

June 2024



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# International Farm Management Association Country Reports June 2024



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## IFMA 2024 Country Reports

Another year of agricultural challenges under the belt and words like ‘sustainable’ now being commonly linked to all things agricultural. Whilst evolving from an environmental background to protect our food production resources without harm to the longer-term benefit, sustainability is equally applicable to the farming community.

Despite the increasing, and at times very tempting, adoption of agricultural robotics, there seems to be fewer people genuinely enthused about embarking on a hands-on career in agriculture. As employers, we increasingly need to invest in employees to build, and keep, a skilled and motivated farming team together.

For some employers this last year health, weather, and market prices may all have been kind on their business and consequently helped its sustainability. For others, and through no fault of their own, one or all of these factors will have been far from kind and force serious challenges about business sustainability.

Wearing our ‘Resilient’ farmer hat we pride ourselves in dealing with these challenges in the firm belief that next year, we will somehow manage things better. Wearing our ‘Let’s be Realistic’ farmer hat and with so many challenges outside of our control, it is important to maintain a pragmatic mindset; whatever will be, will be, and more often than not, the best laid plans will go astray.

Both hats have a time and place. Knowing which hat to wear, and when, is the tricky bit. The potentially confusing mix of farming pride, financial pressure, frequent long and lonely hours worked in remote and rural environments are not good for clear thinking. Conditions are not at all good for seeking that all important second opinion on which hat should I be wearing!

Fortunately, we have IFMA24 rapidly appearing on the horizon. It provides farmer delegates with that all essential ‘guilt free and time away’ to recharge. It offers ample opportunity with likeminded people, to talk through challenges, share successes and perhaps even talk about which hat to wear with your Canadian Tuxedo. Add in a bit of homeward bound reflection and your perspective will feel much healthier - where you are and what you have, as opposed to worrying too much about where you want to be and what you haven’t got.

This collection of country reports, produced by your IFMA council, reflects the agricultural challenges and sustainability issues of all aspects of food production from around the world. Please enjoy reading this document and use it to open up conversations with IFMA council and fellow delegates in Saskatoon. For our IFMA friends who cannot attend Saskatoon, we live in a world of very easy communications. So don’t be left out; make the effort to contact those on the IFMA network you know. I am sure they will be equally pleased to hear from you and more than willing to keep the conversations going.

Your valuable contribution, through talking and listening, is the likeable attraction that holds the IFMA network together and most importantly keeps our food production industry challenges in balanced perspective and sustainable for future generations.

## Trevor Atkinson – IFMA President

### The International Farm Management Association (IFMA)

IFMA is a society for people who are involved directly or indirectly in the agricultural process and who have an interest in the agriculture of parts of the world other than their own, exchange of knowledge and best practice.

This includes the whole spectrum of individual and corporate producers, farmers, managers, advisors, researchers, teachers, policy-makers, suppliers, farming and marketing organizations and agribusiness companies associated with agriculture, horticulture and rural enterprise.

IFMA has members in over 50 countries is organised and co-ordinated by a Council, with members drawn from around the world.

The objective of the Association is to further the knowledge and understanding of farming and farm business management and to exchange ideas and information about farm management theory and practice throughout the world.

- **IFMA International Congresses:**

These are organised every other year in countries around the world. They are organised locally, usually last for 6 days, which together with additional pre- and post-congress tours, provide not only an occasion to discuss farm management and agriculture in a global context, but also to learn a great deal about the host country's farming structure and its people. They are a totally unique experience.

**The 2024 IFMA Congress which is the 24th International Farm Management Conference will be hosted by The University of Saskatchewan.**

- **7<sup>th</sup> July 2024 to the 13<sup>th</sup> July 2024 – Congress**  
<https://www.ifma2024.org>

This will be the 24<sup>th</sup> IFMA Congress whilst it follows a well proven format allowing delegates and speakers to exchange best practice its also allows the organisers to bring a flavour of the host country Agriculture management style and culture.

## Country Reports:

Each year members of Council who represent different countries produce a report covering agriculture which provides a good snapshot of agriculture around the world.

## Note:

All the authors of the Country reports are resident within the relevant Country and involved with Agricultural Management.

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# Argentina

## Weather

This time weather was kinder, we had relatively good weather, some dry spells, some hot spells, but overall, not too bad.

## Economic and Political Climate

We had quite a year. We had presidential elections, main two parties were thinking they would win, especially opposition, as the economic climate was really bad. Then an outsider, Milei, who has only entered politics these last 3 to 4 years and had only two out of 259 representatives in the lower house in Congress started making room for himself in the political debates.

We have primaries, the same day for all parties, here Milei did very well, then when voting took place Milei came in second, very close to Massa, the current governments candidate and Minister of Economy at that time. So, we headed to another voting process between Massa and Milei. And to most people's surprise Milei won hands down, over 52% of the votes went for him.

Then on December 10<sup>th</sup>, Milei, a declared libertarian, took office. We were experiencing a huge national budget deficit, high inflation (the year closed with an inflation above 200%), multiple foreign exchange rates, corruption, and police tied down, not being able to control vandalism, robberies, etc.

Milei started off bringing government spending down and devaluating our currency by a hefty 218% overnight and setting a monthly devaluation of 2% a month for the following months. He then sent 600 proposed laws to Congress, where he has a low minority.

Inflation is decreasing, from a 25% per month in December 2023, Milei's first month in office to an estimated 5 to 6% for May 2024.

We still have export taxes, 15% in corn and wheat, 31 % in soybean, and an import tax of 17% has been introduced to help bring down government deficit.

## Livestock:

All restrictions to exports have been eliminated, and this has helped exports of beef. Prices caught up with inflation, at the cost of decreased beef consumption, which is lowest in history, about 45 kilos/person/year of beef consumption. Our meat consumption in pork is close to 16-18 kgs. /person/year, with 42 kgs. /person/year approximately for poultry.

## Crops

Country wise, after last years drought, where production was very low, due to relatively good weather, yields and acreage have improved. On our farm yields are back at average to

just above average. We had 5.8 ton/ha. wheat yield, 12 ton/ha. corn yield, 4.8 ton/ha. for full season soybean, and 3 ton/ha. for soybean planted on wheat stubble (second crop for the year).

Country wise we have had a big issue with a disease affecting late planted corn in northern Argentina, where due to late rains, corn planting was delayed and spread over a longer period than usual, from late November to early January. The virus affecting a large area of corn is the “corn stunt spiroplasma”, which is spread by an insect called “chicharrita” in Argentina, *Dalbulus maidis*.

The estimates by the Grain Boards are close to 10 million tons of corn lost, close to 20% of total corn production.

