

MASTER PLAN FOR THE HOG INDUSTRY

MASTER PLAN HIGHLIGHTS

1. The development of this master plan is trail blazing. It entailed extensive participation by the industry stakeholders in Manila and in key cities (Iligan, Malolos, Lipa, Iloilo, Cebu and Davao) from late November 2001 to early May 2002. This is to generate support to a plan that is truly *industry-crafted, industry-implemented and industry-monitored*. The government and other sectors, however, must have supportive roles in order that the industry attains a globally competitive posture on or before 2012.

2. The various workshops were participated by the producers, the DA officials, the local government units and other sectors. Frankness and sincerity characterized the discussions. It also cited the many years of neglect in terms of support and policy making have sometimes led to skepticism by industry players. There was citation of the AFMA's implementation. There was a sense of urgency. The industry recognizes its strengths and weaknesses as well as the opportunities and threats it faces. In this light, goals, strategies, key result areas and performance indicators and targets were formulated.

3. The main industry strategy is developing a cost advantage vis-a-vis Asian competitors. By 2012, the industry target will be a wholesale price of pork (carcass) of \$1.37/kg (P69.71) Manila from \$1.75/kg (P89.48) in 2001. The industry noted that while there are increases in efficiency and productivity, there are also potential increases in labor and power costs. Knowing regional resource endowment and cost differences, the plan allows flexibility for possible variations at the regional levels.

4. The industry developed the following targets:

TECHNICAL PARAMETERS (Baseline 2001)

PARAMETERS	PRESENT (2001)			TARGET (2012)
	SMALL	MEDIUM	LARGE	
Main Indicators:				
1. Pig sold/sow/year, heads	11-15	14-16	16	20
2. Feed Conversion Ratio, kg	3.5-4.0	3.5-3.7	3.3-3.5	2.8
3. Average Daily Gain, kg	0.35-0.50	0.41-0.54	0.47-0.54	0.65
Memo Item:				
a. Farrowing rate	80%	80%-85%	75%	85%
b. Mortality	12%-15%	15%	15%-20%	15%
c. Litter size at birth	7-9.5	8-9	8-9.5	10
d. Average weight sold	70-75	76	80-90	100

TECHNICAL TARGETS (2004)

PARAMETERS	2004			TARGET (2012)
	SMALL	MEDIUM	LARGE	
Main Indicators:				
1. Pig sold/sow/year, heads	14-20	17-20	17-18	20
2. Feed Conversion Ratio, kg	3.4-3.8	3.2-3.3	3.1-3.2	2.8
3. Average Daily Gain, kg	0.40	0.53-0.55	0.55	0.65
Memo Item:				
a. Farrowing rate	80%	83%-86%	77%-78%	80%
b. Mortality	5%-10%	5%-12%	15%	15%
c. Litter size at birth	8-10	9-10	9.0-9.5	10
e. Average weight sold	75-80	80	80-90	100

TECHNICAL TARGETS (2007)

PARAMETERS	2007			TARGET (2012)
	SMALL	MEDIUM	LARGE	
Main Indicators:				
1. Pig sold/sow/year, heads	16-20	18-24	18-19	20
2. Feed Conversion Ratio, kg	3.2-3.6	3.0-3.2	3.0-3.1	2.8
3. Average Daily Gain, kg	0.42-0.50	0.55-0.66	0.57-0.58	0.65
Memo Item:				
a. Farrowing rate	82%	86%	80%	80%
b. Mortality	5%-9%	5%-12%	15%	15%
c. Litter size at birth	9-10	9-10	9.5	10
d. Average weight sold	80-85	80-85	95	100

5. The technical targets are expected to increase the production efficiency at the farm level. The baseline and targets are the revised ranges deliberated and agreed upon by industry players at the national level.
6. Based on the consultations, the industry sees improvement in the technical parameters particularly for feed conversion ratio and average daily gain. As a strategy at the national level, there will be a conscious effort to increase average weight sold to 100 kilos per head to enhance feed efficiency.
7. Attainment of the targets would also depend on the improvement farm structure, prevention of diseases through proper medication, better farm management, and addressing farm deterioration through investments in repairs and improvements.

