

NEWS RELEASE

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NC State Receives \$465K Grant to Study Swine Marketing

FOR IMMEDIATE RELEASE

North Carolina State University agricultural economists have received \$465,000 to study different types of marketing arrangements in the swine and pork industries.

NC State is a part of the consortium of researchers headed by the Research Triangle Institute (RTI), which received a \$4.3 million contract from the U.S. Department of Agriculture's Grain Inspection Packers and Stockyards Administration (GIPSA) to study livestock and meat marketing for hogs, cattle and sheep.

Dr. Tomislav Vukina, NC State professor of agricultural and resource economics, says he and colleagues at NC State – Dr. Michael Wohlgenant, William Neal Reynolds Distinguished Professor of agricultural and resource economics, and Dr. Nick Piggott, associate professor of agricultural and resource economics – will take a close look at the implications that the changing organizational structure of the swine and pork industries exerts on producers' and consumers' costs and benefits.

The researchers will take mounds of data collected by RTI – surveys of all those involved in livestock and meat production and marketing, from farmers and packers to food service firms, exporters and retailers, as well as their individual transaction data – and conduct various economic analyses, including:

- Identifying and determining the use of emerging types of marketing arrangements such as production and marketing contracts;
- Determining terms of the marketing arrangements and their availability to entities of different sizes and in different geographic locations;
- Determining the long-term implications of swine marketing arrangements on operating costs; animal and meat quality; marketing risks; prices of livestock and meat; and the structure of the livestock and meatpacking industries.

Vukina says the study is important to North Carolina because of its multibillion-dollar livestock industry. He's especially interested in comparing and contrasting the North Carolina

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model – dominated by vertically integrated companies which own everything involved in producing pork and which often contract out segments of production to independent farmers – with the Midwestern model in which small farms raise pigs and sell them at auctions.

“This study will give us a better understanding of how the industry operates and how all the different segments function,” Vukina said. “Although there will be no policy proposals in this project, it will provide insight about similar changes occurring in other industrial organizations in agriculture.”

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