In the pictures below you can see the insect that spreads the virus, and an extreme case of infestation in a corn field:



Another issue that is hurting is the price of fertilizers, which are still high, and have not dropped enough, MAP/DAP is over 800 USD/ton, and urea is over 550 USD/ton. This will affect the fertilization used in winter crops, such as wheat and barley.

Overall, we are going through a transition from a populist, corrupt and badly managed government to an extremely market friendly, politically weak in government yet with a strong public backing, which means we will go through choppy waters till we arrive at a more stable economy. This is impacting investments, technology adaptation, and farmer selling of grain.

**David Hughes – May 2023**



# Australia

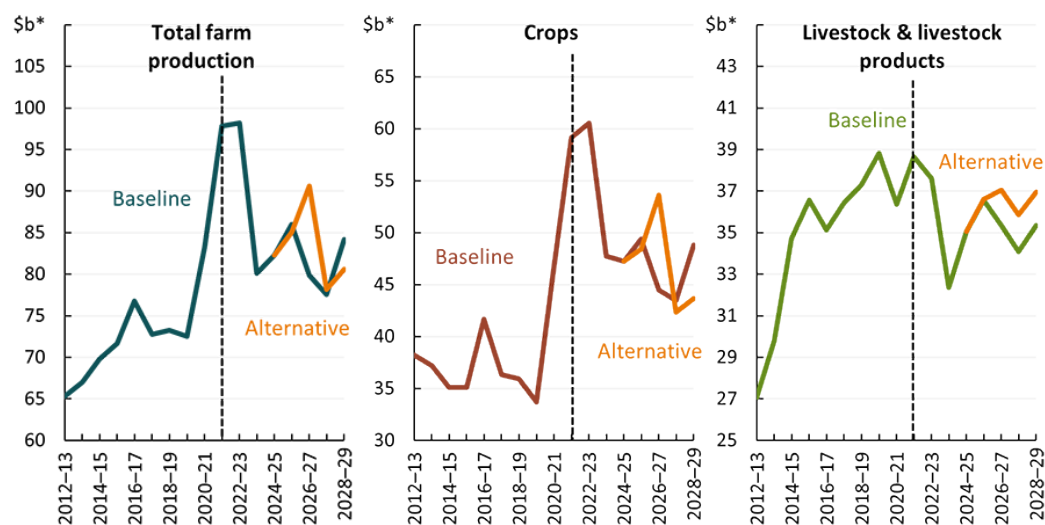
## Overview:

Source: Australian Bureau of Agricultural and Resource Economics and Sciences; Agricultural Outlook March 2024.

The **nominal gross value of agricultural production** is forecast to fall by 15% to \$80 billion in 2023–24, or \$86 billion including fisheries and forestry – still a strong result following a record year of production value in 2022–23. Drier conditions, particularly in winter and early spring are expected to have reduced the winter crop by 32% to 46.7 million tonnes in 2023–24, which is on par with the 10-year average. The summer crop is forecast to remain well above its 10-year average, despite falling by 17% to 4.3 million tonnes. Higher than expected rainfall through late spring and summer improved production prospects for crops relative to forecasts earlier in the season. However, lower average prices are expected as global production increases. Overall, the **nominal gross value of crop production** is forecast to fall by 18% to \$48 billion in 2023–24.

The 2023–24 year started with substantial challenges for livestock production. The expectation and onset of drier conditions in early spring, and diminishing pasture growth, prompted a sharp rise in the slaughter of cattle and sheep as farmers offloaded livestock as a drought mitigation strategy. The sudden increase in volume moving through stockyards saw prices drop rapidly, particularly for sheep. Prices have since recovered somewhat but were around 15% lower in February 2024 than 10-year average prices in real terms. Despite higher volumes of meat production, the **nominal gross value of livestock production** is expected to fall by 10% to \$32 billion in 2023–24, driven by the low prices of cattle and sheep.

## Real annual gross value of agricultural production



Note: Data to the right of dotted line indicate estimates forecasts and projections. \*2023–24 Australian dollars.

Source: ABARES, ABS

In 2024–25, the **nominal gross value of agricultural production** is forecast to rise by 6%, reaching \$85 billion, \$91 billion including fisheries and forestry. A slight easing of international prices for grains is expected through 2024–25, which will filter through to domestic prices. Despite lower expected prices, crop production volumes are forecast to rise, reflecting more favourable climatic conditions expected in 2024–25; the **nominal value of crop production** is forecast to rise by 2% to \$49 billion.

The projected outlook over the 5-year medium-term, is for the **real gross value of agricultural production** to initially increase, before declining in 2026–27 and 2027–28 and increasing again by the end of the period to reach \$84 billion in 2028–29. This is brought about mainly due to the assumed climatic conditions in each of the forward projection years driving the level of domestic production, with assumed wetter years likely to support higher crop production and pasture growth for grazing. The true pattern of change and ultimate production outcomes over the medium term will be determined by the realised conditions. However, the outlook is generally positive for sector outcomes.

The current cycle of seasonal conditions presents the possibility for an upside risk over the medium term related to relatively wetter than drier conditions. However, there is also the chance for less favourable global economic conditions that could weigh down economic growth and consumer incomes. Should such a situation arise, the impact of weaker demand on most commodity prices could mostly be offset by poorer production prospects in key agricultural exporting countries outside Australia. The net cumulative result over the projected period would be for a higher **real value of agricultural production** as the generally more favourable production conditions have greater impact than the sluggish economic conditions. Agricultural value is assumed to increase to \$91 billion in 2026–27, before falling in 2027–28 and rising slightly to reach \$81 billion in 2028–29.

### Weather:

*Source: Australian Bureau of Agricultural and Resource Economics and Sciences; Agricultural Outlook March 2024.*

The typical drying influence of El Niño on Australia's climate during winter and spring usually reduces during summer, especially in the east, while below median rainfall is still often observed in north-east Australia. However, high-impact rainfall events can occur during El Niño years, particularly during October to April when severe storm frequency peaks.

This is consistent with what has been observed in recent months across eastern Australia. Climatic conditions during late winter to mid-spring were quite typical of an El Niño event. The August to October period was Australia's driest three months on record since 1900.

There was also an early start to the bushfire season with numerous fires burning across the Northern Territory, as well as Victoria, New South Wales, and Queensland.

However, November saw above average rainfall across New South Wales, Victoria, Queensland, and the Northern Territory. The start of summer saw heavy rainfall continue in eastern Victoria and southern New South Wales, leading to widespread riverine flooding. Across the tropical north, Cyclone Jasper – a powerful and long-lasting tropical cyclone – resulted in extremely high monthly rainfall totals over Far North Queensland.