FINANCIAL TARGETS
In Pesos Per Kilo at 2001 Prices

PARAMETERS	BASELINE	TARGET		
	2001	2004	2007	2012
A. PER KILO LIVEWEIGHT (85 KG)				
Piglet/Fattener	17.65	17.50	17.35	12.00
Feeds	29.49	29.49	27.58	25.03
Medicines and vaccines	3.40	2.00	2.00	2.00
Labor	3.80	3.80	3.80	3.80
Overhead	3.00	3.00	3.00	3.00
TOTAL COST	57.34	55.79	53.73	45.83
Mark-up	6.00	6.00	6.00	4.00
FARM PRICE	63.34	61.79	59.73	49.83
B. PER KILO CARCASS				
Hogs Cost (72% recovery – head off)	87.98	85.83	82.96	69.21
Slaughter cost	1.50	1.50	1.50	1.50
Less: By products value (including head)	(5.00)	(5.00)	(5.00)	(5.00)
+ Mark-up	5.00	5.00	5.00	4.00
WHOLESALE PRICE	89.48	87.33	84.46	69.71
In US\$/kg	1.75	1.71	1.66	1.37

Note: The figures are derived estimates from extensive deliberations with industry players at the national level.

8. For hog industry to attain their short, medium and long term cost of production targets, it is imperative that the corn sector be given a friendly policy environment to deliver corn at the price of P6.00-7.00 per kilogram, wholesale. In this regard, two major policy imperatives need to be addressed: rationalization of the tariff policies on feeds and feed ingredients and technology policy on *Bt* corn.
9. In addition to the policy imperatives needed to achieve the targets, among the supports the industry requires include:

SUPPORTS AND POLICIES

STRATEGY	KEY RESULT AREA	PERFORMANCE INDICATOR	ACTION PROGRAM	TIME FRAME	WORKING GROUP
SUPPORT SERVICES					
Market Intelligence	<ul style="list-style-type: none"> Access to timely, quarterly data 	<ul style="list-style-type: none"> Real time access Published data on the web 	<ul style="list-style-type: none"> Immediate launching of website 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> Industry associations NMIC, BAI, LDC BAS
			<ul style="list-style-type: none"> Provide master list of breeding farms 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> Industry associations BAI, LDC
			<ul style="list-style-type: none"> Commission a study on Thailand's pork export competitiveness 	<ul style="list-style-type: none"> 2003 	<ul style="list-style-type: none"> Industry associations LDC
Research and Development	<ul style="list-style-type: none"> Access to improved breeds 	<ul style="list-style-type: none"> Amount of ACEF funds released for R&D Allocate 3% of MAV for R&D projects No. of projects/studies conducted a year 	<ul style="list-style-type: none"> Establish more breeding centers (AI) for genetic improvement 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Industry associations Private Breeding Farms ITCPH PCARRD BAI, LDC LGU Breeding Centers
			<ul style="list-style-type: none"> Provide accreditation (boar) and monitoring of breeding farms 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Industry associations BAI NMIC
			<ul style="list-style-type: none"> Encourage the establishment of more breeding farms in the provinces 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Industry associations Private Breeding Farms ITCPH BAI, LDC LGU Breeding Centers
	<ul style="list-style-type: none"> Improved FCR 	<ul style="list-style-type: none"> No. of feed trials/animal nutrition, sow performances, management information system, extrusion technology and genetic development 	<ul style="list-style-type: none"> Establish field trials for animal nutrition to improve FCR/ADG 	<ul style="list-style-type: none"> Immediate 	<ul style="list-style-type: none"> Industry associations PhilSAN PSAS ITCPH PCARRD BAI LDC

