



# **Growing Jamaica's Pig/Pork Industry**

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## **A Position Paper**

**April, 2019**

This Position Paper has been prepared by the Jamaica Pig Farmers Association (JPFA), with the specifically intention of providing members of the Association, animal feed and input suppliers, pork processors and traders, and the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAFA), with arguable opinions and recommendations about how to address identified challenges that are currently curtailing the development of the local pig/pork industry.

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## Acronyms

CARICOM	Caribbean Community
CAHFSA	Caribbean Agriculture Health and Food Safety Agency
CB	Caribbean Broilers Ltd
COTED	Council of Trade and Economic Development
CPPA	Caribbean Pork Producers Association
DBJ	Development Bank of Jamaica (DBJ)
EU	European Union
GOJ	Government of Jamaica
IICA	Inter-American Institute for Cooperation on Agriculture
JMEA	Jamaica Manufacturers and Exporters Association
JPFA	Jamaica Pig Farmers Association
JPC	Jamaica Pork Council
MICAF	Ministry of Industry, Commerce, Agriculture and Fisheries
PEDv	Porcine epidemic diarrhea virus
PNS	Prior Notice System
PPIDC	Pig/Pork Industry Development Committee
PPEWS	Pig Production Early Warning System
PSDP	Private Sector Development Programme
RADA	Rural Agricultural Development Authority
SATIN	Statistical Institute of Jamaica

## 1. INTRODUCTION

**1.1 This is a Position Paper that has been prepared by the Jamaica Pig Farmers Association (JPFA),** specifically with the intention of providing members of the Association, animal feed and input suppliers, pork processors and traders, and the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAF), with arguable opinions and recommendations about how to address identified challenges that are restraining the development of the local pig/pork industry<sup>1</sup>.

**1.2 To arrive at proposed recommendations, past occurrences within the local pig/pork industry have been taken into consideration,** as it is felt that when these occurrences are properly examined, they expose the real texture of past and current challenges faced by industry stakeholders, and in turn, point to very salient lessons and opportunities to be realized. The document therefore contains a detailed chronology of industry-related events and information, as well as discussions that provide insight into the issues impacting the state of Jamaica's Pig Industry.

**1.3 In concluding; specific, measurable, attainable, relevant, time-bound (SMART), and actionable interventions are tabled for consideration.** They may in some instances be regarded as 'out-of-the-box', however they are deemed *actionable* interventions because the JPFA is of the position that they can be carried out by the Association and other private and public industry stakeholders, including the Ministry of Industry Commerce, Agriculture and Fisheries (MICAF), and if acted upon, can contribute meaningfully to the sustained growth of Jamaica's pig industry, and therein to positive returns on investment for all its stakeholders. For ease of reference, proposed interventions are summarily presented in the Executive Summary below.<sup>2</sup>

## 2. EXECUTIVE SUMMARY

**2.1 Since the late 1990s, Jamaica's pig industry has experienced sequential periods of decline, modernization, growth, self-sufficiency, and more recently, protracted gluts and shortages.** Throughout all these periods, large and medium-size stakeholders have shown much resilience, remaining in the industry in spite of significant financial losses. Farmers and pork processors have also demonstrated that provided there is the appropriate institutional framework and trade/import policy in place to respectively support cohesiveness along the industry value chain, and also enhance their competitiveness, they can perform creditably in terms of delivering quality products in the quantity demanded by end-users.

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<sup>1</sup> This is not a Policy Paper which is in essence a straightforward statement or declaration of the GOJ/MICAF policy position on on issues related to the operations of the sector.

<sup>2</sup> Readers should note that the JPFA has discussed the content of this Position Paper with its executive members and relevant industry stakeholders

**2.2 In-depth examination of these various periods has shown that basically, Jamaica’s pig industry is not immune to what is known universally as the ‘Hog Cycle phenomenon’.** A feature of this phenomenon is that there are periods of glut and shortage, which when protracted, can result in all the major stakeholders along the industry value chain, experiencing significant loss of returns on investment.

▶ **Implement a Pig Production Early Warning System to Mitigate Protracted Gluts & Shortages**

**2.3 It is therefore critical in moving forward, that significant attention is given to putting in place a mechanism that can mitigate the negative impact of this phenomenon,** which from the JPFAs perspective, is the biggest fundamental challenge to the long-term sustainability of the industry. The Association with the assistance of its international agribusiness consultant has analyzed the problem and identified the issue – *asymmetry of production information*.

**2.4 Thinking creatively and ‘outside-of-the-box’, the JPFA is now calling for the design and implementation of a transparent Pig Production Early Warning System (PPEWS)** that is grounded in the timely collection, analysis, and dissemination of differentiated pig production data to all industry stakeholders; and based on this objective information, the taking of joint and prescribed action on the part of all stakeholders so as to prevent either impending gluts or shortages.

**2.5 The PPEWS will require the involvement of all pig farmers, particularly the large and medium size ones, the major input suppliers, the Rural Agricultural Development Authority (RADA) and the Statistical Institute of Jamaica (STATIN).** STATIN is the GOJ institution best equipped to give technical guidance about the objective and scientific gathering of quantitative data on a national scale.

**2.6 The information collected will be analyzed, packaged and reviewed by an independent body,** which in turn, will prescribe to industry players (via a digital communication platform) a mix of predetermined interventions that are geared towards warding off any forecasted occurrence of glut or shortage of pork supplies beyond or below the estimated level of domestic consumption.

**2.7 The JPFA views the PPEWS as a ‘Public Good’ in that it is nonexcludable and nonrivalrous -** meaning that it would be too costly or impossible for one industry stakeholder to exclude others from accessing and using it, and when one stakeholder uses it, others are not prevented from doing the same.

▶ **Establish an independent Private-sector led Jamaica Pork Council to build Industry Cohesion**

**2.8 Effective operation of the PPEWS will necessitate a high level of cohesion, trust, and sharing of information amongst industry stakeholders** (i.e. pig producers, input suppliers, pork processors and traders, importer/distributors, retailers, and regulatory agencies). The JPFA is of the position, based on its experience as a participant in the process of building cohesion within the industry, that it is best for the industry’s private enterprise players to take the lead in this area, and do on ‘neutral grounds’ of engagement.

**2.9 The JPFA therefore proposes as a matter of priority, and as soon as possible, that an independent private sector-led Jamaica Pork Council (JPC) be established,** and amongst other things, that this body be charged with the responsibility of both overseeing the implementation and continued operation of the PPEWS as well as the building of cohesion and trust amongst industry stakeholders.

**2.10 The JPFA views the establishment of the JPC as critical to the future development of the industry,** as this institutional framework will inject a mode of self-regulation and a level of cohesion that was once a positive feature of the local industry. All stakeholders will be further sensitized about the functions of the JPC, and will be encouraged to contribute to its establishment and operations.

▶ **Aggressively Promote Domestic Consumption of Pork Meat and Export of Pork Products**

**2.11** The Position Paper also presents (not ranked in order of importance) three (3) other issues that are viewed as critical in the future development of the local pig industry, the first being the need to take actions that will significantly increase domestic consumption of pork meat, and also gradually open avenues for pork processors linked to large and medium size pig farmers, to increase their sales revenue. Suggested interventions are (1) **Launching aggressive, targeted and sustained generic promotional campaign on pork meat and cuisines,** and (2) **implementing export marketing arrangements** targeted at selected CARICOM countries. Both will require leadership by the JPC and involvement of the JPFA and local pork processors

▶ **Introduce a Prior Notice System to Control Illicit Imports & Prevent Foreclosing of Market**

**2.12 The second other issue is the vexing matter of illicit imports of pork.** It is the position of the JPFA that this illegal act should be checked because it forecloses domestic market opportunities for legitimate pig farmers and pork processors. The government of Jamaica (GOJ) and by extension its border control and regulatory agencies, must be mindful of this and lobbied to take action that will properly halt incidents of such occurrence. If perceptions of corruption in the inspection of meat products at ports of entry become non-existent, and being viewed by industry players as being undertaken in a much more transparent and rigorous manner, the JPFA is of the firm opinion that private stakeholders will be encouraged to remain, invest and grow in the industry. If not, they will over time stealthily make their exit.

**2.13 To tighten the border inspection process, the JPFA therefore recommends the introduction of a Prior Notice System for all imported meat products.** This System would be an adjunct to the automated MICA Trade System that is currently in place. It would have an accompanying set of protocols that govern the importation of meat/pork products; and should enable MICA and the Jamaica Customs Agency to periodically update members of the JPC on efforts to intercept/control the illicit importation of pork/meat products that could be detrimental to the health of consumers and animals.

