



Pork Producers in Mexico, U.S. and Canada Agree on Need for Improved Hog Price Information

April 30, 1999, Ottawa **S** Leaders of hog farmer organizations from Canada, the United States and Mexico have confirmed they have a major concern in common that producers have access to accurate and representative information that they can be confident of receiving fair returns for the pigs they market.

Meeting in Morelia, Mexico, the pork producer representatives were able to identify the critical importance to the hog industries in all three countries of having U.S. hog market price discovery mechanisms which provide to all hog farmers full transparency in what buyers of hogs are paying for the quality and delivery criteria that they are wanting to satisfy.

Structural changes in both the production and processing stages of the hog industry along with a wider variety of selling conditions have resulted in a very rapid reduction in the proportion of hogs being sold in traditional cash markets. New settlement mechanisms such as formula pricing, futures-based contracts, and minimum-maximum 'window' price agreements have taken on much greater importance. These alternative approaches still rely very significantly on the traditional cash markets as a benchmark, however, and in their discussions, the delegates agreed to share information and to assist each other in their respective efforts toward the modernization of hog price discovery systems. Mexico, for example, is looking at making increasing use of futures prices as a basis for settlement under supply contracts between producers and processors.

The gradual reduction in the number of hog buyers and packing plants across the North American continent also makes it all the more important that the producer organizations in the three countries work cooperatively to eliminate wherever possible existing impediments to the free movement of hogs between the three countries. This includes the use of the least trade-distorting means of maintaining animal health protection and food safety standards.

The organization officials also discussed their common commitment to implementing on-farm quality assurance programs through which hog producers can verify their commitment to providing safe and wholesome pork products to consumers in all three countries as well as those in the many countries abroad that purchase pork from North America.

Producers in all three countries have devoted major time and effort to addressing public concerns on the environmental impacts of pork production. Results of a variety of research projects now underway that address air and water quality effects, and which enable farmers to capitalize more fully on the excellent soil management attributes, of hog manure will be shared.

Another area of critical concern to pork producers throughout the continent is the upcoming round of multilateral trade negotiations. The meetings confirmed once again how important it is that there be much more progress made to achieve the removal of tariff and technical trade barriers along with the complete elimination of export subsidies that will bring under more strict control the trade-distorting practices of the European Union and certain countries in Asia.

The organizations in attendance at the meetings in the Mexican state of Michoacán, an important hog-producing state in México, were the NPPC (National Pork Producers Council representing the U.S. industry), the Canadian Pork Council (CPC) and on behalf of Mexican producers, the Consejo Mexicano de Porcicultura (CMP) and the Comision Nacional de Porcicultura (CONAPOR).

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