Late December delivered further heavy falls across south-eastern Australia. Over the Christmas period, much of the east coast experienced severe thunderstorms and heavy downpours. Meanwhile, much of Western Australia remained dry and continued to face dangerous fires and extreme heat.

Rainfall in January 2024 was 47% above average nationally and was the ninth wettest January on record. This rainfall and the subsequent build-up of soil moisture reserves, particularly in eastern cropping regions, is expected to give a good start to the 2024–25 winter cropping season supported by an average to above average rainfall outlook for these areas.

El Niño continues to weaken and the positive Indian Ocean Dipole (IOD) has returned to neutral phase. During autumn, the influence of these two climate drivers is usually minimal. The rainfall outlook for March to May 2024 suggests that there is at least a 50% chance of exceeding median rainfall across southern parts of Western Australia and in scattered areas in southern and eastern Australia. Below median rainfall is likely across most of northern Australia, South Australia, Victoria and Tasmania.

Given that there is no strong tendency towards above median rainfall for much of Australia, except for those areas outlined above, rainfall totals over the next 3-months are likely to be close to average for this time of year. This will likely benefit the build-up of soil moisture reserves for winter crops, particularly in the eastern cropping regions that have benefitted from summer rainfall. In contrast, western cropping regions have seen a decline in soil moisture levels from a lack of rainfall and high temperatures. Given this boost in soil moisture and relatively neutral climate outlook for autumn, much of southern and eastern Australia is expected to see above average crop and pasture production outcomes in 2024–25.

There is also an over 80% chance of daytime and night-time temperatures exceeding the autumn median across Australia.

A rainfall event of between 20 and 30 mm over the southern New South Wales grain belt at the end of May, following a three week dry spell which included some relatively severe frosts, has brought welcome relief to most winter crops, both those sown earlier which have reached ground cover and those later sown crops struggling to emerge. With good subsoil

moisture from summer and early autumn rain, winter crops are now set up for good yield potential. Many growers were busy applying their first post-sowing application of Urea ahead of this rain event.

### **Agriculture Economic Climate:**

Source: Australian Bureau of Agricultural and Resource Economics and Sciences; Agricultural Outlook March 2024.

Global economic growth is expected to remain below 20-year trend growth in 2024, similar to the subdued growth in 2023. Higher interest rates and limited growth in real wages are weighing on disposable incomes, with consumer confidence at very low levels in many countries.

Despite being below trend, expected **world gross domestic product** (GDP) growth of 3.1% in 2024 is an upwards revision of 0.2 percentage points since the *December 2023 Agricultural Commodities Report*. This is mainly due to stronger than anticipated consumption in the United States. Relatively low unemployment and supportive government policy are providing some support to consumption in many advanced economies.

**Risks to the global economic outlook** for 2024 are relatively balanced. Inflation is nearing target levels in most economies, and an earlier than anticipated reduction in interest rates globally would support global consumption and investment growth. This would contrast with the past two years, over which many major central banks rapidly raised policy interest rates, resulting in high finance costs for many households as well as weaker business and residential investment. However, if inflation persists, a prolonged period of high interest rates could see business activity and household consumption fall further than expected.

In addition, considerable uncertainty concerning ongoing conflicts in the Middle East and Ukraine remains. The potential for protracted and escalating conflict represents a downside risk to the global outlook – including recent tensions which have disrupted energy and goods supply chains. However, global trade flows have remained relatively resilient to date, mitigating downside risks.

China's GDP growth is expected to slow in 2024 as the post-pandemic rebound eases and ongoing weakness in the property sector weighs on business and household confidence. Property developer defaults and lower house prices are reducing household wealth. Together with weak wage growth, these factors have contributed to lower domestic demand and falling prices in China's economy since mid-2023. In addition to demand-side factors, falling food prices – reflecting high domestic supply of pork and other agricultural products – have also lowered inflation.

Risks to the outlook are tilted to the downside for the Chinese economy in the short term. Deflation may become entrenched in household expectations, where consumers save more and delay spending, creating further deflationary pressure. Despite food demand not

keeping pace with supply, Australia's agricultural exports to China increased substantially in 2023. This partly reflects Australian exports targeting higher value markets in China and easing trade restrictions for some commodities.

A prolonged economic downturn in China would likely weigh on economic growth in neighbouring Asian countries – also key markets for Australia's agricultural exports. However, consumption to date has been relatively robust in southeast Asia despite subdued growth in manufacturing, with GDP growth expected to increase over 2024 in the ASEAN-5 (Indonesia, Malaysia, the Philippines, Singapore, and Thailand) and Vietnam.

Australian farmers continue to experience significant cost-price squeezes at present, with input costs having risen significantly since 2020. The major areas of ongoing cost increases are agrochemicals, fertiliser, fuel, labour, insurance, machinery and interest costs. The declining terms-of-trade is illustrated by some data from budgets within 2024-25 Business Plans prepared for a sample of better performing clients of Rural Management Strategies in southern New South Wales. This data shows that forecast Net Farm Income per hectare is expected to decline by an average of 40% from 2023-24 projections for this group, with increases in interest costs (28%) being the main contributing factor. The impact of interest rates is also confirmed by a forecast reduction in Interest Cover (EBIT/Interest Cost) of 25% over the last 12 months for this sample.

Fertiliser prices were relatively steady in 2023, but remain above pre-pandemic peaks, according to National Australia Bank (NAB). NAB's latest Rural Commodity Wrap states that fertiliser prices fell around 15% during April in monthly average terms, due to falls in the global price of urea and diammonium phosphate (DAP). However, many Australian winter cropping farmers will have already priced and secured this year's fertiliser requirements, to mitigate supply chain risks experienced in recent years.

Rabobank report that in 2023, the median price per hectare of Australian farmland increased by 11% YOY for all land types nationwide. The value of arable land rose by 20% YOY and dairying land increased by 22%, while grazing land remained virtually the same with a 0.3% YOY decrease.

Demand for farmland is changing behaviour, with buyers now more focused on finding the right land, priced accordingly, rather than buying purely for future anticipated capital gains. They are spending more time on due diligence as the increased land values coupled with higher costs, especially interest, make it more difficult to balance farm budgets.

Rabobank are predicting further growth in land prices in 2024, albeit at lower YOY increases than in 2023. Better cattle prices plus an improved market outlook, is expected to lead to comparatively higher increases in grazing land values than occurred in 2023.

A major headwind to demand for Australian farmland is interest rates. Australia's central bank, the Reserve Bank of Australia (RBA) has lifted the official cash rate by 4.25 percentage

points from 0.1% to 4.35% pa since early 2022. The current level is the highest since late 2011.