► **Refresh the Core Breeding Herd to Maintain Hybrid Vigor and Meat Quality**

**2.14 The JPFA calls for the rejuvenating of the core breeding herd at the Bodles Research Station.** It cannot be overemphasized how important this is to the long-term development of the industry. It was the establishment of this facility, located at Bodles in St. Catherine, that has paved the way for growth in the quality of gilts and pork produced in the period after 2010. Under the facilitating framework of the JPC, it is the position of the JPFA that Newport Genetics Ltd and MICAF/Veterinary Division should work closely together to ensure that the supply of high-quality breeding pigs is maintained.

**2.15 Also, it is recommended that on an annual basis, the two local feed companies, in collaboration with the JPFA, RADA and MICAF's Veterinary Division, should jointly plan, fund, and execute at least 4 training seminars (for pig farmers and their employees).** These seminars should be aimed at reinforcing artificial insemination techniques, feeding and nutrition management, disease monitoring and prevention, and the management of farm records.

**2.16** If refreshing the breeding herd and the capacity building training seminars are either not undertaken or delay in undertaking, pig farmers particularly those large and medium size enterprises that supply pork processing factories could find themselves in difficulty as feed conversion rates will soon become sub-optimal and in turn impact on enterprise cash flow and profitability.

► **Summary**

**2.17 In summary, the JPFA through this Position Paper, is calling for the establishment of a private sector-led Jamaica Pork Council (JPC), that would oversee the implementation of a Pig Production Early Warning System (PPEWS); work with the JPFA and pork processors to mount an aggressive generic promotional campaign aimed at boosting domestic consumption of pork meat; collaborate with other industry stakeholders and the GOJ, to put in place a Prior Notice System to check the illicit import of pork products; and support the refreshing of the core breeding herd and the on-going conduct of farmer training seminars.**

**2.18 Presented in Annex 1 is the SMART BOARD,** which is a summary of the observations, lessons learnt from past activities in the industry, and more important specific, measurable, attainable, relevant, and time-bound (SMART) recommendations, and suggested interventions. Also presented for each intervention, are objectively verifiable indicators of achievement, as well as suggested time lines for execution and the leading/participating organizations that should be involved.

**2.19 Readers will note that this Paper is not a Policy Paper and that it also stops short of presenting detailed plans for implementing of interventions,** as it is the perspective of the JPFA that if these interventions are to have successful outcomes, the detailed planning of their execution, must have the proactive input of the entire industry stakeholder, and this would best be done under the umbrella of the proposed Jamaica Pork Council.



2.20 Finally, the JPFA is confident that when deliberated, refined, and implemented, the aforementioned areas of intervention, will have a positive impact on the livelihood of Jamaica's 5,600 plus pig farmers and their 18,000 employees, and will contribute to the realizing of the Mission of the Association which is, *"To make Jamaica self-sufficient in pig/pork and make local pig/pork production an internationally competitive agro-industrial sub-sector; ensuring long term viability and sustainable of pig/pork production operations"*.

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### **3. BACKGROUND**

3.1 The following is a chronicle of occurrences in Jamaica's pig/pork industry during the 11-year period, 1990-2018. The narrative contains both qualitative and quantitative information, which when analyzed, produces a relatively good picture of how and why this industry has arrived at its current juncture, and in the process highlights some of the salient challenges faced by its operators.

#### **1990-2000: A Ten-year Period of Stagnant Production**

3.2 The Statistical Institute of Jamaica (STATIN) reported that in the ten years between 1990 and 2000, with the exception of the year 1998, the number of pigs slaughtered in Jamaica remained relatively constant. At the start of that period, approximately 6.5 million kgs of pork was produced. During the course of the 10 years that followed, every 3-4-year, pork production expanded and contracted, and at the end of the period, the output of pork meat was 6.62 million kgs. The 1990's is therefore seen a period of stagnant performance for Jamaica's pig industry.

#### **2001-2011: The Decade of Assessment, Planning, Institutional Development, Stakeholder Cohesion, Modernization, and Capacity Building**

##### ***-Industry Assessment & Action Plan-***

3.3 At the end of 2001, the pig industry reached its lowest ebb, with output at a record low of 5.48 million kgs. In that said year, the Government of Jamaica (GOJ) via the then Ministry of Agriculture, requested the technical assistance of the Inter-American Institute for Cooperation (IICA) to undertake a comprehensive assessment of several agricultural sub-sectors, including the pig/pork industry. A year later, IICA presented the preliminary findings of its comprehensive assessment to stakeholders at a National Consultation on the pig/pork industry. Emanating from the deliberations of this forum was agreement on the following nine-point Action Plan to kick-start the industry:-

- Formation of national and regional Pig/Pork Associations to encourage stakeholder- driven policy and development programmes;
- Establishing breeding/multiplication and research operations
- Establishing an Industry Development Policy, and Plan;
- Collection and analysis of production/consumer market data;
- Modular training of producers and processors;
- Accessing low cost finance and technical assistance for farmers;
- Implementing environmental and food safety systems—from farm to market;
- Programmed institutional collaboration in market promotion/trade.
- Enhancement of industry survival and competitiveness through strategic and commercial alliances between pig producers and processors in Jamaica and lobby with others in the CARICOM region.

***-Institutional Development: Jamaica Pig Farmers Association-***

**3.4** After the National Consultation, two noteworthy institutional developments occurred, the first being the formal incorporation of the Jamaica Pig Farmer Association (JPFA) in May 2002, with its stated Mission being (and still is): *“To make Jamaica self-sufficient in pig/pork and make local pig/pork production an internationally competitive agro-industrial sub-sector; ensuring long term viability and sustainable of pig/pork production operations”*.

**3.5** Since its establishment, the JPFA has been able to effect and maintain very good working relationships with private and public stakeholders in the industry. It would also be fair to say, that over the 17 years of its existence, the Association has executed several initiatives that have helped to improve the technical capacity of pig farmers and through its elected Executive, has adequately represented the interest of its members, accounting annually to its active members for its stewardship<sup>3</sup>. The JPFA is also a founding member of the Caribbean Pork Producers Association that was established as a platform for promoting intraregional trade and development in the pork industry.

**3.6** With regards to initiatives that have helped to improve the technical capacity of pig farmers, of note was the support provided to the JPFA by the European Union (EU)-sponsored Private Sector Development Programme (PSDP) to conduct farm management training activities, island-wide.<sup>4</sup> Domestic feed companies also entered into financial arrangement with the JPFA to both enhance the organization’s capacity to undertake farmer training and a few market promotion activities

**3.7** To improve the Association’s administrative capacity, the PSDP in 2007 provided funds that assisted the organization to acquire a computer system for its secretariat, and to launch its website. With this computer, the secretariat was subsequently able to put in place an electronic database of its members. This database has recently been upgraded to have filtering capabilities which has revealed that 60% of JPFA members are currently concentrated in the parishes of St. Catherine and Portland, and 21% are women.<sup>5</sup> The database however needs to be periodically validated and expanded to cover member’s specialization;<sup>6</sup> and the website, if it is to remain relevant to the need of the Association’s members and other industry stakeholders will have to be constantly updated.

**3.8** The JPFA was also able to secure grant funds from the Jamaica Social Investment Fund (JSIF) primarily for the purposes of training farmers in record keeping; costing and pricing; and to undertake generic pork marketing and promotion campaigns<sup>7</sup>.

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<sup>3</sup> Since 2007, the JPFA has every year presented to its membership a printed Annual Report containing audited. Its Executive Committee still meets monthly.

<sup>4</sup> J\$ 6.4 M project support from the EU-PSDP programme

<sup>5</sup> The membership data base allows for filtering of members by parish, sex, land status, sow population

<sup>6</sup> To differentiate farmers by size and type of animal (i.e. sows, weaners, gilts, boars) and to include names of buyers and butchers

<sup>7</sup> JS 9.2M received from Jamaica Social Investment Fund

3.9 Admittedly, executive oversight of the JSIF grant-funded project was not as successful as the PSDP project and in recent times, the JPFA has not secured any funding opportunities to undertaken farmer training activities or pork promotional campaigns. The Association also has challenges when it comes to sustaining its administrative operations which currently cost J\$ 5-7M/annum, and is financed by a combination of membership dues, and contribution from all pig farmers who purchase feed from the two main animal feed manufacturing companies.