SUPPORTS AND POLICIES

STRATEGY	KEY RESULT AREA	PERFORMANCE INDICATOR	ACTION PROGRAM	TIME FRAME	WORKING GROUP
POLICY ADVOCACY AND LEGISLATION					
Tariff reduction on feed ingredients	• Cost of corn	• Reduced tariff to 10% after 2004	• Advocacy on tariff reduction	• 2002	• Industry associations • LDC, BAI
	• Cost of wheat	• Tariff of all wheat at 3%	• Advocacy on tariff reduction	• 2002	• Industry associations • LDC, BAI
	• Cost of soybean meal	• Tariff at 0%	• Advocacy on tariff reduction	• 2002	• Industry associations • LDC, BAI
Zero tariff application on agri equipment	• Clear interpretation of EO133 re agricultural and industrial equipment	• Zero tariff	• DA certification	• 2002	• Industry associations • LDC, BAI
Competitive Logistics	• Freight cost of feed ingredients and hogs	• Standardize policy with regards to <i>arrastre</i> and port handling*	• Advocacy	• Immediate	• PPA • MARINA • DA • Industry associations
		• Review of cabotage law which impedes the movement of product from Visayas & Mindanao to Luzon	• Advocacy	• Immediate	• Industry associations • PPA
		• Reduced port charges	• Advocacy	• Immediate	• Industry associations • PPA • MARINA
		• Provision of infrastructure support (modern ports, good roads and bridges)	• Advocacy	• 2002 onwards	• Industry associations • LDC • DPWH
		• Provision of postharvest facilities i.e., establishment of modern abattoir, refrigerated vans	• Advocacy	• 2002 onwards	• Industry associations • LDC • NMIC • NAFC

SUPPORTS AND POLICIES

STRATEGY	KEY RESULT AREA	PERFORMANCE INDICATOR	ACTION PROGRAM	TIME FRAME	WORKING GROUP
Industry-friendly Environmental Regulation	<ul style="list-style-type: none"> Environmental Compliance Certificate 	<ul style="list-style-type: none"> Standardized ECC 	<ul style="list-style-type: none"> Conduct dialogue with DENR and LGU 	<ul style="list-style-type: none"> Immediate 	<ul style="list-style-type: none"> Industry associations DENR LGU LLDA
	<ul style="list-style-type: none"> Security of tenure (in terms of zoning) 	<ul style="list-style-type: none"> Continuing farm operation 	<ul style="list-style-type: none"> Review of land use policy 	<ul style="list-style-type: none"> Immediate 	<ul style="list-style-type: none"> Industry associations DENR LGU DAR HLURB LDC
	<ul style="list-style-type: none"> Transfer of clearances and permits to provincial/regional levels 	<ul style="list-style-type: none"> System recourse for business complaints 	<ul style="list-style-type: none"> Advocacy 	<ul style="list-style-type: none"> 2002 	<ul style="list-style-type: none"> Industry associations DENR LGU LDC

10. The main elements of the action programs include:

HOG INDUSTRY: ACTION PROGRAMS

Industry Implemented

A. PRODUCTION AND MARKETING

STRATEGY	KEY RESULT AREA	PERFORMANCE INDICATOR	ACTION PROGRAM	TIME FRAME	WORKING GROUP
INPUTS					
<ul style="list-style-type: none"> Reduce Input Costs 	<ul style="list-style-type: none"> Lower input costs (on feeds, medicines, etc.) 	<ul style="list-style-type: none"> Lower feed cost from P9.83/kilo to P8.22/kilo Increase in feed supply by 5% per annum <ul style="list-style-type: none"> Use of hybrid (GMO, BT) Increase in corn hectareage 	<ul style="list-style-type: none"> Advocate for open importation of corn and other feed ingredients at minimal tariffs 	<ul style="list-style-type: none"> Immediate 	<ul style="list-style-type: none"> Industry associations LDC, NAFC DA Corn Program
			<ul style="list-style-type: none"> Use of corn substitutes i.e. cassava, camote, sorghum, etc. 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Industry associations LDC, NAFC
			<ul style="list-style-type: none"> Continuous development of technology in feedmilling and feed formulation 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Industry associations BAI, LDC DA Corn Program DA Livestock Program