The RBA's latest forecasts show a downside revision to economic growth for 2024, plus an upward revision to inflation this year, resulting in a low probability of an interest rate cut prior to early 2025.

### **Livestock:**

*Source: Australian Bureau of Agricultural and Resource Economics and Sciences; Agricultural Outlook March 2024.*

**Nominal beef, veal and live cattle production values** are forecast to fall to \$12.5 billion in 2023–24, down by 17% from an estimated \$15.1 billion in 2022–23. The forecast fall in production values reflects lower cattle saleyard prices more than offsetting higher levels of production. In 2024–25, the nominal value of beef, veal and live cattle is forecast to rise to \$15.7 billion (up by 25%), reflecting higher cattle saleyard prices and a small increase in beef production.

Over the outlook period to 2028–29, **real beef, veal and live cattle production values** are projected to decrease over the outlook before rising in 2028–29, ranging between \$14.7 billion and \$16.3 billion. This fall is driven by lower saleyard prices and beef production as drier seasonal conditions lead to continued herd destocking.

**The nominal value of milk production** is forecast to fall by 2% to \$6.0 billion in 2023–24 from an estimated \$6.1 billion in 2022–23. The forecast fall in production value reflects lower farmgate milk prices more than offsetting higher milk production. Nominal milk production values are forecast to fall further in 2024–25 to \$5.5 billion (down by 7%) as both farmgate milk prices and milk production are expected to fall.

Over the outlook period to 2028–29, the **real value of milk production** is also projected to fall, declining over the period from \$5.2 billion to \$4.7 billion. Lower production values are driven by both declining milk production and a projected lower farmgate milk price.

**Nominal sheep meat and live sheep production values** are expected to fall to \$3.6 billion in 2023–24, down by 21% from an estimated \$4.6 billion in 2022–23. The forecast fall in production values reflects declining saleyard prices more than offsetting higher production. In 2024–25, nominal sheep meat and live sheep production values are expected to rise to \$4.4 billion (up by 21%) as higher saleyard prices more than offset a small decrease in production.

Over the medium term to 2028–29, **real sheep meat and live sheep production values** are expected to decrease over the outlook before rising in 2028–29, ranging between \$4 billion and \$4.7 billion. This fall is driven by lower saleyard prices offsetting higher sheep meat

production as assumed drier seasonal conditions in 2026–27 and 2027–28, lead to flock destocking.

**Nominal pork and poultry meat production values** are forecast to reach a record \$5.5 billion in 2023–24 (up by 3% year-on-year), driven by record levels of production and elevated prices.

In 2024–25, the nominal value of pork and poultry meat production in Australia is forecast to increase by 2% to \$5.6 billion as increased production more than offsets lower prices. Pork and poultry meat production is expected to rise to service increased demand from Australian consumers. A forecast increase in Australian beef and lamb prices is expected to reduce competition from those meats and see some consumer substitution towards pork and poultry meat products. Pork and poultry meat prices are nonetheless forecast to decline as an expected fall in the price of feed grains and protein meals lowers production costs.

Over the medium term to 2028–29, the **real value of pork meat production** is projected to increase to \$1.7 billion reflecting increased production volumes more than offsetting lower prices. The **real value of poultry meat production** is expected to increase during the projection period to \$3.8 billion. Productivity improvements in the poultry meat industry are expected to lower supply costs and increase production, allowing the industry to service growing domestic consumption; however, prices are projected to decline in real terms.

**The nominal value of wool production** is forecast to fall to \$2.9 billion in 2023–24, down by 8% from an estimated \$3.1 billion in 2022–23. The forecast fall in production value reflects falling wool prices more than offsetting a small increase in production. In 2024–25, the nominal value of wool production is forecast to rise to \$3.0 billion (up by 5%) as higher wool prices are expected to outweigh lower production. The forecast rise in wool prices reflects increasing demand for woollen products in advanced economies as macroeconomic conditions improve in 2024–25.

Over the medium-term outlook period, **real wool production values** are projected to increase, reaching \$3.1 billion by 2028–29. This reflects higher expected wool prices – as rising global incomes drive increased discretionary spending on woollen products – and higher production.

High labour costs coupled with the poor availability of reliable, competent labour, is a continuing challenge for Australian livestock producers, who are largely unable to benefit from the higher labour productivity gains achieved by arable farmers, who substitute capital for labour by continuing to buy larger and wider equipment.

### **Arable:**

*Source: Australian Bureau of Agricultural and Resource Economics and Sciences; Agricultural Outlook March 2024.*

**The nominal value of wheat production** is forecast to fall by 39% to \$10.1 billion in 2023–24. While a significant fall from the 2022–23 record of \$16.8 billion, it would still be the third highest value on record if achieved. The expected fall in value is driven by lower Australian wheat production and easing global grain prices.

In 2024–25, the nominal value of wheat production is forecast to increase by 2% to \$10.4 billion. A forecast increase in production is expected to more than offset lower prices. Wheat production is forecast to increase to above average levels reflecting expected improved seasonal conditions. World prices are expected to ease because of improved production conditions in some major exporting countries and a recovery in global grain stocks.

Over the medium term to 2028–29, the **real value of wheat production** is forecast to range from \$9.1 billion to \$11.6 billion, depending heavily on domestic seasonal conditions and international prices. Production values are expected to be lower over the outlook than recent record years but remain relatively elevated in historical terms.

The nominal value of wheat production forecast for 2023–24 has been revised up by \$137 million since the [December 2023 Agricultural Commodities Report](#), reflecting an upwards revision to wheat production.

The **nominal gross value of barley production** is forecast to decrease by 25% to \$3.4 billion in 2023–24, and the nominal gross value of sorghum production is forecast to fall 25% to \$900 million. The forecast fall in production values reflects a broader moderation in international grain prices, along with expected falls in domestic barley and sorghum production from record levels in 2022–23. In 2024–25, nominal barley production values are forecast to increase by 5% and nominal sorghum production values by 2%, to \$3.5 billion and \$881 million respectively. This reflects a forecast increase in domestic production in 2024–25 due to wetter seasonal conditions relative to 2023–24.

Over the outlook period to 2028–29, **real barley production values** are projected to moderate, ranging from \$2.5 billion to \$3.5 billion. Assumed average to above-average rainfall over the majority of the outlook period are projected to drive strong production volumes; this is forecast to more than offset declining real prices. A similar moderation is projected for sorghum, with the **real value of sorghum production** ranging from \$610 million to \$880 million over the outlook period.