3.10 Without the continuation of this contribution to the JPFA, it is highly unlikely that the organization will be able to maintain its secretariat, and in turn provide appropriate representation and quality technical support to pig farmers. Because of this, past and the most recently appointed JPFA executive has taken steps to address how the Association can address this challenge and has engaged the two feed companies about increasing the level of farmer’s contribution from their purchase of starter and other pig feeds, thus making all pig farmers, automatic members of the JPFA (by virtue of their contribution to the JPFA through their purchase of pig feed).<sup>8</sup>

3.11 In anticipation of an increase in farmer’s contribution, the newly installed JPFA executive is streamlining the organization’s accounting system with the view of having better control of its operating expenses and accountability of its finances. To ensure that members get value for their contribution, the JPFA has initiated dialogue with the two major Feed mills to implement initiatives that will serve to mitigate occurrences of protracted periods of gluts thereby safeguard the return on investment of all pig farmers and support the further development of the industry.<sup>9</sup>

***-Institutional Development & Cohesion–Pig/Pork Industry Development Committee (PPIDC)-***

3.12 The other noteworthy institutional development in Jamaica’s pig industry during this period was the establishment of the Pig/Pork Industry Development Committee (PPIDC) in 2004. Established with the assistance of IICA under its then Agribusiness and Commercialization programme to develop Dialogue Platforms of value chain actors, this committee was comprised of representatives of pig farmers (i.e. the JPFA), pork processors, traders, animal feed suppliers, and the Ministry of Agriculture.

3.13 Convened every quarter at the IICA office in Kingston, which was considered as ‘neutral grounds’, meetings of the Committee were always well attended, and its Chairmanship rotated between representatives of pig producer, pork processors, and government. From time to time, depending on the nature of the issue being deliberated, the Minister of Agriculture and top officials of the Ministry were invited to attend the Committee meetings.

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<sup>8</sup> The increase in Farmer’s contribution was agreed at the Annual General Meeting held in 2016

<sup>9</sup> Apart from the commissioning of this Position Paper which speaks to these initiatives, the current JPFA Executive also intends to craft a new 5-yr Strategic Plan, covering the period 2020-2025.

**3.14** The PPIDC in its undertakings, served as a platform for industry stakeholders to have face-to-face dialogue on issues of concern, to build trust, promote equity along the value chain, encourage stakeholder-driven policy positions, and seed support for private-public investment initiatives aimed at improving the competitiveness of the industry. Examples of the latter were the unequivocal (yet conditional) support of PPIDC stakeholders for the establishment of the modern pig breeding facility at Bodles Research Station, and the JPFA's European Union (EU)-sponsored Private Sector Development Programme (PSDP) to conduct farm management training activities. .

**3.15** Another very important part of the proceedings of the quarterly PPIDC meetings was the joint assessment of domestic pig/pork supplies; the tabling of request for imports by individual pork processors; and agreement on specific imports by processors for subsequent approval by the Ministry of Agriculture. These actions undoubtedly brought a certain degree of transparency to the import permit process. After 2010, the Committee came under the chairmanship of the Ministry of Agriculture with meetings held at the Ministry's head office. The body has however become virtually nonoperational, and only convened when there is a crisis of supply to the pork processors, usually in the last quarter of the year.

**3.16** Whether it is the case or not, it is the perspective of the current JPFA executive that with the ascension of the Ministry of Agriculture to chairmanship of the committee, and the shift away from 'neutral grounds' of dialogue, the 'self-regulatory' mode, trust, and transparency that had developed within the industry, has dissipated, to the point where there is currently no joint meeting of industry stakeholders to address critical matters such as the protracted glut situation and animal disease health management.

**3.17** On the other hand, one could argue that it was during this period of oversight by the Ministry of Agriculture, that imports fell by 38.4%, and Jamaica became more than self-sufficient in pork meat, with neither import of legs to make hams, nor import of finished hams. So, to be fair, it is reasonable to argue that the Ministry of Agriculture has played and does have an important role to play in advancing the development of Jamaica's pig industry, especially when it pertains to the matter of import regulations and animal/food safety. In terms of playing a leadership role in development of value chain governance mechanisms, there is not much support from industry players for the Ministry playing such a role.

***-Investment for Modernization and Capacity Building-***

**3.18** It was also during this 10-yr period that modern pig breeding and rearing technology was introduced to Jamaica. In 2004, Caribbean Broilers Ltd, along with a Canadian partner, invested in the core pig breeding operation at the Bodles Research Station in St. Catherine<sup>10</sup>. Great grandparent and parent stock of three breeds of pigs were imported from Canada to produce Large White/ Landrace (F1) female gilts, which farmers would purchase and rare in a relatively shorter period of time into better quality sows.<sup>11</sup>

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<sup>10</sup> Newport Genetics Ltd

<sup>11</sup> Large White, Landrace and Duroc breeds were imported and the Duroc boar used to produce semen through a complementary Artificial

**3.19** While very much welcomed and endorsed by all industry stakeholders, it should be appreciated that the long-term viability of this high-tech and expensive breeding facility which is still in operation, is directly dependent on the level of farmer's uptake of F1 gilts, and the periodic replacement of animals within the core breeding herd itself. Lapses in either of these two factors will bring the financial viability of the entity into serious question. In turn, the long-term capacity of large and medium size pig producing enterprises to expeditiously deliver quality pork meat to up-market end-users will become problematic.

**3.20** Modernization within the Jamaica's pig industry has also occurred at the farm level, wherein several large and medium-size farmers, during the period in question, took out loans with the Development Bank of Jamaica (DBJ) to upgrade their housing and feeding systems, thereby creating a better environment for the enhanced performance of the hybrid F1 gilts purchased from New Port Genetics. The JPFA (in collaboration with IICA) supported its members in such initiatives by organizing training sessions in the use of computer applications appropriate for the preparation and submission of business plans and financial proposals to the Development Bank and other financial institutions.

**3.21** While the direct short to medium term impact of the aforementioned capital investments and producer capacity building projects has never been formally assessed, indicative of the cumulative positive impact during the period 2001-2011 (despite the very cyclic movement in pork production), was the increase in output from 6.36 million kgs to 7.11 million kgs, with the average dress weight moving from 58.2% (2002) to 73.4% (2011).

### **2011-2018: A Period of Shortage, Growth, Self-sufficiency, then Protracted Glut, Fluctuating Prices & Output**

#### ***-Shortage, Growth and Self-sufficiency -***

**3.22** Information available from STATIN shows that after 2010 (in 2012), there was a sharp spike in the number of pigs slaughtered and the amount of pork meat that flowed into the domestic market, moving from 7 million Kgs to 9.5 million kgs. This spike was attributed to the fact that medium and large pig farmers (who supply 90% of local production) were facing with the challenge of very low farm gate prices, and this coupled with the increased cost of pig feed, forced them to take drastic action to cut their business losses by significantly reducing the number of sows in their herd.

**3.23** So drastic was the cull that in the three year that followed (2012-2015), the national herd plummeted to an estimated 8,500 animals, giving rise to another problem – another shortage of local-origin pork. Supplies of pork meat to the market dropped from 9.5 million kgs to 7.74 million kgs. The shortfall in pig/pork supply vis-a-vis domestic demand, again pushed farmgate prices upward, and by April 2015, pork (live weight) prices averaged \$ 70.70 per kg., reaching as high as \$79.50/kg.

**3.24** The aforementioned supply gap and the associated increase in pork prices, did not find favor with several local pork processors. In the last quarter of 2015, at least two processors argued publicly that due to the shortage and uncompetitive prices for local pork meat, they were experiencing difficulty in meeting the hike in seasonal demand and called on the Ministry of Agriculture to adopt a more liberal posture with regards to their request to import pork. Added to this, was also a call from the USA diplomatic mission in the Caribbean for a relaxing of the import regime for pork meat from the USA. These calls were however staunchly opposed by the JPFA and the Ministry's Veterinary Division which both pointed to increasing local supplies on the horizon, and the possible negative impact of issuing import permits given the outbreaks of virulent porcine epidemic diarrhea virus (PODV) in the USA and Canada

**3.25** After 2015, and due to the stimulus of market price increase, pig farmer's reinvesting in their stock of gilts. This led to another 3-yr spike in the number of animals slaughtered, thus moving pork supplies to its highest in 20 years – 9.85 million kgs in 2017. So significant was the growth in pork production that supplies soon exceeded local consumption; import permits for prime cuts declined; and one meat distribution company was able to export 20,714 kgs of pork to Trinidad and Tobago. Jamaica was now more than self-sufficient in pork meat production.<sup>12</sup>

***-Protracted Glut and Reduced Prices-***

**3.26** However, the surplus pork production soon became a problem, giving rise to one of the most protracted and worst gluts in the history of the industry. By the first quarter of 2017, the Minister of Industry, Commerce, Agriculture and Fisheries (MICAF) took the opportunity to report in the media that Jamaica's imports of pork belly and pig's tail were on the decline, falling by 400,000 kilograms in 2016. In the said quarter, the President of the JPFA signaled that some 500,000 kilograms of domestic-origin pork was being held in storage, and thus argued that until consumption increases substantially, farmers should try to hold pork production below 8-9 million kg annually. *"Above that we are in trouble,"* he said. Caribbean Broilers Ltd, the largest local pork processor, also reported having challenges with market off-take.