STRATEGY	KEY RESULT AREA	PERFORMANCE INDICATOR	ACTION PROGRAM	TIME FRAME	WORKING GROUP
FARM PRODUCTION					
Farm Efficiency Enhancement	<ul style="list-style-type: none"> • Pig sold/ sow/year • FCR • ADG • Farrowing rate • Mortality • Litter size at birth • Average weight sold 	<ul style="list-style-type: none"> • See Tables 6.1 to 6.3 on technical parameters 	<ul style="list-style-type: none"> • Develop more efficient breeds thru genetic improvement and use of updated AI and embryo transplants 	<ul style="list-style-type: none"> • On-going 	<ul style="list-style-type: none"> • Industry associations • BAI
	<ul style="list-style-type: none"> • Genetic materials available and technology breakthroughs 	<ul style="list-style-type: none"> • No. of genetic materials developed • No. of breeds improved 	<ul style="list-style-type: none"> • Technology transfer thru the establishment of livestock on-farm-technology 	<ul style="list-style-type: none"> • On-going 	<ul style="list-style-type: none"> • Industry associations • BAI • LGU
			<ul style="list-style-type: none"> • Improvement of management systems thru training programs 	<ul style="list-style-type: none"> • On-going 	<ul style="list-style-type: none"> • Industry associations • ATI, BAI, LDC • ITCPH
	<ul style="list-style-type: none"> • Organization and commercialization of backyard farms. 	<ul style="list-style-type: none"> • Shift of individual backyard farms to commercial farms: 75% to 25%. 	<ul style="list-style-type: none"> • Strengthening of the relationship b/w backyard raisers and breeders to hasten technology transfer 	<ul style="list-style-type: none"> • On-going 	<ul style="list-style-type: none"> • Industry associations • ATI, BAI, LDC • ITCPH
	<ul style="list-style-type: none"> • Improved designs of farm infrastructure 	<ul style="list-style-type: none"> • No. of farms modernized 	<ul style="list-style-type: none"> • Promotion and monitoring of updated design of infrastructure 	<ul style="list-style-type: none"> • 2002 	<ul style="list-style-type: none"> • Industry associations • BAI, LDC
	<ul style="list-style-type: none"> • % carcass traded relative to live hogs 	<ul style="list-style-type: none"> • No. of carcass shipped or sold 	<ul style="list-style-type: none"> • Increase number of accredited slaughter house 	<ul style="list-style-type: none"> • Immediate 2002 	<ul style="list-style-type: none"> • Industry associations • NMIC, DTI, LDC
MARKETING AND LOGISTICS					
Reduce Marketing and Logistics Cost	<ul style="list-style-type: none"> • Percentage carcass traded relative to live hogs • Percentage marketing margin i.e. viajeros 	<ul style="list-style-type: none"> • No. of cold chain and storage system available • Transport cost/ton-km • No. of accredited slaughter houses in the district • Reduction of the incidence of transported hogs between provinces • Establish retail market 	<ul style="list-style-type: none"> • Advocate for the construction of market infrastructure 	<ul style="list-style-type: none"> • Continuing 	<ul style="list-style-type: none"> • Industry associations • BAI, LDC, NMIC • DTI
			<ul style="list-style-type: none"> • Develop area based processing facilities 	<ul style="list-style-type: none"> • 2002 	<ul style="list-style-type: none"> • Industry associations • BAI, LDC, NMIC
			<ul style="list-style-type: none"> • Reduce marketing and logistic cost 	<ul style="list-style-type: none"> • Immediate 	<ul style="list-style-type: none"> • Industry associations • BAI, LDC

