

Pig price volatility is pushing more and more Danish producers to find new ways to capture value and drive efficiencies across their production systems. **Caroline Stocks** meets one of them

Domestic market offers more even pig price average

When Asger Krogsgaard joined the family farm near Ringkøbing in western Jutland 23 years ago, his focus was entirely on piglets.

Starting with 100 sows on a 12ha unit, the family grew the enterprise around producing youngstock, eventually farming more than 1,500 sows across 625ha of owned and 200ha of rented land.

But 10 years ago, Mr Krogsgaard realised his strategy had to change. Market volatility was causing piglet prices to drop to a level that meant many pig farms were no longer making a profit.

It is a situation that hasn't really improved, with prices now sitting at about DKK270 (£26) a piglet and economists predicting the Danish pig industry won't be in profit again until 2017.

"Global market volatility was the biggest problem," Mr Krogsgaard says. "We could see the price of piglets was volatile, and that by selling our piglets on the German market we were subjecting them to those price spikes."

"We could see that slaughter pigs sold domestically didn't suffer the

same peaks as the piglet price, but they offered a more even price average. We had to decide which market to be part of, and for us it made sense to be in the Danish market."

Having focused primarily on piglet production for many years, Mr Krogsgaard realised he would need to expand his production to build up a slaughterer pig enterprise.

Unable to find land on any neighbouring farms, in 2005 he found a 80ha unit a few kilometres away and received a licence to rear 8,000 slaughter pigs there.

He knew he would need to produce more pigs to be able to make a profit though, so he designed a new unit that would allow him to produce 16,000 slaughter pigs a year, with the potential to double that if he wanted.

Building of the DKK23m (£2.2m) site was delayed for four years because of the financial crisis, but it was finally completed in 2012.

Mr Krogsgaard now runs 4,000 spaces on his new unit, as well as an additional 2,000 spaces for finishers on another farm 2km away and 2,600 spaces on two further units. In total he produces 55,000 piglets



a year, selling 22,000 to neighbours and finishing 33,000 of his own to 110kg.

THE NEW SYSTEM

Everything about the new system is designed with efficiency in mind, something Mr Krogsgaard admits Danish producers had perhaps not concentrated on sufficiently in recent years.

"We hadn't put enough focus on slaughter pig production for many years in Denmark, which is one of the reasons slaughter pig production had decreased," he says.

"It also requires a big investment because of the production system you need - you have to make sure everything is efficient if you are going to make money."

FEED

Mr Krogsgaard's biggest efficiency focus has been on feed. He produces about one-third of his own grain, growing maize, rapeseed and barley on a five-year rotation, which is all milled on the site's own feed mills. Additional grain is brought from local farmers, while the feed is supplemented with bread, which he buys cheaply from a local bakery.

While daily growth is above the national average, feed conversion and lean meat percentages still have some room for improvement, so Mr Krogsgaard is working to trial

different feed variations to increase productivity.

"The maize is a new feed and we have found that the pigs' stomachs are more healthy because of it," he says. "They are also putting on weight more quickly: more than 1kg a day compared with the national average of 920g."

"Our main problem is the lean meat percentage, which is at 59.2%. Ideally we should be at 60%. Our feed conversion is also at 2.55 FE/kg, when the national average is 2.77 FE/kg, so we have room to improve."

"It could partly be due to genetics, but we have found when our daily gain grows, the meat percentage falls."

To help him look more closely at feed performance, Mr Krogsgaard has installed weigh scales to help him get a better understanding of how the pigs are growing. A cross-section of 10% of the site's pigs are weighed once a week until they are slaughtered at 12 weeks.

"We had always looked at data, but the information was always historical rather than real-time. Now we can see the differences we are making and we can make adjustments to respond to the pigs right away."

Feeding is automated, so the animals are fed four times a day, starting with 50% rations for the first three days after weaning, then building

up over three days. If the pigs eat everything they are given the feed is increased by 4kg/day until they reach a maximum of 110kg.

Once they reach a slaughter weight of 110kg the pigs are collected by Danish Crown using another on-farm money-saving system.

"I realised I could get a DKK3 bonus for each pig if we loaded them at 6am, but I didn't want to have a member of staff here at that time to move the animals," Mr Krogsgaard says.

"To get around that we installed an easy-loading system that allows lorry drivers to load the pigs without a staff member present.

"The pen holds 350 animals and we load them up the night before, then the driver can move the animals by himself in the morning. It delivers a big cost saving and brings a bit of extra revenue."

On top of the pig unit, Mr Krogsgaard has also just begun a wind power project with his neighbours, which sees him house two 10kW windmills on his land. The



An easy-loading system allows lorry drivers to load pigs without a staff member present.

energy is sold to the national grid, while he also receives 25øre/kW (0.02p/kW) each year for six years under a government scheme.

"Having power was as good as pigs," Mr Krogsgaard says. "When the pig price dropped it made sense to look at other income streams."

ECONOMICS

"Our cost of production on the farm is DKK30.10/kg [£2.90/kg]. We are getting DKK9.4/kg [91p/kg] for our weekly payment, then we also get an annual bonus from Danish Crown which is worth an additional 10%. It means we are just breaking even, but things are tight."

Despite the tight economics, Mr Krogsgaard says he is confident about the future of Danish pig production.

"We have the know-how to improve our efficiencies - we just have to do it," he says. "As an industry we know what we should be doing, we just haven't been doing it. Those who can't make changes and be more efficient need to leave the industry."

"We are totally focused on being efficient now on our farm - our attention isn't on anything else. We are understanding our pigs better and it helps us produce them in a better way."

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