure on farms all contributed to the low level of sales other than to other producers. There were no bulk sales to traders and only 20% of sales went direct to processors

Table 4: Organic arable crop production in Wales 2009
(Moakes & Fowler, 2010)

	Area grown (hectares)a	Total production (tonnes)	Average price £/t	Market route		
				Another Producer	Direct to processor	In bulk to trader
Wheat	65.337	311				
Barley	250.76	1379	201			
Oats	169.39	777	182	80%	20%	0%
Triticale	55.294	311				
Peas & Beans	15.522	167				
Other crops	77.833	326				

4.3 Prices

Very little price information was forthcoming from the producer survey so the latest round ups of prices from the Soil Association's market information pages are reproduced here. It can be seen that the few prices quoted in the table above are significantly above those quoted below. Cereal prices vary and the respective sales will have taken place at a different time of year.

Table 5: Organic feed ingredient prices as at 26/04/10
(Soil Association, 2010)

Commodity – Feed	Ex-farm price (£/t)
Wheat	£178
Barley	£156
Oats	£125
Triticale	£150
Beans	£237
Peas	£235
Soya Expeller	£490
Lucerne	£200
Sunflower	£245
Maize	£230
Molasses	£450

4.4 SWOT analysis of the production and marketing of organic arable crops

(Based on the responses to a survey of Welsh arable producers)

4.4.1 Strengths

- Cereals and cereal/legume mixes when harvested as whole-crop can reduce the impact of weeds.
- The above mixtures can improve nutrient residues and improve soil structure.
- The increase in livestock demand should maintain prices at or around the current level.

4.4.2 Weaknesses

- Very few producers are ACC (Assured Combined Crops) registered and cannot sell to traders/processors.
- The small scale of production does not encourage investment to allow ACC registration.
- Small fields and poor accessibility discourage contractors.
- Beans and/or peas are not grown as combinable crops in any significant amount.

4.4.3 Opportunities

- The setting up of processors/compounders in Wales
- There is room for expansion of the arable area given the increase in organic/converting livestock.

4.4.4 Threats

- Reduction in poultry enterprises will reduce demand but given the relatively small scale when compared to cattle and sheep the effect will not be large.
- Glastir payments may not be sufficient to encourage further conversion or persuade existing organic farmers to remain.
- Lack of Welsh processors/compounders means high transport costs.

4.5 Recommendations

- There is a need for a more focused approach to arable crops suitable for Welsh production..
- A similar organisation to SAC Organic Market Link should be considered in order to improve the linkages between arable and livestock sectors.
- Greater on-farm self-sufficiency should be encouraged.
- Continue enhanced payments to organic arable areas.
- Encourage the setting-up of an organic feed compounding operation in Wales.
- If the sector is to expand in Wales more effective matching of livestock requirements and crops sown will be required.

5 Organic egg production

5.1 Introduction

Over the UK organic egg sales fell by 19.1% in 2009 (Soil Association, 2010) and accounted for 4.5% of all eggs sold. At the same time as the organic sector has been contracting, the free-range egg sector has been growing. Barn egg sales grew by 18.4% while free range grew by 7.8%. This is in part due to the wide range of publicity that the free-range sector has attracted over the last couple of years and partly due to the cage ban coming into force in 2012. There is a degree of confusion among the buying public about the relative benefits of organic and free-range especially where eggs are concerned. (Soil Association, 2010).

With the growth in the free-range market, those contracted to supply organic eggs have in many cases been encouraged to revert to free range by their egg packers. The egg packers that were contacted all suggested that they expected further decline in demand for organic eggs in the next year, with one suggesting that organic is no longer of relevance to them. Farmhouse Freedom Eggs, which would appear to be the largest egg packer dealing with organic eggs in Wales, while not encouraging their producer to revert to free range, have not been recruiting organic producers. Over the last year they have seen a 15% decline in demand for organic eggs. This has meant selling organic eggs into the free-range market at times. The decline, according to Farmhouse Freedom Eggs, has been not just in the supermarkets, but across the board.

It is interesting to note in the Soil Association report and amongst the producers that were contacted, that the affect of this recession has been felt more by those selling into a wholesale market than those selling either direct or through local outlets. Two of the larger egg producers in Wales who sell wholesale, mentioned that they had been encouraged by their egg packer to revert to free range production and while no producer claimed a reduction in price, only those selling direct reported a price rise over the last year.