The **nominal value of Australian canola production** is forecast to fall by 40% to \$3.9 billion in 2023–24, from a record \$6.5 billion in 2022–23. This forecast fall in production value is driven by a fall in canola prices coupled with a decrease in canola production with drier seasonal conditions. In 2024–25, the nominal value of canola production is forecast to rise to \$4.1 billion (up by 7%), reflecting higher production more than offsetting lower prices. Global canola prices are expected to fall in 2024–25 with improved seasonal conditions in key producing countries other than Australia that faced persistent dryness in 2023–24.



Over the outlook period to 2028–29, the **real value of Australian canola production** is projected to range between \$3.3 billion and \$4.4 billion. Lower real canola prices are expected to be mostly offset by above average production due to neutral to favourable seasonal conditions.

While arable farmers have been able to achieve large labour productivity gains by continuing to substitute capital for labour, the rapid increase in the cost of machinery (John Deere tractors have doubled in cost per horsepower over the last 4 years) plus higher interest rates, has increased machinery ownership costs significantly.

### **Horticulture:**

*Source: Australian Bureau of Agricultural and Resource Economics and Sciences; Agricultural Outlook March 2024.*

**Nominal horticultural production values** are forecast to increase by 3% to a record \$17.2 billion in 2023–24. In 2024–25, the nominal value of horticulture production is expected to rise by a further 3% to \$17.8 billion. Higher production values reflect higher domestic production volumes, particularly for high value commodities such as almonds and table grapes, more than offsetting a fall in prices.

Over the outlook period, **real horticultural production values** are projected to rise from \$17.2 billion in 2024–25 to \$18.3 billion in 2028–29. This is driven by increased production volumes, particularly for fruit and nuts due to maturation of plantings in previous years, assumed high water availability in most years and strong domestic and world demand. Real prices for horticultural products are expected to remain relatively stable over the medium term.

### **Environmental**

As a considerable amount of Australia’s primary production is exported to Europe, many growers are having to calculate their baseline Carbon footprint, to satisfy the requirements of importers. This is expected to be an increasing feature of doing business in Australia.

Red imported fire ant is one of the worst invasive species to reach Australia, where it was first detected in Queensland in February 2001. They have been eradicated from Australia on seven different occasions, but the latest infestation is proving more troublesome, due to diminished publicly funded resources employed in the eradication programme.

### **Since IFMA22 in Tasmania:**

The Tasmanian Government is committed to growing the farm gate value of Tasmanian agriculture from \$A1b to \$10b by 2050 (in current dollars), and each year the current values are published in the Tasmanian AGRI-Industry Scorecard. The growth required to meet the objective is around 6% annually on a compounding basis. The most recent reports include data for the 2021/22 year, which show the gross farm gate value of Tasmania's agricultural production rose by 2% over the previous 12 months to a total of \$2.34 billion. The value of food agriculture increased by 4% while the value of non-food agriculture decreased by 3 %.

Although prices for some commodities have fallen, particularly beef and sheep meat, reasonable seasonal conditions and prices for others produce have contributed to the increase in the total value of production so that the annual growth remains above the target of 6%.

The State and National Governments continue to invest in the development of irrigation which is essential for increasing the productivity of agriculture in Tasmania.

**Robert A Patterson – June 2024**

# Brazil

## Weather:

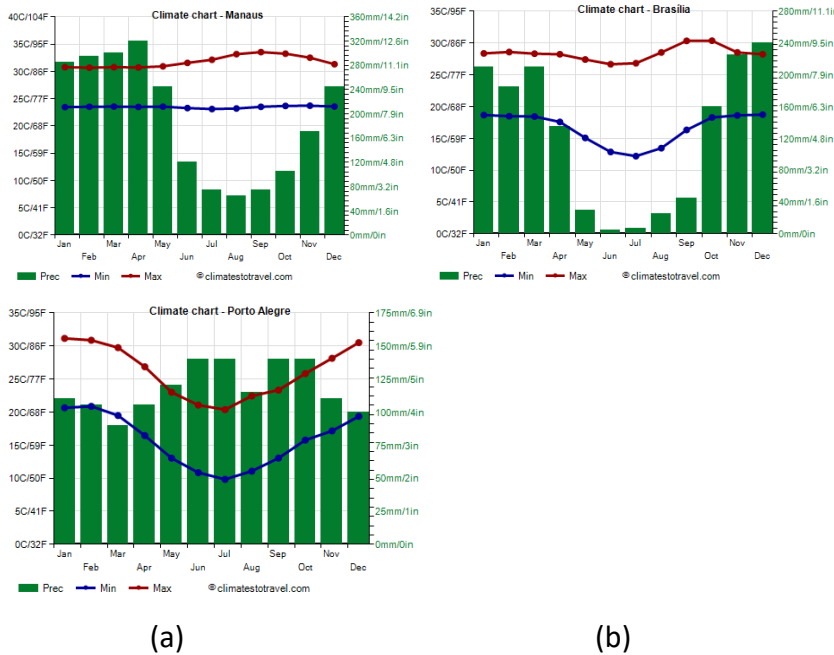


Figure 1 – Monthly average precipitation and temperature (minimum and maximum) for Equatorial (a), Tropical (b) and Subtropical (c) climates, Brazil.

Source: <https://www.climatestotravel.com/climate/brazil>

Brazil’s climate spans from Equatorial (North) to Subtropical (South). In 2023, a significant climate shift occurred with the return of El Niño, which replaced the La Niña pattern observed in the previous three years. This transition resulted in a marked change in weather across the country. El Niño typically brings drier conditions to the northern regions and increased rainfall to the southern regions. In 2023, this was evident as the South of Brazil experienced above-average precipitation, alleviating some of the drought conditions that hit the region in previous years, leading to a recovery in grain production of about 30%, compared to 2022. In contrast, the North and Northeast regions faced low levels of precipitation, leading to concerns about water availability and impacts on agriculture, particularly corn and cotton.

Additionally, higher-than-average temperatures were recorded in most regions during the critical months of October and November, when farmers are carrying out soil preparation, fertilization, and crop sowing.

**Sources of data and information:**

Instituto Nacional de Meteorologia (INMET). (2024). "Climatic Anomalies in Brazil 2023." Retrieved from INMET Feed&Food. (2024). "Brazil's Agricultural Performance and Climate Impact in 2023." Retrieved from Feed&Food

Global Climate Report. (2024). "El Niño's Influence on Global Weather Patterns in 2023." Retrieved from NOAA

### **Special section on the Floodings in Rio Grande do Sul state**

Rio Grande do Sul state experienced severe flooding in late 2023 due to the intense and persistent rainfall associated with El Niño. The floods caused significant disruptions to cities, including the capital Porto Alegre, and to agricultural production in the region. Many farms lost crops such as soybeans, corn, rice and wheat. The agricultural sector in Rio Grande do Sul suffered an estimated 20% reduction in productivity for the affected crops. The flooding damaged infrastructure, including roads and irrigation systems, slowing down the recovery efforts. The extent of longer-term impacts on soil fertility and crop yields is still to be observed. Farmers are facing substantial economic losses and increased costs for recovery and replanting efforts.

