Survey Projects Significant Changes In Domestic Industry

DALLAS, Texas — The nation's hog producers will face major changes in the way they finance, produce, and market hogs by the year 2000, according to the results of a survey released today at the National Pork Industry Forum in Dallas.

Titled "The Pork Industry: Vision 2000," the survey was conducted among 250 leading hog producers, consulting swine veterinarians, meat packers, academics, and business and financial executives who serve the $10 billion pork industry. The study was conducted by Brock Associates of Milwaukee and underwritten by Elanco Animal Health, a division of Eli Lilly and Company

Forecast for the year 2000 is continued consolidation among producers that will sharply reduce the number of hog farms which produce fewer than 3,000 head annually. Hog farms producing more than a million head a year are expected to jump 132 percent from last year's five farms to 12 in 2000, while 100,000-head farms will experience a 52-percent increase to 129 from the current 85.

Environmental issues such as effective waste management and odor control are seen as major factors which will impact production over the next seven years.

To be competitive in 2000, producers will have to master complex and sophisticated production technologies, advanced hog genetics, developments in veterinary medicine, nutrition, data management, environmental legislation, as well as marketing and financial planning.

In order to accomplish these competitive requirements, producers will work with an increasing array of specialized agricultural consultants. The top six consulting groups identified in the survey were veterinary medicine, financial planning, nutrition, marketing, and environmental and agricultural engineering.

While domestic and export demands are expected to increase (7 3 and 19 2 percent respectively), return in investment is projected to slip from 16.2 percent in 1992 to 14.8 percent in 2000.

Survey results indicate that 78 percent of market hogs will be purchased by packers under a carcass-value buying system by 2000 compared to 30 percent in 1992. The number of hogs fed and sold under contract is expected to rise in seven years to 35.5 percent from the average of 15.8 percent of all hogs produced in 1992

"The survey confirms industry-wide concerns that consolidation will reduce the number of small operations," said Larry Graham, executive vice president of Brock Associates "Hog production is rapidly becoming less labor intensive and more capital intensive. In the past, one person could care for 100 sows compared to a current ratio of approximately one person per 350-400 sows.

"This shift requires greater working capital because of the growing demand for increased investment in buildings, equipment and technology. To survive, producers will have to market top-quality lean carcasses produced as efficiently as possible. In order to accomplish this, they must place greater attention on genetics, nutrition and records that track their progress."

Graham said survey respondents described the "Ideal Hog of 2000" as weighing 256 pounds with a lean percentage of 56.8 and a 6 6-square-inch loin eye. It will be market ready in 160 days

"This type of hog is now at the up end of the production spectrum," Graham said, "In 2000 it will be considered the industry norm Consistent hog quality of this standard can be attained only with efficient and cost-effective management and production methods."

The list of the top hog-producing states is expected to remain relatively stable with one major shift — North Carolina will move from sixth place to third behind Iowa and Illinois, replacing Indiana which will drop to fifth place.

Although banks and farm credit institutions now provide 75 percent of all U.S. hog-production financing, their total is expected to slide to 59 percent by 2000. Gainers in production financing are seen to be such outside sources as investor groups with a 10-percent hike, and the insurance industry which should up its share by five percent. Allied-industry financing from sources like feed producers and packers will garner a six percent increase.

Underscoring the need for sophisticated and business-like management approaches to raising pigs for market, the primary factors named for attracting financing in the opinion survey were overall operational efficiency, demonstrated management ability, a sound business plan, complete and accurate records, and feed efficiency.

Sixty-six percent of the survey's respondents said they believe the pork industry will eventually follow in the foot steps of poultry with a massive shakeout in the number of small or independent producers.

If such a shakeout occurs in the 2020-2050 time period, the U S pork industry could consist of less than 100 producers.

Commenting on the results of the survey, Brian Ritggers, manager of swine products at Elanco Animal Health, said, "Even though consolidation will continue, a shakeout of the type seen in poultry is not anticipated for at least 25 years. Why? Today's pork producers are very willing to adopt new technologies that allow them to improve efficiencies and meet consumer demands for lean and nutritious pork products."

Santinis Win NCGA Yield Contest

PHILLIPSBURG, N.J. — Robert and Sam Santini won outstanding honors in three separate divisions in the New Jersey National Corn Growers' Association (NCGA) National Corn Yield Contest.

Robert Santini garnered first place finishes in two divisions within the contest with his winning entry, Lynks Seeds hybrid 2757. In the no-till non-irrigated, Santini won with a yield of 203.68 bushels per acre and in the no-till irrigated with a yield of 193.16 bushels per acre.

Sam Santini won second place in the ridge-till irrigated division with his entry of Lynks Seeds 2711 producing 184.29 bushels per acre.

Lynks 2757 is a 112-day corn hybrid that receives Lynks highest marks for yield, emergence, stalk and root strength, ear retention, harvestability, and tolerance to gray leaf spot and anthracnose. Variety 2757 is especially adapted to the Eastern Corn Belt and is a very good no-till hybrid.

Lynks 2711 is a 111-day corn hybrid that combines high yields, strong standability, and very fast dry down. Its semi-flexible ear can adapt to various plant populations. It has very good leaf tolerance to northern and southern leaf blights and is responsive to split nitrogen applications.

Robert and Sam are customers of Lynks dealer Tom Zeng of Oldwick, N.J. Zeng said, "I am very proud to have Robert and Sam representing Lynks Seeds. Lynks is known in the Midwest for its exceptional quality products and we are starting to get some recognition here on the East Coast with outstanding wins like these."

Consulting Service Sets Field Days

EPHRATA (Lancaster Co.) — Brubaker Agronomic Consulting Service, Inc. invites all interested growers to attend two sprayer/planter calibration field days to be held at the following locations and dates:

- March 23, Greystone Manor Farm, 3831 Oregon Pike, Leola, 2 p.m.
- April 6, Robert Hollinger Farm, 410 Brenneman Road, Willow Street, 10 a.m.

These calibration seminars are free and open to the public. Attendance will qualify growers for pesticide credits. Instruction will be given on the calibration of corn planters, field sprayers, and manure spreaders.

Call Brubaker Agronomic Consulting Service, Inc. at (717) 859-3276 to make your reservations.