5.2 Market review producer survey

Thirty one organic egg producers from the lists supplied by Organic Centre Wales, Organic Farmers & Growers and Soil Association Certification have been interviewed. Defra statistics (Defra, 2008) show 35 organic egg producers in Wales so this represents very good coverage. Welsh Quality Food Certification (WQFC) has also supplied total numbers of birds registered with them.

5.2.1 Number of organic layers

This has not been an easy figure to calculate. The producer survey 2009 (Moakes & Fowler, 2010) suggested that there were 35,439 birds from their survey and raised this to 45,000 when allowing for non-respondents.

The results from the 31 producers interviewed give a total of 23,778 layer birds. It is believed that these include all the larger producers (over 50 birds) and when combined with the figures from WQFC gives the total for layers of 37,778. The total number of organic layer birds in Wales is therefore estimated to be between 38,000 and 39,000. This is below the estimated figure on the 2009 producer survey of 45,000. This is probably because more of the larger producers responded to the 2009 Welsh Organic Producer Survey (Moakes & Fowler, 2010) and the estimation of total numbers did not take this into account.

Please note that the following tables (6 – 13) were generated from the answers provided by producers who responded to the survey.

5.2.2 Number of eggs sold

During the phone interviews for this review, producers were asked how many eggs they were getting per bird. These were not accurate figures and were based on producer's memories or possibly optimistic suggestions. However, the egg production figures from the 31 interviews suggest a total of 546,500 dozen. At 276 eggs per hen, this is not an unrealistic value but at the higher end of the performance scale which might be expected for larger holdings. Moakes & Fowler (2010) recorded total sales 794,000 doz. eggs (269 per hen) of which only 422,000 doz. were sold as organic for the farms they surveyed.

5.2.3 Market for organic eggs

Of the 31 producers interviewed 7 sold their eggs wholesale, this represented 506,000 dozen eggs. Estimates for the remaining producers not surveyed suggest that 3 more would be selling into a wholesale market, a further 245,000 dozen.

Of the others surveyed, 14 producers sold direct (15,069 dozen eggs) and 10 producers sold to retail outlets (25,534 dozen eggs). Taking account of the farms not surveyed, the total estimated production is similar to that of Moakes and Fowler (2010), so that around 800,000 doz. represents a fair estimate, but a significant proportion will not have been sold as organic.

Table 6: Organic egg sales and market outlets
(ORC telephone survey)

	Interviewed		Estimated		**Total**
	Number of Producers	Production (1,000 doz)	Number of Producers	Production (1,000 doz)	Production (1,000 doz)
Wholesale	7	506	3	245	751
Direct	14	15	13	2	17
Retail	10	25.5	11	2.5	28
Totals	31	546.5	27	249.5	796

5.2.4 Price trend over the last year (ORC telephone survey)

Over the last year the price has predominantly remained static. Feed prices have fallen slightly over this period which could help producers' profitability but there is no solid evidence for this at the time of writing. Three of the producers interviewed, who sell to the wholesale market, have seen a fall in the price paid. Four producers selling to retail outlets, or selling direct, saw their price rise, while one selling wholesale saw a price rise.

Table 7: Price trend over last year
(ORC telephone survey)

	Down	Static	Up
Wholesale	3	3	1

Direct	0	14	2
Retail	0	6	2
Total	3	23	5

5.2.5 Price per dozen

Not all respondents were happy to discuss the price they received for their eggs. It tended to be those selling on contract that did not wish to divulge prices.

- The three that responded who sell into the wholesale market received between £1.80-£1.88 per doz.
- Nine responded who sold to retail outlets. The price they obtained averaged £2.31 and ranged from £2.00 to £2.60.
- Sixteen who sold direct responded with an average price of £2.99/doz. and a range of £2.40 to £4.00 per doz.

5.2.6 Is the price high enough to carry on organic production?

This was initially a yes/no question, however so many said 'just' or 'just about' that it was decided to add "just" as a new response. In effect this response means that continuing as an organic producer was in the balance.

Table 8: Is the price high enough to carry on organic production?
(ORC telephone survey)

	Yes	Just	No
Wholesale	2	3	2
Direct	6	7	3
Retail	4	3	3

5.2.7 Future plans

The response to this question was mixed. Although three were considering decertifying and five will be contracting, ten were intending expanding.