The Brazilian government and local authorities implemented emergency measures to support affected farmers, including financial aid and resources for rebuilding infrastructure. Despite these efforts, the full recovery of agricultural production in Rio Grande do Sul is expected to take several years.

#### **Sources of data and information:**

Ministério da Agricultura, Pecuária e Abastecimento (MAPA). (2024). "Impact of Flooding on Agriculture in Rio Grande do Sul." Retrieved from MAPA

### **Agriculture Economic Climate:**

In 2023, Brazilian agriculture experienced a record year in terms of exports, reaching \$166.5 billion, a 4.8% increase from the previous year. This was driven by higher export volumes across several key commodities, including soybeans, meat, and sugar. Soybeans alone accounted for over 40% of total agri-exports. The country exported 193 million tonnes of grains, up nearly 25% from 2022. Meat exports increased by 5.4%, and sugar exports grew by 15%, reflecting robust demand and Brazil's competitive position in these markets [i].

The positive export performance was underpinned by significant policy support and market expansions. Under President Lula and Agriculture Minister Carlos Fávaro, Brazil opened 78 new markets and strengthened global trade relationships, enhancing its position as a leading agricultural exporter [i].

On the production side, favourable weather conditions contributed to record outputs in soybean and corn, which are critical for both export and domestic markets. Additionally, the 2023/2024 Harvest Plan, a public policy to finance production, released \$92.5 billion, a significant increase from the previous year. Part of this funding is allocated to finance sustainable practices such as pasture recovery, integrated crop-livestock-forestry systems, soil conservation, and the protection and management of natural resources.

However, the sector faced several difficulties, including high input costs and high interest rates and inflation, which continued to exert pressure on production costs and access to financing for farmers [i, ii]. The records in soybeans and corn supply caused a significant drop in prices, which were the lowest since 2020, reducing the farmers' margins. Similarly, beef prices shrunk over 30% between February and August in 2023 due to a significant increase in slaughters [iii], particularly cows, as the Brazilian beef cycle reached its bottom last year. A liquidation of inventories has been observed since then [iv].

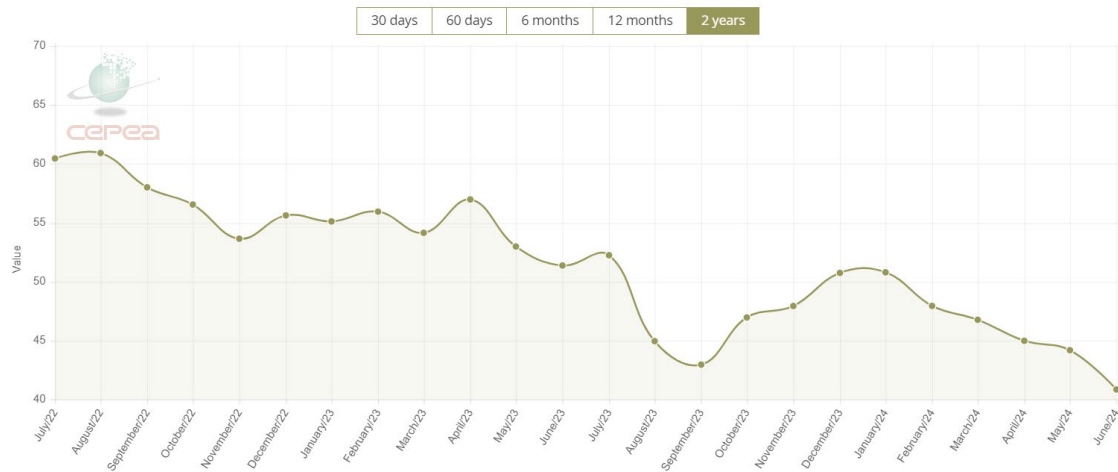
Despite these challenges, the outlook for Brazilian agriculture remains positive. The sector's ability to adapt and expand into new markets, combined with supportive government policies, positions it well for continued growth. The focus on sustainability, including initiatives to convert degraded pastures into arable land, also emphasizes Brazil's commitment to balancing economic growth with environmental stewardship [i].

## **Livestock:**

### **Cattle and beef:**

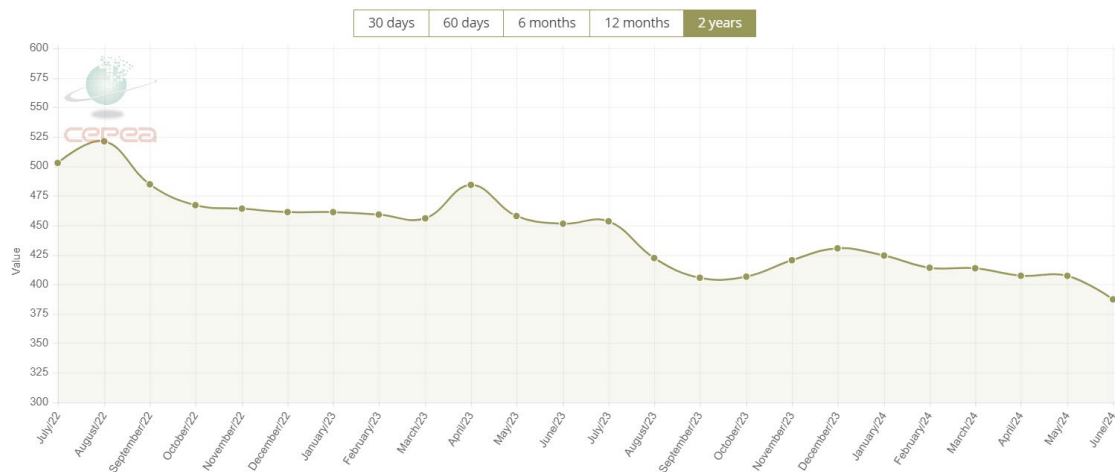
Fed cattle prices in Brazil saw a marked decrease in 2023. According to data from Global Ag Media, prices dropped by approximately 21% compared to the previous year. In São Paulo, a reference market for fed cattle, prices fell from a record high of R\$352 per 15 kg in March 2022 to around R\$283 in March 2023. This decrease in prices is due to the increased rate of cattle slaughter, which rose by 33% in the first half of 2023 compared to the same period in the previous year [v].