**3.27** At the height of that glut period, farm gate prices for live-weight pigs plummeted to a low of J\$39/kg. At that time, the JPFA estimated the cost of production to be in the region of J\$ 61-64/kg. Implicitly, farmers again began to find themselves on the losing end of the stick. According to one major industry representative, *"During this period, numerous farmers were forced out of business, and tens of millions of dollars in investment were lost."* Recognizing that they were again about to enter the red, pig farmers started to cull their herd and reduce their farm output to impact on supply and prices.

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<sup>12</sup> Jamaica's consumption of pork meat has been estimated at 8-10 million kgs per annum.



3.28 By January 2018, there were signs that farmers were again facing threats to the viability of their operations. As usual, many larger producers began cutting back on their sow population, which was reflected in the decline in the purchase of starter feed from the two major suppliers. The JPFA also advised pig farmers not to increase supply without clear and advanced demand from their customers. Nine months later, in September 2018, the JPFA in its report to members at its Annual General Meeting tabled the following issues and recommendations which emanated from its members at their Regional Meetings:-

- Allegations of illegal imports/MICAF & Customs take measures to prevent such imports;
- Low market demand/Launch a generic market promotion campaign
- Low price offered by market intermediaries/ JPFA Revenue enhancing project to off take members pork;
- Lack of export market opportunities/Lobby for removal of NTBs within CARICOM;
- Lack of lobby & policy support/Develop a new Policy framework for Jamaica Pig/Pork Industry;
- Need to expand adoption of GHAP/Improved extension services etc.; and
- Sub-optimal slaughtering facilities & services/Promote standards for facilities.

#### 4. OBSERVATIONS, LESSONS LEARNT & RECOMMENDATIONS

##### **Observation #1: Era of Stagnation, Modernization, Growth, Gluts and Shortages.**

4.1 The abovementioned chronology of industry-related events as well as the information and discussions presented therein, has provided an insight into the occurrences and issues impacting on the state of Jamaica's Pig Industry. This next section of the Paper draws attention to some salient observations, lessons learnt, opportunities to be realized and recommendations for consideration by members of the Association and other stakeholders within the industry.

4.2 The 1990's can be referred to as the '*Era of Stagnation*' and instability for both Jamaica's pig farmers and pork processors. The period 2001-2010 can be referred to as the '*Era of Modernization*'. During that latter period, the industry's public and private stakeholders were introduced to and proactively embraced an institutional mechanism of cohesion and cooperation amongst themselves. This coupled with the introduction of modern pig breeding and production technology, and the capacity-building and financial assistance of international and national development institutions, fueled the proliferation of technical know-how amongst pig farmers and set the stage for what was to come - '*the Era of Growth*' – 2011 to 2016.

##### **LESSON # 1**

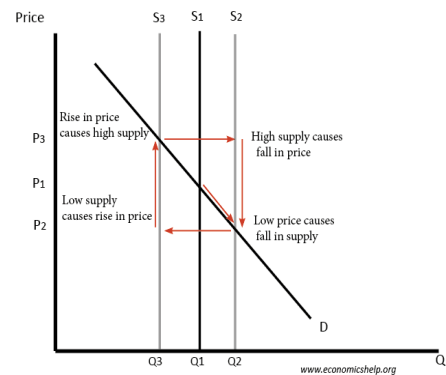
**With the introduction of modern production technology, modern institutional frameworks for private-public sector collaboration, and capacity building and financial support programmes, it is possible in a relatively short period of time to attain growth in industry output.**

4.2 It can be argued that during this *Era of Growth*, there was a high level of investor confidence, especially in the case of new large pig farmers, who contributed significantly to the increase in pork production. Small and medium size farmers also upgraded their operations by introducing improved breeding sows. Between 2006 and 2015, the average pig slaughter weight increased by approximately 27% - from 60 kg to 76 kg, and Jamaica attained the status of self-sufficiency in pork meat production.

**Observation # 2: The ‘Hog Cycle ‘Continues With Longer Periods of Glut and Shortage**

4.3 In spite of the fact that within a period of 15 years, Jamaica attained the enviable status of being self-sufficient in pork meat production, since 2016 an *‘Era of protracted shortage and glut’* has set in, characterized by slow offtake of local-origin pork and stagnant farm gate prices (which pig farmers claim is often below the average cost of production).. This fluctuation in production is referred to in academic circles and the global hog industry as the age-old phenomena of the *‘Hog Cycle’* which continues to haunt the industry, just as it does in the USA, China, and other major pig producing countries.

4.4 According to researchers of the ‘Hog Cycle’ phenomena, a key determinant of what pig farmers will supply in the future is the farm gate price received for pigs from the previous year. Economists have observed that low farm gate prices in a particular year, discourage increase in the sow population, and encourages cut back in the next year. This in turn results in a fall in pork supply in the following year, which then causes prices to rise over a period of 10-12 months, and triggers farmer’s response by way of increased investment in breeding sows and increase in supply in the following year.



4.5 Some academic observers have noted that while historically it is common for these Hog cycles to last for 2-3 years, more recently they have become somewhat longer, with cutbacks occurring only after prolonged periods of very poor returns and major expansions may take place only after extended periods of favorable profits. This is exactly what is currently occurring in China (the world's biggest pork market) where prices have dropped precipitously from US\$12.25/kg in 2016 to US\$ 4.70/kg in 2018. The reason for this is delay in action on the part of producers is not clear. Maybe the rationale for such behavior is to maintain a minimum sow population to take advantage of future increases in farmgate prices and thus recoup losses due to low prices.

4.6 According to Liang Qi, an agriculture product price expert, “...the prolonged cycle of price fall suggests *asymmetric information of the supply and the demand sides*, as they are separated by links in the production chain including slaughtering, cold chain logistics and meat processing”. In simple language, information with regards to supply and demand is distorted, inaccurate and misleading. To remedy the situation, Liang has called for a nationwide pig-data information service system for early warning of pork prices in order to help guide farmers in production.



4.7 With regards to the situation here in Jamaica, it can be argued that there was a similar asymmetric information of the supply and demand sides (i.e. there was anecdotal evidence of the level of increase in Jamaica's pig production and demand during the 'Era of Growth' but the actual level of increase was not readily known and remained in the realm of guesstimates).

4.8 Metaphorically speaking, it was as if the length of the runway was underestimated and the pig supply plane landed on the demand airstrip with too much speed and overshot the end of the runway, ending up in a sea of prolonged glut, and low farm gate prices. This coupled with high feed cost resulted in very poor returns for pig farmers.

4.9. Like Liang Qi, International Agribusiness Specialist and Consultant to the JPFA, Robert Reid, has recommended that a real-time **Pig/Pork Production Early Warning System (PPEWS)** be established as a means of addressing the issue of *asymmetric information* on the supply side, thereby dampening the impact of the Hog Cycle.

4.10 Grounded in a systematic, and scheduled collection and dissemination of more accurate pig production (and indicative pork supply information), basically what such a system would do, is to send (via digital means) early 'trigger signals' to pig producers and other value chain stakeholders (including import regulatory agencies), telling them about the aggregate status of pig/pork production, forecast where production output would be in the next quarter, and when juxtaposed against national consumption estimates, signal the prospects for occurrences of gluts or shortages. To bring rigor to the system, periodic and detailed consumption/demand surveys would be conducted to reduce asymmetry of information on the demand side.

4.11 With such a system in place, industry operators would therefore know at least 3 months in advance when production output is approaching a given percentage of domestic consumption, currently estimated at 10.5-11 million kgs per annum. This contrasts with the current reactive coping strategy of cutting back on the sow population *after* the initial impacts of market shocks become noticeable.

4.12 The JPFA is of the perspective that the PPEWS would empower industry actors to jointly and simultaneously take corrective actions that would reduce, increase or maintain pork supplies to achieve a desired state of equilibrium, with the common intention being to put a damper on protracted periods of glut and very low farm gate prices. Listed below in Table 1 are a few suggested actions.