Table 9: What are your future plans?
(ORC telephone survey)

	Wholesale	Direct	Retail
Same	2	8	6
Expand	3	4	3
Contract	0	3	2
Decertify	2	1	0

5.2.8 Feed price

Feed price varied considerably. There was an obvious difference between those buying in bulk and those buying in bags. All seven selling to wholesalers, and buying in bulk, were paying less than £400 (ranging from £330 -£380/ tonne), while those buying in bags were paying between £420 and £460. Only one producer was milling and mixing their own. This particular producer had an arrangement with an organic farm in Pembrokeshire to provide cereals. Five other producers fed cereals as well as a compound ration, **although many spoke of the difficulties finding organic cereals**. Predominantly, however, producers relied on a bought in compound ration.

Table 10: Breakdown of feed fed
(ORC telephone survey)

	Compound	Mill and Mix	Added Cereals
Wholesalers	6		
Direct	12	1	3
Retail	9		4

It was apparent that many more would feed cereals as part of the ration if they could obtain it. It would appear to be an area that OCW could help with, linking cereal producers willing to sell smaller amounts (1-3 tonnes) with poultry producers. There seemed surprisingly little interest from producers in mill and mixing although this could be to do with the lack of freely available cereals.

5.2.9 What is the major constraint to organic poultry production?

Although there were some varied answers to this question the majority quoted price of feed as a major constraint with the availability of point-of-lay pullets (POL) coming second. It appears that the availability of POLs was much more of a concern for the smaller and medium size producers than the larger producers. In some cases the contracted growers were being supplied POLs by their contractor.

Although nobody mentioned this, the cost of feed could be turned around to not getting enough for the eggs. Obviously most thought the cost of feed was too high, not that the price they were receiving was too low.

Table 11: Constraints to organic poultry production
(ORC telephone survey)

	Cost of feed	Availability of POLs	Lack of land	Availability of organic cereals	Lack of labour	Outlets for seconds
Wholesale	4		1			1
Direct	11	5		2	1	
Retail	8			1	1	

5.2.10 Do you bring in organic point of lay (POL) hens?

The answer was pretty even between those who managed to obtain organic POLs and those who did not. Surprisingly there were many producers who would consider rearing their own.

Table 12: Do you bring in organic POLs?
(ORC telephone survey)

	Yes	No	Would you consider rearing your own?
Wholesale	3	3	4
Direct	8	9	11
Retail	6	2	7

5.2.11 Breed of chicken

Amongst the wholesale producers with the larger numbers, as one might expect, there was a predominance of hybrid breeds. Most popular at present appears to be the Silver Nicks, Silver Links or the Brown Nick, although Hiline and Shaver were still very present. Amongst the medium producers Calder Ranger and Black Rock appear to be very popular. The older breeds are well represented with those producers keeping less than 50 birds, with many of them breeding their own.

Many of the smaller producers (less than 50 birds) are very aware of the interconnection of the different enterprises. They therefore appear less profit driven and more likely to have older, less productive breeds but very aware of the contribution of the poultry to the wider farm.

5.2.12 Would you consider rearing meat birds as well as layers?

Interestingly a surprising number of producers would consider or have considered rearing table birds as well as layers. It is likely that many would be doing so if it weren't forslaughter issues and regulations, of which they are well aware. Many of the larger producers would also consider meat bird production but for the regulation issues.

Table 13: Would you consider rearing meat birds as well as layers?
(ORC telephone survey)

	Yes	No	Yes but for regulation issues with regard to slaughter
Wholesale	5	1	4
Direct	8	7	8
Retail	5	4	5

5.2.13 Other concerns mentioned

The other concerns that were mentioned included the possibility of new regulations requiring the stamping of eggs on farm. This is likely to require a major capital cost that some felt could not be justified.

Changes to the Egg Marketing Inspectorate were mentioned by one person as possibly leading to more investment in the egg packing station.

Two people mentioned lack of demand for eggs. One was in regard to the lack of a market for seconds while the other was a seasonal factor.

5.3 SWOT Analysis of the production and marketing of organic eggs

(Based on the author's analysis of responses to the telephone survey)

5.3.1 Strengths

- On balance this is a relatively stable sector.
- The product is organic, free range and produced in Wales.
- Eggs tend to be seen as having a healthy food image.