### CEPEA/B3 FED CATTLE PRICE INDEX SÃO PAULO STATE



Source: Cepea

### ESALQ/BM&FBOVESPA CALF PRICE INDEX MATO GROSSO DO SUL STATE



Source: Cepea

Figure 2 - Fed cattle (USD per15 kg) and calves prices (USD per unit) at their main reference market, from July/22 to June/24, (CDI/CETIP discount rate).

Production costs remained high due to continued inflation and rising feed prices. Farmers had to balance the adoption of technology and rising costs, which may explain the slight reduction in productivity (1.7%), with slaughtered animals weighing 263 kg/head in 2023. Profitability has been squeezed as lower prices for finished cattle have not matched the increased costs [v].

Domestic beef consumption remained relatively stable, at around 26.4 kg per capita, although lower than historical averages. Economic challenges faced by Brazilian consumers limited their purchasing power, maintaining the consumption low for most of the year. It started moving upwards, as unemployment rates reduced and the economy is slowly

recovering [vi]. Consumption was also helped by dropping prices for final consumers, given the oversupply of meat, above the export demand [vii].

On the export front, Brazil faced fluctuating demand from key markets such as China, which imposed a temporary ban on Brazilian beef early in the year. Despite this, Brazil continued to dominate the global beef market, exporting around 2.3 million tonnes of beef, primarily to China, the European Union, and the United States [viii].

### Dairy:

In 2023, milk prices in Brazil experienced considerable fluctuation. The average price for raw milk paid to producers was approximately BRL 2.70 per litre in October 2023. This represents a decline compared to previous months, driven by an oversupply of milk and reduced demand both domestically and internationally [ix, x]. Production costs have increased due to higher prices for feed, energy, and other inputs, setting around BRL 2.50, which is quite close to the average price received by producers, squeezing margins significantly [xi]. As a result, profitability in the dairy sector has been under pressure. With production costs nearly matching or exceeding the prices received, many producers struggled to maintain profitability. The sector's loss of revenue was estimated to reach around 30% in 2023, largely due to increased competition from imports and elevated production costs [x].

**CEPEA/ESALQ MILK INDEX - PRICES PAID TO PRODUCERS (PER LITER)**

	MG	RS	SP	PR	GO	BA	SC	BRAZIL
apr 2024	0.4804	0.4771	0.4790	0.5005	0.4793	0.4324	0.4737	0.4793
mar 2024	0.4643	0.4709	0.4757	0.4861	0.4748	0.4320	0.4629	0.4678
feb 2024	0.4442	0.4519	0.4645	0.4740	0.4511	0.4288	0.4540	0.4504
jan 2024	0.4294	0.4322	0.4505	0.4556	0.4338	0.4264	0.4352	0.4343
dec 2023	0.4071	0.4194	0.4368	0.4361	0.4068	0.4261	0.4217	0.4149
nov 2023	0.4018	0.4135	0.4365	0.4078	0.4044	0.4205	0.4121	0.4078
oct 2023	0.3882	0.3800	0.4270	0.3881	0.3904	0.4104	0.3716	0.3884
sep 2023	0.4235	0.3899	0.4620	0.4154	0.4028	0.4217	0.3882	0.4146
aug 2023	0.4759	0.4161	0.5138	0.4616	0.4533	0.4266	0.4271	0.4588
jul 2023	0.4790	0.4668	0.5037	0.4957	0.5104	0.4776	0.4790	0.4815
jun 2023	0.5417	0.4869	0.5621	0.5545	0.5479	0.4715	0.5143	0.5276
may 2023	0.5696	0.5348	0.5864	0.5782	0.5798	0.4820	0.5680	0.5617
apr 2023	0.5831	0.5615	0.5805	0.5989	0.6028	0.4846	0.5845	0.5772
mar 2023	0.5464	0.5217	0.5522	0.5498	0.5662	0.4623	0.5349	0.5403
feb 2023	0.5277	0.4997	0.5366	0.5413	0.5516	0.4501	0.5259	0.5222

Source: CEPEA

Table 1 – Milk prices (USD/litre) in main production areas and Brazil, Feb/23 – Apr/24.

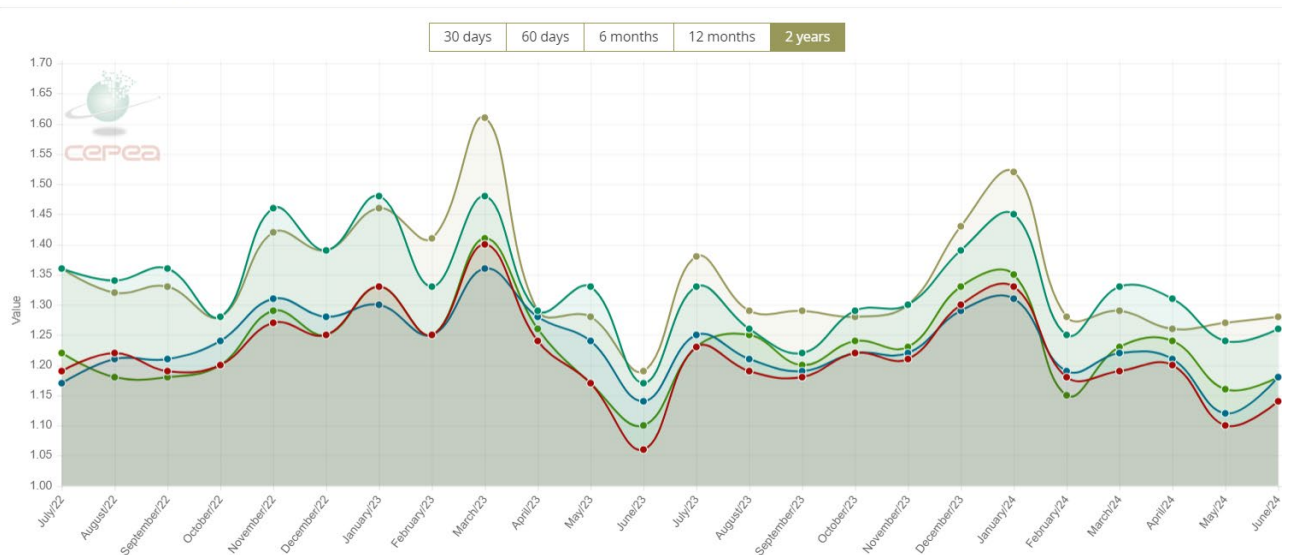
In terms of trade, Brazil's dairy imports rose significantly in 2023, with a notable increase in imports of milk powder and cheese, particularly from Argentina and Uruguay. Conversely, dairy exports faced problems due to competitiveness issues and logistical challenges. The total volume of milk and milk product imports was estimated to have increased by about 10% compared to the previous year, while exports remained relatively flat<sup>[ix]</sup>.

