

Cost of Foot-and-Mouth Disease to Philippines Pig Industry

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THE PHILIPPINES - The Foot and Mouth Disease (FMD) outbreak in Central Luzon in 1995 hit both the pig and poultry industries, with a significant drop in the prices of both pork and chicken, which hit traders margins for some time after the outbreak, according to a recently published study.

Central Luzon is the number one pig-producing region in the Philippines and was affected by Foot-and-Mouth disease (FMD) in 1995, according to Lary Nel B. Abao of Obihiro University of Agriculture and Veterinary Medicine in Japan.

Writing with co-authors there and with the Bureau of Animal Industry in the Philippines in the journal, *Preventative Veterinary Medicine*, Abao examines the impact of FMD on the Central Luzon meat market from 1995 to 1999.

Employing the error correction model (ECM) and historical decomposition, the impact of FMD on the Central Luzon pork and chicken meat market was quantified.

The following findings were observed:

- Pig farm and pork wholesale prices dropped 11.8 per cent and 15.7 per cent, respectively, after the initial FMD outbreaks in January 1995.
- In February 1995, chicken farm and wholesale prices declined by 21.1 per cent and 14.2 per cent, respectively. Chicken retail prices also went down by 10.5 per cent.
- Margins of pig and chicken traders were also adversely affected at some point and
- FMD caused changes of dynamic interdependence among prices by meat type at different levels of the meat supply chain.

This study makes several contributions to the literature on the impact of FMD outbreaks.

It is the first to investigate simultaneously the impact of FMD outbreaks on meat prices, price margins along the supply chain, and price interdependence in the meat system in Central Luzon, Philippines. The Philippine pork industry is dominated by backyard farmers rather than the predominantly large commercial pig farmers existing in developed countries.

Secondly, the study yielded the novel finding of price decline in both pig and chicken prices as a result of the FMD outbreaks, according to Abao and colleagues.

They added the study showed that the profit margins of the pig traders, pork traders, chicken traders and chicken meat traders were also negatively affected by the FMD outbreaks in January 1995. However, over the long term, the price margins of pork traders were more severely affected than other traders' profits.

Reference

Abao R.N.B., H. Kono, A. Gunarathne, R.R. Promentilla and M.Z. Gaerlan. 2013. Impact of foot-and-mouth disease on pork and chicken prices in Central Luzon,

Philippines. Preventative Veterinary Medicine, published online on 24 December 2013. <http://dx.doi.org/10.1016/j.prevetmed.2013.12.005>

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