5.3.2 Weaknesses

- There is a risk of confusion with free range eggs.
- There is a vulnerability to external factors such as the price of feed.

5.3.3 Opportunities

- Sales could possibly be increased using clearer communication about the differences between organic and free range.
- Feed costs could be reduced if local supplies of whole grain cereals could be secured.
- Egg production can provide a stimulus to sales of other products such as table birds, vegetables, etc.
- The production of organic point of lay hens and pullets could provide an additional income stream.

5.3.4 Threats

- Supermarkets provide a threat to small and medium producers.
- The price of feed could increase.
- An increased regulatory burden could threaten viability.

5.4 Recommendations

- Identify producers interested in seeking local supplies of grain (see arable section).
- Clarify the position with regard to new egg regulations and disseminate the information to producers.
- Track the position of the EU Regulations with regard to organic pullets and advise producers of the potential time-line and requirements.
- Facilitate communications between those producers who could be in a position to supply organically raised pullets and those interested in buying them.

6 Table bird production

6.1 Introduction

The organic poultry sector has seen a sharp decline over the last two years. In UK the number of organic meat birds sold fell by an estimated 28%, with the abattoirs surveyed confirming a fall of over 20%.

6.2 Summary of survey

There are only nine registered organic poultry meat producers in Wales. Of these, six are very small, (one registered producer produced 25 chickens last year for their own consumption), producing mainly seasonal Christmas birds. The two remaining are Rhug Estate and Capestone. It has not been possible to talk to Capestone despite a number of attempts but Rhug estate produce 25,000 chickens per year. These are slaughtered in a registered slaughterhouse in Chester. All of their birds are sold direct at £6.60 per kg. They also have a demand for organic ducks, but with no slaughter facilities available they are unable to meet this demand.

As mentioned in the previous section, many producers would consider producing meat birds but for the slaughter issues. At present a slaughter facility needs to be registered with the Meat Hygiene Service to kill other birds from other producers. The only registered organic slaughter facility in Wales is Capestone. Unfortunately, Capestone do not kill other producers' birds, it is thought that this is because they are at capacity with their own birds.

There are many exempt facilities in Wales. These are administered by local Environmental Health Officers (EHOs). On the evidence of this survey, many producers would take advantage of a change in regulations allowing them to use exempt facilities. Many of these smaller, exempt facilities (see below), would have the ability to also kill and process water fowl. One of the reasons Rhug estate does not supply ducks is because such facilities cannot legally be used at present.

6.3 Exempt slaughter facilities

The exempt licence was originally created for farmers wishing to raise Christmas poultry. It was originally administered by the planning officer for the area. Now, more properly, the Environmental Health Office (EHO) has taken this role. The key thing with an EHO license is that a producer is only allowed to kill his or her own birds. It was designed to suit small scale seasonal production, and is limited to 10,000 birds a year. The producer can sell to retailers but not to wholesalers, and only then in the home and neighbouring authority areas (although if you are selling by mail order you can sell to anyone). It does not require a vet to be present when birds are killed and it requires a relatively low level of investment (Merrit, 2010).

6.4 SWOT Analysis of the production and marketing of organic poultry

(Based on the author's assessment of the responses and his own knowledge of the sector)

6.4.1 Strengths

- Existing large producers are successfully producing and selling birds.
- There is some local demand despite the overall market figures.

6.4.2 Weaknesses

- There are only 2 significant producers of table chickens in Wales.
- One producer has to send their birds to Cheshire for slaughter.
- There are no licensed slaughtering facilities in Wales except for the dedicated facility at Capestone.

6.4.3 Opportunities

- The Rhug could sell ducks but cannot get them slaughtered under current legislation on exempt facilities.
- There could be potential for value added products.

6.4.4 Threats

- Demand could continue to fall.
- The price of feed could increase.
- Potential changes to organic standards such as the introduction of 100% organic feed could threaten viability of existing operations.

6.5 Recommendations

- Continue to seek information from key players in the sector.
- Investigate the wider use of exempt slaughter facilities and engage in discussions with officials.

7 Pig production

7.1 Introduction

Pigs represent one of the smallest organic livestock sectors in Wales. This sector has not been formally surveyed before partly because it is seen as a minority sector with a relatively low level of sales that are primarily focused on direct marketing.