## **LESSON # 2**

**Jamaica's pig industry is no exception to the Hog Cycle phenomenon. It's more recent protracted periods of glut and shortage has become the most serious and fundamental challenge as it threatens the long term viability of large and medium size pig enterprises which are at the core of the industry in Jamaica. There is an urgent need for a mechanism to be put in place to mitigate the impact of the Hog Cycle.**

**Table 1:**

**List of Suggested Pig Industry Actions**

ACTION	COMMENT
<ul style="list-style-type: none"> <li>▪ Regulatory agencies reduce # of import permits, and regulatory agencies make very vigilant inspections at ports of entry</li> </ul>	<ul style="list-style-type: none"> <li>▪ Impact on external-origin pork supplies, non-compliant imports, and foreclosure of market for domestic supplies</li> </ul>
<ul style="list-style-type: none"> <li>▪ Producers voluntarily reduce their sow herd size</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mainly large and medium size pig producers</li> </ul>
<ul style="list-style-type: none"> <li>▪ Core breeding unit controls the sale of replacement gilts</li> </ul>	<ul style="list-style-type: none"> <li>▪ To prevent further increase in sow population and subsequent oversupply of pork by 'itinerant' small size producers</li> </ul>
<ul style="list-style-type: none"> <li>▪ Business support services bolstering producer-processor-buyer interface</li> </ul>	<ul style="list-style-type: none"> <li>▪ JPFA–MT/JMEA Linkage programme to increased domestic market off-take of pork products by hotels and restaurants island-wide</li> </ul>
<ul style="list-style-type: none"> <li>▪ Private intermediaries/meat distributors increasing off-take and/or storage of pork meat</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establishing a PP Buffer stock scheme, wherein the Government and the private pork processors band together to limit price volatility by buying and storing surplus pork meat</li> </ul>
<ul style="list-style-type: none"> <li>▪ Pork processors in collaboration with the MICAF, the JBS, and the JMEA, aggressively pursuing export markets especially within the CARICOM region</li> </ul>	<ul style="list-style-type: none"> <li>▪ Medium to long term effect on supply side</li> </ul>

**4.12** From the perspective of the Ministry of Agriculture’s, the PPEWS should be seen both as a system that triggers a set of agreed and transparent actions on the part of the private and public stakeholders along Jamaica’s pork value chain, and as a practical mechanism that facilitates the GOJ in carrying out evidence-based trade policy interventions.

**4.13** With regards to the collection of production information, there is the school of thought that this action contributes to the creation of a “Public Good”, and its undertaking should be the remit of the Statistical Institute of Jamaica (STATIN) which technically is the entity best equipped and qualified to do so.

**4.14** In support of this perspective, is the fact that in the Member States of the European Union (EU), and more so its candidate countries (that have economies similar to Jamaica), it is Central Statistical Units that takes charge of the methodology applied to livestock surveys which is done four times per year. One could reasonably argue that in the case of Jamaica, it would be prudent that STATIN be requested to undertake collection of pig production information on a quarterly basis. If necessary such a request would come via the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAF) and the Ministry would in turn relay this information to an independent body of industry players for review and recommended action as per Table 1.

4.15 There are some industry players, who are however of the strong view that the PPEWS should be operated with a high degree of alacrity as it is intended to directly and positively impacts on the profitability of those whose investment is at risk (i.e. Pig farmers, the local feed mills and pork processors). It therefore should not suffer the effects of government's inefficient bureaucracy. Government and its agencies should stick to policy development and regulations and let the private sector in collaboration with STATIN, do the implementation of the PPEWS. Cited in support of this perspective are an increasing number of projects in major pig producing countries such as the USA, that feature private sector-led collecting and sharing of data e.g. projects to manage and eliminate swine diseases by linking pig movement and shipments to swine health.

4.16 However, it can be reasonably argued that in the case of a private sector-led, funded and operated PPEWS, for various reasons, information originating from such a system may not initially be considered as sufficiently transparent for pig farmers to have full confidence in it and to subsequently take appropriate action. Confidence in the private-sector led system would take a very long time. The situation can become even more problematic if there is a huge discrepancy between information generated by the private-lead PPEWS and that periodically generated by STATIN.

4.17 An amicable position is for the private and public sector (i.e. JPFA, the Feed Mills and STATIN) to formally agree to cooperate with each other in the quarterly collection of pig production information, with STATIN providing technical oversight to ensure that there is technical rigor in the system. The PPEWS would also take into account other bits of pertinent information that are within the domain of public and private sector entities, and which would have to agree to contribute such information to the system on a timely basis (e.g. feed offtake, slaughter records, import permit request etc.).

#### **RECOMMENDATION #1**

**Within the framework of a Memorandum of Understanding (MOU) between the JPFA and local feed mills, and STATIN, a Pig/Pork Production Early Warning System be piloted and subsequently established, with STATIN providing technical oversight for the collection, analysis of production information undertaken on a quarterly basis.**

#### **Observation #3: Improvement & Decline in Industry Cohesion & Transparency**

4.18 In the 2002 assessment of the pig/pork industry carried out by IICA, it was argued and suggested that:-

*“A confident, trusting producer/processor/distribution relationship is imperative to the success of Jamaicans' pork industry. It is advisable that there be planned programmes to stimulate cohesiveness and implant collaborative mechanisms to ensure better synchronizing of production and marketing activities between pig farmers, butchers/traders and pork processors”.*

**4.19** The period 2001-2010 saw the introduction of the Pig/Pork Industry Committee, as an improved institutional mechanism of cohesion and cooperation amongst the industry's public and private stakeholders. However, currently JPFA leadership is of the perspective that in recent year there has been a significant loss of cohesion and trust between pig farmers, pork processors and government regulatory agencies. Cited as manifest of the abovementioned perspective, was the extensive media coverage given to the conflicting positions of pig farmers, pork processors and MICAF, specifically with regards to the status of pork supplies, and the call by some processors for the opening of the market to imports during the 2014- 2015 period of pork shortage.

**4.20** While note is taken of the fact that when there are supply issues to be resolved, stakeholders in the industry would meet with the MICAF, some observers have argued that in the past, government bureaucracy has pitted the same industry stakeholders who worked closely together as members of the Pig/Pork Committee during the period 2001-2010, against each other

**4.21** It is against this backdrop, that the JPFA is of the firm position that what is need for the industry now, is for it to return to the 'self-regulatory' mode - without the call of MICAF to come to the dialogue table. Quarterly meetings of pig/pork industry operatives should be convened by the private operators, with MICAF representatives being invited to participate and render guidance where necessary. Standard agenda item should be the matter of pork supply, market conditions, import permits, and disease surveillance. As was done in the past, import requests should be tabled for consideration by the industry as a whole.

**4.22** With regards to this forum for the meeting of industry operators, there has been the suggestion that the pig subsector should be part of a wider Livestock Board. While this in the long term can bring some semblance of order to the livestock subsector as a whole, the JPFA's position is that at this point in time, the concerns of the pig industry operators, especially pig farmers, should not be open to the possibility of being subsumed to the concerns of other livestock subsectors.

## **RECOMMENDATION # 2**

**If there is to be positive development of the industry, transparency, sharing of information and cohesion amongst pig producers, pork processors, feed mills, and regulatory agencies is critical and must be proactively pursued. The JPFA, given its mission and vision should take the lead in this reunification of the industry's private and public sector actors, through the revitalization and rebranding of the Pig/Pork Industry committee as the Jamaica Pork Council.**

## **Observation #4: Needed Investment in Fresh Breeding Stock & Technical Know-how**

**4.23** During the industry's 'Era of Modernization' (i.e. 2001-2010) it has been demonstrated that the introduction of high-quality breeds of pig results in farmers producing pigs of better physical conformation and livability, delivering better quality meat to their customers at a faster rate. It has also enhanced the capability of pork processors to obtain better cuts of meat, which enhances their product positioning as *the preferred alternative* to other meats that are offered in upscale hotels.

4.24 Note is however taken of the fact that the original Newport Genetics stock was chosen from the top 10% of the Canadian breeding herd that constitutes the main exporting breeding pig source in the world. It has been more than 10 years since there has been any restocking of the core breeding herd at the Newport Genetics facility. In tandem with this is the fact that outside of the training sessions conducted by one major industry operator for mainly its contract pig farmers, in recent times there has not been any noticeable capacity building training initiatives on the part of the JPFA or the Rural Agricultural Development Authority (RADA).

### **LESSON # 3**

**Failure to timely introduce fresh breeding stock can eventually and will certainly contribute to substandard meat quality. With feed prices already relatively high, lack of upgrade in breeding stock can also lead to inefficient feed conversion and lowering of carcass dress weight. This eventually could spell the long-term demise of Jamaica's large and medium size pig farmers. If overall quality standards are to be maintained, for smaller less efficient pig farmers, training in proper animal husbandry techniques and disease monitoring should be done on an ongoing basis.**

4.25 Whatever the reasons may be for the lack of a refreshed breeding herd and on-going training of pig farmers, there is definitely a need for the industry to zealously guard against herd inbreeding, reduction in the hybrid vigor of the overall pig population, and laps in good pig husbandry practices.

### **RECOMMENDATION #3**

**Newport Genetics Ltd and MICA/Veterinary Division, should work together to ensure that the supply of high-quality breeding pigs is maintained through the rejuvenating of the core breeding herd at Bodles.**

**The JPFA, in collaboration with the local feed mills, RADA and the MICA's Veterinary Division, should on an annual basis, plan and execute at least 4 training seminars for pig farmers with the aim of reinforcing feeding and nutrition management, disease prevention, and the management of farm records to assist in the area of traceability.**

### **Observation # 5: Need to Address Claims of Illicit Imports**

4.26 In recent times the JPFA has expressed its concern to the authorities in the Ministry of Industry, Commerce, Agriculture and Fisheries (MICA) about the matter of illegal importation of pork products, and has argued that it is because of this violation of the conditions of import licenses, (which are unlawful deeds with smack of implicit corruption), why there has been a foreclosing of market opportunities for local supplies in the hotel and restaurant sector. This in turn has contributed to exacerbating of the already protracted period of glut and further price depression.

