

USDA to buy \$30 million worth of pork

BY DAN PILLER • DPILLER@DMREG.COM • SEPTEMBER 3, 2009

Embattled pork producers, who have seen an unending stream of losses for two years and thought they would have to wait until after Oct. 1 for another federal purchase of pork, learned Thursday that the USDA will buy \$30 million pork immediately.

“Iowa’s hog farmers and their families have struggled as the price of pork has fallen steadily the past two years,” said U.S. Representative Leonard Boswell, a member of the House Committee on Agriculture and Chairman of the General Farm Commodities and Risk Management Subcommittee.

“I applaud the USDA’s planned pork purchases as one more step to getting Iowa’s pork producers back on their feet.”

Don Butler, president of the National Pork Producers Council, said “the action by USDA to buy additional pork will benefit America’s pork producers, the U.S. economy and the people who benefit from government food programs. NPPC is extremely grateful to Secretary (Tom) Vilsack for recognizing the plight of our producers and for taking action to help them.”

The USDA will make the pork purchases in FY 2009 for federal food and nutrition initiatives, such as school breakfast and lunch programs.

The purchase falls short of the \$50 million that the National Pork Producers Council, along with Iowa Gov. Chet Culver and eight other governors requested last month.

Nonetheless, Culver said Thursday “I applaud and thank Secretary Vilsack and President Obama for responding to the challenges farmers are facing. Today’s decision by USDA is a great step forward in providing much needed help to pork producers in Iowa and across the nation.”

The purchase won’t be the first. The USDA already has spent \$62 million on pork purchases in the last year to try to shore up the hog markets.

Hog prices have fallen from almost \$1 per pound a year ago on the futures markets to under 50 cents per pound due to oversupply, loss of some exports due to the world economic downturn and then the slump in demand after the beginning of the H1N1 virus scare beginning in late April.

A fresh outbreak of publicity accompanying the opening of schools and the need to protect students has further stoked market fears.

Nonetheless, pork prices rose by 1.2 cents per pound to 50 cents on the October contract at the Chicago Board of Trade Thursday morning. Longer-term contracts for delivery next spring and summer show prices at 68 cents per pound.

Iowa is the nation's largest hog producer, with an inventory of 19 million animals. The state accounts for about 23 percent of U.S. pork production and hog sales put between \$4 billion and \$5 billion into Iowa's economy annually.