7.2 Welsh pig herd

In 2008 the total Welsh pig herd (organic and conventional) was 20,800 animals compared to 335,500 dairy cows, 340,400 non-dairy cattle and 8,517,600 sheep. Not only is the pig sector small, it is in decline. Numbers have dwindled from 90,800 in 1998 to 20,800 in 2008. (Statistics for Wales, 2010)

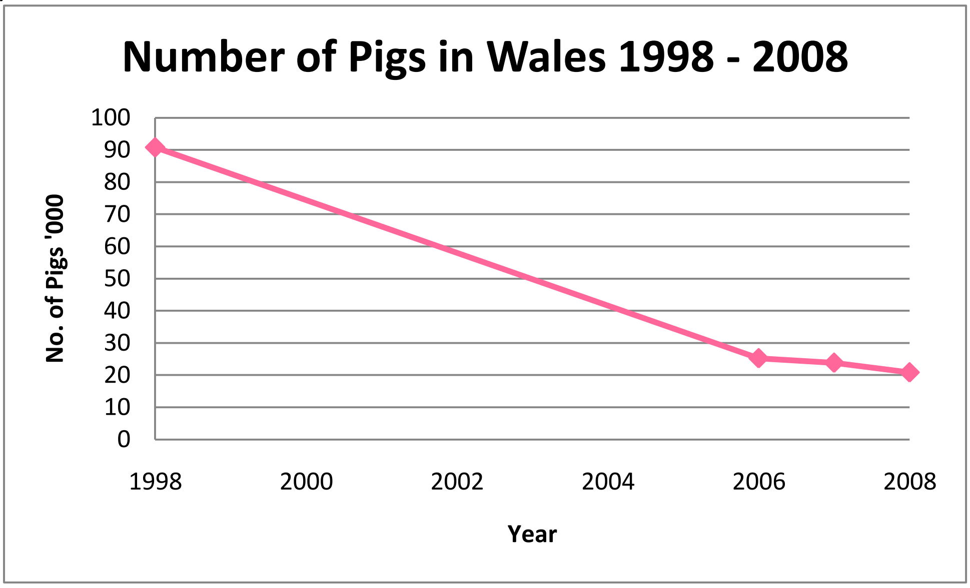

Figure 2: Total pig herd (conventional and organic) in Wales from 1998 -2008.
(Statistics for Wales, 2010)

7.3 Welsh organic pig production

Numbers of organic pigs in Wales are considerably lower than the conventional numbers cited above. It was estimated in 2005 (WDA, 2006) that only 812 finished pigs were produced for sale from 27 organic farms. Prices obtained for pork ranged from £2.17/kg when sold to producer groups to £8.25/kg when sold through farm shops. The WDA Report also estimated that 92% of organic pigs raised in Wales were retailed in Wales.

7.4 Current Picture

According to the Welsh Organic Producer Survey 2009 (Moakes & Fowler, 2010) 445 organic pigs were sold in Wales during that year. Of these 267 were finished pigs; 48 were store sales, while the remaining 130 were in conversion finished pigs.