4.27 In response, MICA officials have indicated that *"there is no concrete evidence to support claims that illicit products are being brought into the country in any great quantities"*. Even with such a response, large and medium size pig farmers are still very suspicious of the import regime for pork products, and through the JPFA have been calling for greater transparency with regards to the issuing of import permits, and more vigilance applied to food shipments by Customs at border control points.

4.28 If there is no perceived or real address to this concern, one can reasonably envisage a stealthy growth of distrust within the industry, and a slow curtailing of investment by larger pig farmers and up-stream agroprocessors. Furthermore, it is widespread knowledge that pork products when not properly handled, can pose a serious risk to public and animal health. The introduction of virulent porcine epidemic diarrhea virus (PEDV) and African Swine Fever into the country through contaminated imports, can have very devastating long-term effects on the local pig/pork industry.

4.29 The JPFA thus argues that by law, only Customs, the MICAF, and the other import regulatory agencies (acting in unison) are empowered to properly address the matter of illicit imports, and it is therefore reasonable to expect that such address should best be done by the undertaking of thorough inspection of goods and verification of customs manifest and import permits.

4.30. There is the perspective that if thorough inspections are to be undertaken, the ports of entry for meat products should be restricted. This might however prove to be problematic in that importers can claim that it is their constitutional right to have goods delivered through any port of entry in Jamaica where the regulatory agency has inspection personnel and facilitates.

4.31 If the approach of restricted port of entry is not possible, and then based on the aforementioned considerations about disease risk, pork products should be ranked as high-risk foods, and for all foods in this high-risk category, each consignment *must* undergo an official veterinary check at the port of entry. The consequences of disease transmission are too grave and under no circumstances should illicit imports of these products be allowed to occur.

4.32 Another worthwhile suggestion that has been tabled for consideration to make import inspections more effective and therein help to prevent illicit imports and protect the nation's food supply against public and animal health emergencies, is for Jamaica's Customs department, the Bureau of Standard and the Veterinary Services Division, to put place a **Prior Notice System (PNS) for all meat products**.

4.33 Somewhat similar to that which prevails in the USA, but less complicated in procedure, this system can simultaneously improve both the inspection processes and human/animal health risk assessment by providing *forward information* that can help with the interception of possible illicit and contaminated meat products. Annex 1 is a diagram depicting the Process used by the U.S. Food and Drug Administration (FDA) to examine imported food and related documents.

4.34 Why is such a system worthy of serious consideration? Because, it is possible for shipments of pork meat to arrive in Jamaica, with no other regulatory agency (except Customs), being aware of its arrival. Currently, it is only upon arrival at the border entry points in Jamaica that documents are presented to the Customs authorities.<sup>13</sup>

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<sup>13</sup> These documents include a supplier invoice; certificate of origin; bill of lading; airway bill; an import license and other shipping documents which include a declaration of value, and if required, a phytosanitary certificate.



4.35 A Prior Notice System for all meat products would make it compulsory that all importers of pork products (who have been granted import permits via the automated MICA Trade System), *simultaneously notify* Customs, the Bureau of Standard, and the Veterinary Division, of the pending shipment, at least 48 hours before the consignment arrives at the border entry point.

4.36 The PNS, which operationally can easily be made be an adjunct to the automated MICA Trade System, would be accessible to all the aforementioned regulatory agencies, allowing for the three agencies – not just Customs alone - to make proper arrangements for their representatives to be present and jointly participate in the stripping and inspection by Customs of all containers with pork consignments, and the verification of volumes, compliance with permits, and assessment of the integrity of consignment.

4.37 Consideration will have to be given to whether or not the PNS will require a Ministerial Order for it to be incorporated into the regulations governing the importation of food products, and specifically those of animal origin (e.g. The Animals (Diseases and Importation) Act 1948, and the Food and Drugs Act and Regulations). Regardless of the legislative procedure that has to be followed, it is important that in crafting such legislation, that the protocol governing the import of pork products should carry with it *very punitive sanctions* for importers who are found in breach of the PNS provisions, and if breaches are committed in collaboration with agents of the State, than such agents should be subjected to disciplinary procedures as per the Corruption (Prevention) Act.

4.38 To have a strong and workable system in place, with incentives for compliance with requirements and to mitigate any grave concerns from meat importer/distributors, it would be advisable that before putting the PNS in place, Customs and the MICA should make all effort to ensure that through dialogue, industry stakeholders are aware of and understand the protocol that will be introduced to safeguard the industry. There must be buy-in facilitated through stakeholder awareness sessions where matters such as the import program objectives; the reasoning behind these objectives and the issues it faces in regulating imported food are discussed. For the execution of such an awareness exercise, the Jamaica Pig Council would be the ideal partner of choice.

#### **RECOMMENDATION # 4**

**To mitigate the incidences of illicit importation of pork meat products, the GOJ through MICA, should establish a Prior Notice System (PNS) for the importation of meat products. The system would be an adjunct to the automated MICA Trading System and would have an accompanying set of protocols governing the importation of meat products. The PNS should be internalized by industry stakeholders and when operationalized will enable MICA, Customs and other regulatory Agencies to jointly and periodically update industry members of Jamaica Pork Council on efforts to control the illicit importation of pork products.**

4.39 The PNS would also address the transparency concern of pig farmers and pork processors, by enabling the MICA and Customs to present reports to the quarterly sittings of the Pork Council on the results of efforts to control illicit imports.

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## **Observation # 6: Needed Generic Promotion Campaign & Export Market Penetration**

**4.40** Like poultry meat, pork meat can have versatility across several meal times (i.e. breakfast, lunch, dinner). However, in the case of Jamaica, its consumption is reported to be relatively low comparison to what prevails in other Europeans and North American countries, averaging 6 kg per vs 40 kilograms per capita. Increasing the consumption of pork meat equates to increasing the demand side for this product, which has positive implications for supply and production, preferably domestic production.

**4.41** A cursory literature review on how to approach the task of increasing pork consumption, has pointed to the importance of having sustained, high-level promotional campaigns that place emphasis on the healthy attributes of pork meat. In the case of Jamaica, the promotional campaigns carried out by Caribbean Broilers Group Ltd (CB) since 2007, is noteworthy. This is the only industry player that has consistently undertaken memorable promotional campaigns to educate the consumer about the various ways to consume its brand of ready-to-eat pork products. CB claimed that four years after it started its 'Know Your Pork' pork promotion campaign, pork consumption in Jamaica increased by some 20%.

### **LESSON # 4**

**Market promotion campaigns, while very costly, can have a very positive impact on consumer perception of pork as an alternative meat. This coupled with availability of more ready-to-eat pork products, can result in significant increase in local consumption.**

**4.42** Closer examination of the CB/Copperwood promotional campaigns reveals that they stealthily targeted upper-income consumers and not any particular consumer demographic group such as adult males and females, children, single parents, elderly persons, visiting tourist etc. Marketers argue that Jamaica's Millennials and Generation Z unlike their parents may have a different mindset towards consuming pork meat, and they also differ in their place of consumption. They are more inhibited by health concerns rather than religious sentiments, spend more of their income on food prepared outside of the home, and when they do consume at home, they prefer convenient and easy to prepare pork products such as loin steaks and medallions which are perfect for quick, appealing and healthy mid-week meals.

**4.43** It is further noted that in 2017, Jamaica's total consumer foodservice sector generated an estimated \$700 million in sales, 5 percent higher than the previous year. There are currently 19 Burger Kings, 16 Dominos, 11 Pizza Huts, 7 Little Caesars, 36 KFCs, 9 Popeye's Louisiana Kitchens, 4 Subways, 9 Wendy's, 2 TGI Fridays, 18 Island Grills, 61 Juici Patties and 32 Tastees; and therefore Jamaica's pork processors should recognize the growing impact of the local food service channels on pork consumption, and work with them to get more pork cuts onto menus- as an alternative to chicken.

**4.44** Based on estimates obtained from service providers, would cost a minimum of J\$ 7 M to launch such campaign. In the opinion of CB officials, this is a drop in the well if a truly sustained and high quality effort were to be mounted.



4.45 For its part, the JPFA has in the past mounted short promotional campaigns. However, due to the lack of funds and fortitude, these initiatives have not been sustained, and there are members of the organization who are of the opinion that the JPFA should renew its generic promotion of pork meat. On the other hand there are JPFA members who are of the opinion that the Association's limited resources should primarily be used to promote better and more sustainable pig farming practices. As such, generic marketing and product promotion should be left to the pork processors who should be encouraged to set aside on an annual basis, funds to contribute to joint generic pork promotion champagne.