STRATEGY	KEY RESULT AREA	PERFORMANCE INDICATOR	ACTION PROGRAM	TIME FRAME	WORKING GROUP
			<ul style="list-style-type: none"> Marketing-distribution infrastructures, cold chain and storage system 	<ul style="list-style-type: none"> Immediate 	<ul style="list-style-type: none"> Industry associations BAI, LDC, NMIC3
ANIMAL HEALTH					
Improving Animal Health Status	<ul style="list-style-type: none"> Disease eradication FMD Hog Cholera Pseudorabies 	<ul style="list-style-type: none"> Adherence to OIE listed countries FMD free Hog Cholera free Pseudorabies free 	<ul style="list-style-type: none"> Identify diseases relevant per region 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Industry associations BAI PVMA PCSP NADDL
			<ul style="list-style-type: none"> Eradication of notifiable diseases: FMD, hog cholera, pseudorabies, 	<ul style="list-style-type: none"> Immediate 	<ul style="list-style-type: none"> Industry associations BAI PVMA PCSP NADDL
			<ul style="list-style-type: none"> Support legislation allowing imports of meat products and substitute from OIE listed countries. 	<ul style="list-style-type: none"> Immediate 	<ul style="list-style-type: none"> Congress Senate NMIC BAI
			<ul style="list-style-type: none"> Strict regulation and implementation of the laws 	<ul style="list-style-type: none"> Immediate 	<ul style="list-style-type: none"> Industry associations BAI PVMA PCSP NADDL
TECHNICAL AND MANAGEMENT SKILLS					
Skills Enhancement	<ul style="list-style-type: none"> Technology dissemination 	<ul style="list-style-type: none"> No. of trainings and seminars conducted i.e. animal slaughtering, carcass evaluation and grading 	<ul style="list-style-type: none"> Advocate for faster fund releases for trainings 	<ul style="list-style-type: none"> On going 	<ul style="list-style-type: none"> Industry associations ATI ITCPH
			<ul style="list-style-type: none"> Develop meat processing and value adding 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Industry associations ATI ITCPH
			<ul style="list-style-type: none"> Design and implementation of relevant training programs 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> Industry associations ATI ITCPH

11. In order to achieve effective implementation of targets and actions, the players agreed to the following:
 - (a) Broad-based agreement on the master plan's goals, strategies, targets and actions; and
 - (b) Conduct of high level annual implementation monitoring meeting of the industry with the government to keep track of
 - (1) the actions made and the target level achieved by the industry;
 - (2) the actions made by the DA and related agencies to date;
 - (3) the commitments of both parties for the next year; and
 - (4) any adjustments to the plan targets in the face of changing realities in the domestic and global market place.
12. The government must commit to the plan by providing a favorable environment conducive to attaining the targets set by the industry. A key issue would be the availability and affordability of corn at the price and quality required.
13. The implementation of the Master Plan will be guided by a Plan Steering Committee. It will comprise four members: three from the private sector (one of whom will be chair: two from National Federation of Hog Farmers, Inc., the Philippine Association of Hog Raisers, Inc. and one from the government (Livestock Development Council)
14. The Steering Committee will meet at least quarterly. The secretariat and several Action officers will assist it. Each of the latter will be responsible for (a) Input supply and Farm production; (b) Logistics and marketing; and (c) Policy and legislation. The Steering Committee will evaluate the function of the Action officers when necessary.
15. *Funding.* In order to sustain the plan implementation, a levy and contributions from the industry association members will fund the Plan Steering Committee. The levy will be collected on pork imports at the rate of P0.50 a kilo starting as soon as possible.
16. The Committee on Poultry, Livestock, and Feed Crops of the National Agricultural and Fishery Council (NAFC) will monitor the Plan's achievements and targets at frequencies that will be mutually agreed with the industry's Plan Steering Committee.