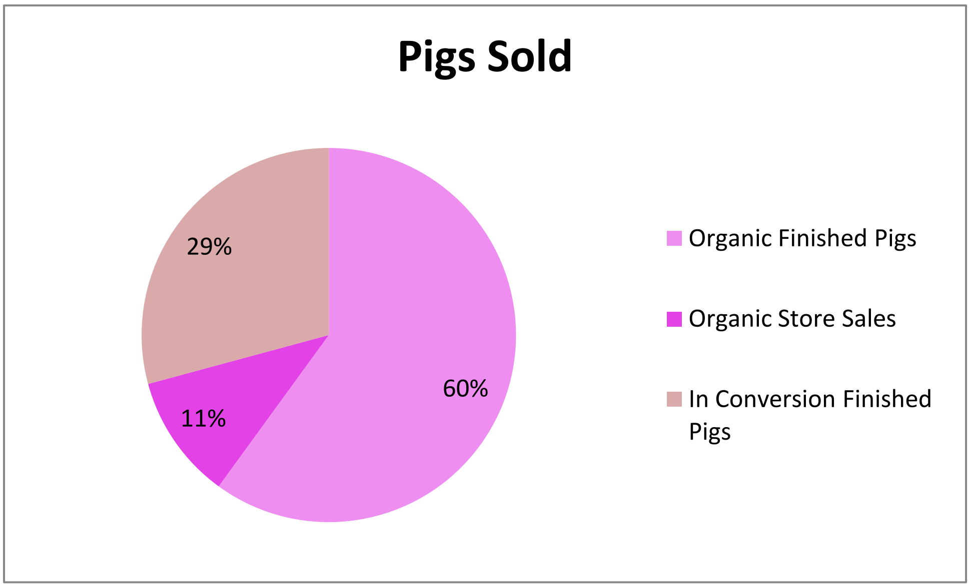

Figure 3: Percentages of Type Pigs sold, data from the Welsh Organic Producer Survey (Moakes & Fowler, 2010)

7.5 Number of holdings

There were fourteen responses to the Welsh Organic Producer Survey 2009, (Moakes & Fowler, 2010) a response rate of 56%. This gives at least 23 Welsh organic holdings that are running one or more sows.

7.6 Comments made by producers

- Limited area for required rotation of organic pigs.
- Not converted pigs due to difficulty in producing them to organic standards.
- Do not have suitable land or climate to keep them outdoors.
- Organic protein too costly.
- No incentive to produce pork, bacon on the end price which is too low.
- No organic weaners available locally and no organic feed available locally.

7.7 Feed Prices.

The price of bought in compound feed ranged from £280/tonne to £443/tonne, with an average of £384/t. Of the 14 pig producers that responded to the Welsh Organic Producer Survey 2009, (Moakes & Fowler, 2010), only 3 were producing any feed at home and all of these were producing cereals as opposed to protein crops.

7.8 Availability of Replacement Stock.

The Soil Association lists no results for pig producers in their Market Place for Wales. The surrounding areas include the North West, West Midlands and South West, in which fully organic Large White x Saddlebacks are available from one farm (Soil Association, 2010) in the Northwest sector as weaners and finished pigs. No breeding stock is advertised. There are 3 producers selling fully organic breeding stock and store animals from the South West. Both Saddleback crosses and Gloucestershire Old Spot crosses are available.

7.9 Slaughterhouses/Cutting plants.

The Food Standards Agency (FSA) lists thirteen porcine slaughterhouses in Wales. Of these three are registered to slaughter organic stock although the throughput is said to be very low.

Table 14: Organic slaughterhouse region and throughput in Wales
(Based on responses to telephone survey)

Region	**Number slaughtered in 2009**	**From how many holdings**
Bridgend	Approx 208	1
Ceredigion	18	Unknown
Denbighshire	0	0

Comments from slaughterhouses raise the following issues:

- Too much paper work already to bother with Certification.
- Cost of certification prohibitively high compared to the demand.
- No demand.

Of the three identified slaughter facilities one (Bridgend) is certified through an OF&G scheme which allows him to slaughter for the one customer without becoming fully licensed by them. This is in effect a supervised sub-contracting arrangement. The Denbighshire premises although licensed did not slaughter any organic pigs in 2009 nor any so far in 2010, they do however have organic sheep and cattle through. The final licensed operation (Ceredigion) has seen numbers fall in the last 3 years.

Table 15: No. of Organic Pigs slaughtered in the Ceredigion Premises
(Based on responses from the company)

Year	No. of organic pigs slaughtered
2007	89
2008	51
2009	18

One slaughterhouse said they would be willing to certify if there was the demand (Powys Region). One said he had talked to the Soil Association, whom he found extremely unhelpful and so expensive that is wasn't worth it as his throughput is roughly 8 pigs per week (total capacity) so now people would have to travel miles away instead, which he considered thoroughly unsustainable and bad for the animals' welfare.

Another was of the opinion he did not need to be certified to slaughter organic animals and that they were always awful, malnourished, worm riddled carcasses when he did. All said that the carcasses were taken home again by the producers.

7.10 SWOT Analysis of the production and marketing of organic pigs

(Based on author's analysis of responses to the telephone survey)

7.10.1 Strengths

- The product is organic, free range and produced in Wales.
- There is potentially a latent demand although it is difficult to quantify.

7.10.2 Weaknesses

- Reliant on feed brought into Wales.
- New breeding stock and organic weaners have to be brought from England.