4.46 Maybe the best approach would be a collaborative effort whereby the JPFA and the 6 local pork processors pool their resources to undertake a well-planned and sustained campaign geared to increasing consumption, with all parties getting their fair share of enterprise/brand visibility. To determine impact, pork consumption surveys at the start and at the end of the campaign would be in order.

#### **RECOMMENDATION # 4**

**Pork processors and Pig Farmers (through the JPFA) should mount a joint and sustained generic campaign to promote the consumption of pork meat, targeting Millennium and Generation Z consumers as well as the food service operators in key urban areas (Kingston, Negril, Montego Bay) with the aim of contributing to the doubling of the per capita consumption of pork by the year 2023.**

#### **Observation # 6: Export Market Penetration to Boost Production and Mitigate Glut**

4.47 It is now reasonable to accept that Jamaica's pig farmers can deliver quality carcasses and can supply more than 90% of the domestic need for pork. The mere fact that four years ago pork was exported to Trinidad shows that it is possible to penetrate external markets within the Caribbean. The exporting of pork products (e.g. ham, bacon, sausages) by local processors should also be seen as an opportunity to boost pig production and simultaneously keep large and medium size farmers constantly and steadily engaged in the farm to processor supply chain, while reducing the incidences of gluts on the domestic market.

4.48 Unfortunately, despite the fact that it has been concluded (based on a risk assessment undertaken by the Caribbean Agriculture Health and Food Safety Agency) that Jamaica is one CARICOM country that is a suitable source of pork supply to the rest of the Region, coupled with the fact that in October 2017, approval was given by the Council of Trade and Economic Development (COTED) for nine (9) processing plants, including some in Jamaica, to trade within the region, more recent efforts to restart pork exports to CARICOM countries have been frustrated. The primary reason cited for this is the disparity in phytosanitary requirements across the region, and challenges with getting approval by the relevant Ministries of Government, veterinary departments and labs to validate import permits.

4.49 Dr. Keith Amiel, a private sector official and Corporate Affairs Manager of one of the leading actors in the pig industry and who has played an integral role in the development of Jamaica's pig industry, is of the perspective that the Caribbean Pork Producers Association (CPPA), which was established in the early 2000s, should be used as a platform for advocating the removal of barriers to intraregional trade in pork products and animal feed, simultaneously quelling any fears of unfair competition as expressed by pig farmers in Antigua in 2013 when it was reported that the Jamaican based company Caribbean Producers Jamaica Ltd, (CPJ) was targeting that country for exports from Jamaica.<sup>14</sup>

**RECOMMENDATION #5**

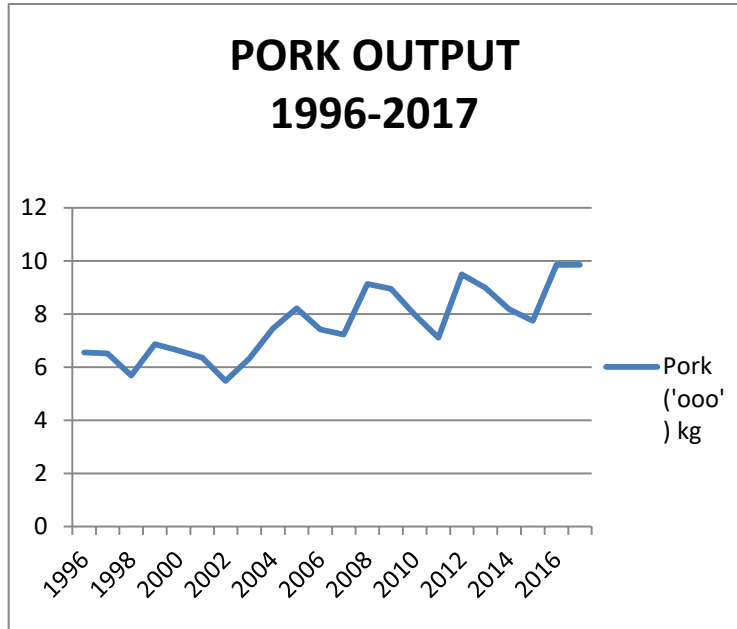
**Under the asperses of the Jamaica Pork Council, a sub-committee of pork processors and pig farmers should be established to develop a Plan of Action to effect the export of Jamaican-origin pork products to CARICOM countries. This Plan of Action should involve engagement with the CPPA, dialogue with regulatory authorities in importing countries, and the conduct of consumer market research in selected countries. MICAF, MFAAFT and the JMEA should be invited to participate in the workings of the sub-committee.**

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<sup>14</sup> <https://antiguaobserver.com/calls-for-protection-from-jamaican-pork-producers>

## 5. CONCLUSION

5.1 Based on the background information presented, coupled with the observations made and lessons learnt from past occurrences within Jamaica's pig industry, the JPFA has concluded that while Jamaica's pig industry has attained growth in (high quality) output, such growth is not sustainable if the long term viability of large and medium size pig enterprises, which are at the core of the industry, is constantly threatened by the negative impact of the Hog Cycle phenomenon i.e. protracted gluts and low farm gate prices.



5.2 It is therefore the ardent position of the JPFA that a workable mechanism must urgently be put in place to mitigate the negative scenario aforementioned, and this mechanism should address the asymmetry of pig production information and provide prognostications that will enable pig farmers and other industry players to take coordinated preemptive actions that will ward off the onset of gluts and shortages. The recommended mechanism of a Pig/Pork Production Early Warning System (PPEWS), grounded in the collection, analysis and dissemination of production information on a quarterly basis should be deliberated amongst industry players, designed, piloted, validated and if deemed of significant utility, subsequently operated under the auspices of a newly established Jamaica Pork Council.

5.3 The Jamaica Pork Council must first be established to bring back cohesion, the sharing of information, and transparency of action amongst pig producers, pork processors, feed mills, and regulatory agencies. The JPFA is of the position that the Council's establishment is critical and should be proactively pursued to ensure that there is positive development of the industry, and given its mission and vision, will take the lead in this institutional reunification of industry actors.

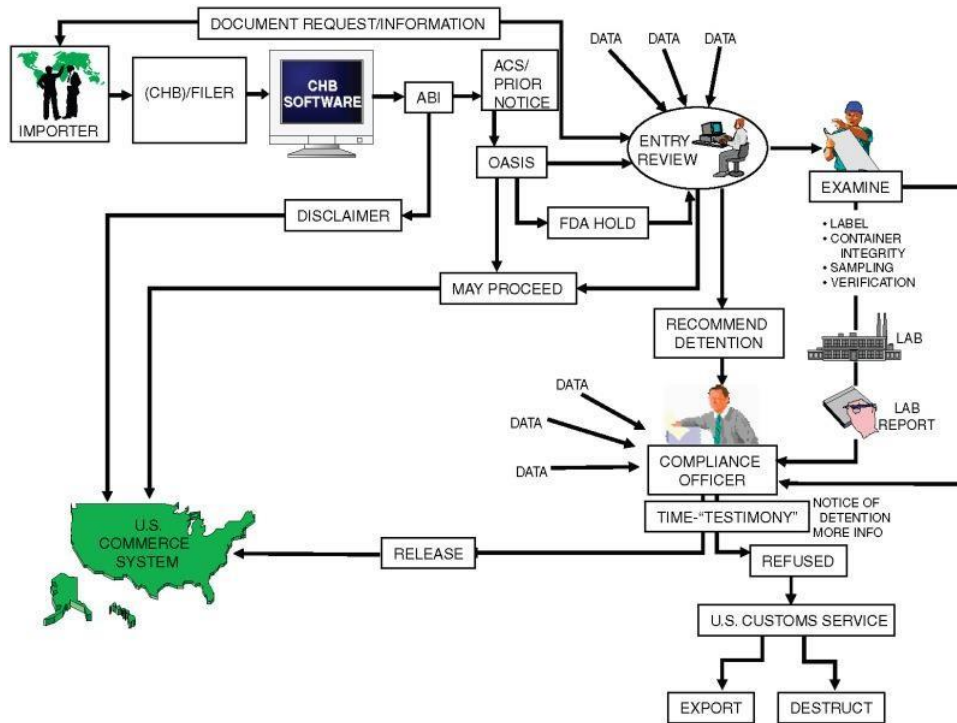
5.4 The JPFA is also very cognizant of the fact that failure to timely introduce fresh breeding stock into the national herd, will eventually and certainly contribute to inefficient feed conversion, the lowering of average carcass dress weight, substandard meat quality, and the long-term demise of Jamaica's large and medium size pig farmers. The training of small, less efficient pig farmers, in proper animal husbandry techniques, proper feeding regimes, and animal health and disease monitoring, must be done on an ongoing basis.

5.5 Therefore, it is the JPFA's firm belief that Newport Genetics Ltd and MICAFA/Veterinary Division, should work together to ensure that the supply of high-quality breeding pigs is maintained through the rejuvenating of the core breeding herd at Bodles, and it is incumbent on the Association to collaborate with the local feed mills, RADA and the MICAFA's Veterinary Division, to execute annually, at least 4 training seminars for pig farmers.

5.6 Another issue that has to be addressed because of its negative impact on the access of local pig farmers to market as well as the fact that it seriously can endanger the animal health and food safety regime of the country is that of the illicit importation of pork meat products. To nullify incidences of such occurrences, the JPFA is calling on the GOJ through MICAFA, to establish a Prior Notice System (PNS) for the importation of all meat products, especially pork meat. This system would be an adjunct to the automated MICAFA Trading System and would have an accompanying set of protocols governing the importation of meat products. The PNS should be internalized by industry stakeholders and when operationalized will enable MICAFA, Customs and other regulatory Agencies to jointly and periodically update industry members of Jamaica Pork Council on efforts to control the illicit importation of pork products.

5.7 In tandem with the systems, institutional framework and initiatives to ensure better symmetry of pig production information, cohesion of industry actors, improvement in the national herd and animal husbandry practices, and control of illicit import of pork meat, the JPFA is of the position that there should be an industry driven initiative to promote the consumption of pork meat, targeting Millennium and Generation Z consumers as well as the food service operators in key urban areas. This campaign should fall under the auspices of the Jamaica Pork Council. The Council should also seek to increase production and market off-take by developing and implementing a Plan of Action to properly initiate the export of Jamaican-origin pork products to CARICOM countries.

5.8 The JPFA will proceed to deliberate the aforementioned positions with pig farmers and other industry stakeholders, including the Ministry of Industry, Commerce, Agriculture and Fisheries, so that action can start on their implementation by the 3<sup>rd</sup> Quarter of 2019.



**THE WAYFORWARD**

**SMART BOARD**

OBSERVATION	LESSON	SPECIFIC RECOMMENDATION	ACTION	OVI	TIME PERIOD	LEAD/ INVOLVED
<b>Era of Industry Decline, Modernization, Growth and then Gluts and Shortages.</b>	<p>Jamaica's pig producers, pork processors, input suppliers, and business support services can perform creditably, once there is in place:-</p> <ol style="list-style-type: none"> <li>1) A private-public sector institutional framework; to enhance chain actor cohesion and transparency;</li> <li>2) Agreed collaborative production (herd and farm management improvement) and market development (generic promotion) programmes.</li> <li>3) A supportive trade policy regime and border control mechanism.</li> </ol>					
<b>The 'Hog Cycle' Continues with Longer Periods of Glut</b>	<p>Jamaica's pig industry is no exception to the Hog Cycle phenomenon. It's more recent protracted periods of glut and shortage has become the most serious and fundamental challenge as it threatens the long term viability of large and medium size pig enterprises which are at the core of the industry in Jamaica.</p>	Put in place mechanism to mitigate impact of Hog Cycle.	Design Early Warning Pig/Pork Production Monitoring System	Early Warning Pig /Pork Production Monitoring System Consultations and Design completed	3 <sup>rd</sup> Qtr. 2019	Pork Council of Jamaica /STATIN / MICAF
	<p>Urgent Need for a Mechanism to Mitigate Impact of the protracted Hog Cycle</p>	Under the asperses of MICAF and in collaboration with the Value Chain Dialogue Platform of Stakeholders, the Early Warning Pig/Pork Production Monitoring System be piloted and subsequently established,	STATIN in collaboration with the JPFA undertake the collection, analysis and dissemination of pig production information on a quarterly basis The institutional framework	Memorandum of Understanding (MOU) between STATIN, and the JPFA	3 <sup>rd</sup> Qtr. 2019	Pork Council of Jamaica /STATIN / MICAF
<b>Decline in Industry Stakeholder Cohesion and Transparency</b>	<p>Transparency, sharing of information and cohesion amongst pig producers, pork processors, and regulatory agencies (on neutral grounds) is critical to the future development of the industry.</p>	JPFA given its mission and vision should take the lead in this reunification of the industry actors through the revitalization and rebranding of the Pig/Pork Industry committee as the Jamaica Pork Council. The Inter-American Institute for Cooperation on Agriculture (IICA) and the Food and Agricultural Organization should be requested to facilitate the neutral space for the meeting of this body.	JPFA solicit agreement with other stakeholders to revitalization and rebrand the Pig/Pork Industry committee as the Jamaica Pork Council	Meeting of Jamaica Pork convened	2 <sup>nd</sup> Qtr. 2019	JPFA/Feed Mills, Pork Processors, MICAF

## THE WAY FORWARD

<b>SMART BOARD</b>						
<b>OBSERVATION</b>	<b>LESSON</b>	<b>SPECIFIC RECOMMENDATION</b>	<b>ACTION</b>	<b>OVI</b>	<b>TIME PERIOD</b>	<b>LEAD/ INVOLVED</b>
Needed Investment In Fresh Breeding Stock And Technical Knowhow	Failure to timely introduce fresh breeding stock will eventually and certainly lead to substandard meat quality. With feed prices already relatively high, inefficient feed conversion due to the lack of upgrade in breeding stock could spell the long-term demise of the large and medium size farmers in the business. Animal husbandry training and disease monitoring must be done on an ongoing basis.	Newport Genetics Ltd and MICAF/ Veterinary Division should work together to ensure that the supply of high-quality breeding pigs is maintained through the rejuvenating of the core breeding herd at Bodles.  The JPFA and in collaboration with Feed companies, RADA and the MICAF's Veterinary Division, should plan and execute on an annual basis at least 4 training seminars for pig farmers aimed at reinforcing feeding and nutrition management, disease prevention, and the management of farm records	JPFA arrange meeting with Newport Genetics Ltd and MICAF/Veterinary Division re approach to the replenishing of breeding herd.	Agreement on approach to the replenishing of breeding herd at Bodles	3 <sup>rd</sup> Qtr. 2019	JPFA/ Newport Genetics Ltd and MICAF/ Veterinary Division
			JPFA arrange meeting with Feed companies, RADA and the MICAF's Veterinary Division re: Operator skills gap and training agenda 2019/2020	Agreement on areas of training, funding etc.	3 <sup>rd</sup> Qtr. 2019	JPFA/Feed companies, RADA, MICAF's Veterinary Division
Need To Address Claims Of Illicit Imports	If left unabated, illegal imports can foreclosing market opportunities for local supplies, and this in turn has contributed to further price depression and exacerbating the more recent protracted period of glut in the Hog Cycle  Pork products when not properly handled can pose a serious risk to public and animal health. The introduction of virulent porcine epidemic diarrhea virus (PEDV) can have a devastating effect on the local pork industry. Therefore under no circumstances should illicit imports of these products be allowed to occur.	Put in place a <b>Prior Notice System</b> for all meat products. Prior notification of meat imports will improve human and animal health risk assessment and the inspection processes and also help with the interception of contaminated and illicit products.	Consultation with MICAF and Industry Stakeholders re Prior Notice System and requirement for Ministerial Order to be incorporated into the regulations governing the importation of food products particularly those of animal origin	Decision taken by MICAF to incorporate Prior Notice Stems in Cabinet Submission	4 <sup>th</sup> Qtr. 2019	JPFA/ Jamaica Pork Council MICAF
Need for Targeted Pork Promotion and Export Market Penetration	Market promotion can have a very positive impact on consumer perception of pork as an alternative meat. This coupled with a reasonable reduction in retail prices, and availability of ready-to-eat pork products can result in significant increase in local consumption	Pork processors in Jamaica should under the auspices of the Pork Value Chain Dialogue Platform of Stakeholders establish a sub-committee to develop a demographically targeted generic campaign to promote the consumption of pork meat	Meeting to Plan and Agree on design, funding and implementation plan for Promotional Campaign	Documented funded and executed demographically targeted generic pork campaign	1 <sup>st</sup> Qtr. 2020	Pork Processors/JPFA
	The exporting of diverse pork products (e.g. ham, bacon, fresh pork) by local processors is another way of keeping large and medium size farmers constantly engaged in the supply value chain. The mere fact that 20,714 kgs of pork was exported to Trinidad and Tobago in 2014 shows that it can be done. Exports can also be a means of mitigating the negative effects of any protracted hog cycle.	Under the asperses of the Jamaica Pork Council a sub-committee of pork processors and pig farmers should be established to develop a plan of action for the export of Jamaican-origin pork products into the CARICOM market. The MICAF, the MFAFT and the JMEA should be invited to participate in the deliberations of the committee	Meetings of Pork Processors to plan and agree on plan to export pork products into the CARICOM region	Documented Pork Export Plan endorsed by MICAF, MFAFT and JMEA	4 <sup>th</sup> Qtr. 2019	Pork Processors/ JPFA, MICAF , MFAFT , JMEA