7.10.3 Opportunities

- Use of subcontracting under organic licence to access local slaughtering facilities.
- Feed costs could be reduced if local supplies of whole grain cereals could be secured
- Value added products could find a potential market

7.10.4 Threats

- The price of feed could increase.
- Continuing non-availability of organic weaners and breeding stock in Wales.

7.11 Recommendations

- Discuss with certifying bodies the potential for sub-contracting a processor under a producer licence.
- Produce a fact sheet on pig production that takes into account the variation in suitable land quality in Wales.
- Identify an exemplar holding for use as a demonstration farm.
- Identify the potential demand for organic weaners and Welsh holdings that might be interested in supplying them.

8 Conclusions

There are particular problems in each of the sectors covered and there are also common issues.

8.1 Arable

- In broad terms there was a similar picture to that seen at the time of the 2007 report.
- There is a significant amount of organic arable cropping in Wales but only a small amount of what is produced actually gets traded in the sense of supplying wholesalers and compounders.
- Much of what is produced is retained on farm and less than 505 tonnes is harvested as dry grain.
- There is little interest in supplying on contract because there are no processing facilities in Wales. Distances to existing processors across the border add too much cost.

8.2 Egg production

- A fairly large quantity of organic eggs is still being produced in Wales and a number of producers intend to continue production despite issues in the market place. Some even intend to expand.
- The price of feed is seen as a constraint although it has eased.
- A few producers were feeding whole cereals and more would if supplies were readily available in the locality.
- Organic point of lay pullets are not widely available but some producers are interested in raising their own.
- A number of producers were interested in producing table birds but for the problems relating to slaughtering facilities.

8.3 Table bird production

- There is only a very small number of producers in Wales and only two of any significance.
- One of these was not available for comment despite several attempts.
- The issues of feed are as important as for layers but the main problem for anyone wanting to go into this area of production is the complete lack of registered slaughtering facilities in Wales.
- There is a case for extending the exempt facilities legislation to allow greater flexibility for producers.

8.4 Pig production

- The Welsh organic pig herd is small and getting smaller.
- Slaughtering facilities do exist but the combined throughput is dropping year on year – one premises has not killed a pig for some time despite being fully registered.
- As with other non-ruminant sectors the price of feed is a factor.
- Other reasons cited include the difficulty of sourcing new stock, lack of suitable land for a proper rotation, and poor end prices.

9 Recommendations

9.1 *Arable*

- Develop contacts between farms able to produce grain crops and poultry producers keen to feed locally sourced grain as a part of the ration.
- Provide information on the production of cereal crops through fact sheets and demonstration events.
- Ensure maximum involvement with relevant organic arable research being carried out elsewhere.
- Explore the feasibility of growing crops suited to Welsh conditions and disseminate the relevant information.
- Contact processors and compounders to evaluate the possibility of setting up processing facilities in Wales.
- In the short to medium term the possibility of establishing a collection point for bulking up for onward delivery should also be explored, subject to ACCS limitations and batch identification.

9.2 *Egg production*

- Identify producers interested in seeking local supplies of grain (see above).
- Clarify the position with regard to new egg regulations and disseminate the information to producers.
- Track the position of the EU Regulations with regard to organic pullets and advise producers of the potential time-line and requirements.
- Facilitate communications between those producers who could be in a position to supply organically raised pullets and those interested in buying them.

9.3 *Table bird production*

- Continue to seek information from key players in the sector.
- Investigate the wider use of exempt slaughter facilities and engage in discussions with officials.

9.4 *Pig production*

- Promote the potential for sub-contracting processors under a producer licence, as is possible with most if not all organic certifiers.
- Produce a fact sheet on pig production that takes into account the variation in suitable land quality in Wales.
- Identify an exemplar holding for use as a demonstration farm.
- Identify the potential demand for organic weaners and Welsh holdings that might be interested in supplying them.

9.5 *General*

- There is no question that all these sectors occupy a minority position in Wales when compared to the various ruminant sectors but there is a strong case for promoting them as part of an overall programme linked to a balanced diet.
- The lack of local infrastructure and inputs (whole grain, organic weaners, organic pullets, etc.) is common to most of these sectors. The improvement of this situation should be seen as a priority if these sectors are to grow.
- Ensure where possible that the maximum support is given to these sectors using enhanced payments and a promotion of expertise available through Farming Connect.

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