In summary, 2023 was a challenging year for dairy the dairy sector, with farmers having to manage the high production costs amid declining milk prices and environmental factors such as adverse weather conditions that affected feed quality and availability. Additionally, farmers also struggled with the need to adopt more sustainable practices in response to both regulatory pressures and consumer demand for environmentally friendly products<sup>[x]</sup>.

**Pigs:**

Brazil's pig meat production in 2023 reached approximately 5.05 million tonnes, representing a 1.5% increase compared to 2022, due to efficient farming practices and improvements in genetic breeding and feed efficiency. The domestic market presented stable pig meat prices with slight fluctuations due to varying feed costs and global market conditions. The average price for live pigs was around BRL 7.00 per kilogram. However, profitability for pig farmers was pressured by high production costs, primarily driven by high feed prices. Feed costs accounted for about 70% of the total production costs. Additionally, energy and labour costs also contributed to the overall increase in production costs <sup>[xii, xiii]</sup>.

**CEPEA/ESALQ LIVE SWINE INDEX**



Source: Cepea

Figure 3 – Live swine prices (USD per kg) in main production areas and Brazil, Jul/22 – Jun/24. (CDI/CETIP discount rate).



In 2023, Brazil exported approximately 1.25 million tonnes of pig meat, a 12% increase compared to the previous year. Key markets included China, which remained the top destination for Brazilian pig meat, along with other significant markets in South America and Southeast Asia [xiii]. The strong export performance was driven by consistent demand from China, where African swine fever continued to constrain local production. Additionally, Brazil's competitive pricing and high-quality standards helped secure its position in other international markets [xii].

### **Chicken & Eggs:**

Brazil set a new record by exporting over 5 million metric tons of chicken meat, marking a 6.6% increase from 2022 and maintaining its position as the world's leading chicken exporter in 2023. This performance was driven by strong external demand and Brazil's ability to remain free from avian influenza, which boosted international confidence in Brazilian poultry [xiv, xv].

The chicken meat production increased by 3% in 2023, reaching approximately 14.9 million tons. The total domestic availability of chicken meat was around 9.8 million tons, which resulted in a per capita consumption of 46 kg [xiv]. Brazil's egg production remained robust, with significant contributions to both domestic consumption and exports. Egg prices varied throughout the year, from US\$41.47 in May to US\$31.21 in December (30-dozen box) [xvi], due to market dynamics and cost pressures.

The revenue from chicken meat exports reached approximately USD 9.8 billion, a slight increase from the previous year. Prices for poultry products were influenced by rising input costs, which increased by 5-20% in the first half of the year. This affected the profitability of poultry farmers, who had to navigate fluctuating market conditions and higher production costs [xiv, xv].

One of the significant challenges faced by Brazilian chicken farmers in 2023 was the rising cost of feed and other inputs. These costs have put pressure on margins and required farmers to implement efficiency measures to maintain profitability. Additionally, global market fluctuations and the need to adapt to changing import policies in key markets such as Japan, China, and the Middle East were notable issues [xiv, xv]. Japan emerged as the top importer of Brazilian chicken meat in December 2023, purchasing approximately 55,900 metric tons, a 53.9% increase from the previous year. Other major importers included China, the United Arab Emirates, Saudi Arabia, and South Africa, all of which increased their imports significantly, underscoring Brazil's strong global market presence [xv].

Looking ahead, the *Associação Brasileira de Proteína Animal (ABPA)* projects that Brazilian chicken meat exports will continue to grow, with expected volumes ranging between 5.2 million and 5.3 million metric tons in 2024. This optimistic outlook is based on sustained global demand and Brazil's competitive advantages in poultry production [xv].

**Arable:**

According to CONAB, the National Food Supply Company that monitors and estimates the Brazilian agricultural production, Brazil's total crop production for the 2023/24 season is projected at 297.5 million tonnes, which is 7% lower than the previous year, and much lower than the first estimate in November 2023 of about 323 million tonnes. This reduction is due to adverse climatic conditions in main production areas.

**Soybeans:** Brazil continues to consolidate its position as the largest global producer of soybeans. With the harvest now completed, soybean production is estimated at 147 million tonnes, a reduction of 4.7% (equivalent to 7.3 million tonnes) compared to 2022/2023 season. In the current cycle, the area sown for soybeans was 2.8% larger, but adverse climatic conditions negatively impacted the average productivity in the country. Mato Grosso remains the leading state in production, contributing significantly to this record output [xvii].

ESALQ/BM&FBOVESPA SOYBEAN CASH PRICE INDEX - PARANAGUÁ (PR)



Figure 4 – Soybean prices (USD per bag of 60 kg) at Paranaguá port, Jul/22 – Jun/24.

**Corn:** Brazil's corn production for the 2023/24 season is forecasted at 114 million tonnes. The majority of Brazil's corn comes from the second planting cycle (*safrinha*), sown after soybeans or other primary crop. Despite high production costs, including fertilizers and fuel, a downward trend in these costs has been observed, aiding profitability margins, which were low in 2023. The domestic consumption of corn is expected to rise by 6.1%, reaching 84.5 million tonnes in 2024 [xvii].

### ESALQ/BM&FBOVESPA CORN PRICE INDEX



Source: Cepea

Figure 5 – Corn prices (USD per bag of 60 kg, term prices converted into cash prices by discounting the CDI tax), Jul/22 – Jun/24.

**Rice:** production remains a critical component of Brazil's agricultural output, with an annual production of approximately 10.7 million tonnes. The focus continues on enhancing drought resilience and reducing the crop's dependence on water through advanced agricultural research and improved crop management techniques [xviii]. The paddy crop is grown predominantly in the southern region, which was hit by torrential rains in the last two months, causing severe flooding in Rio Grande do Sul State, where about 70 percent of the annual paddy production is harvested. There were no significant losses on the fields, as the harvest was well advanced. Main losses occurred in storage facilities and curtailed transport activity due to damaged infrastructure, with negative effects on the commercialization of rice. Amid record-high prices, the government removed the import tariffs on paddy and milled, and brown rice until December 2024 to guarantee an adequate supply of rice and avoid price spikes [xix].

### CEPEA/IRGA-RS RICE PRICE INDEX (RIO GRANDE DO SUL STATE)



Source: Cepea

Figure 6 – Rice prices per 50-kilo bag, type 1, at processors in Rio Grande do Sul, (USD, cash price, CDI/CETIP discount rate).

**Wheat:** The sowings of the 2024 wheat crop has recently started and are officially forecast at a well above-average level of 3.1 million hectares, driven by strong demand by importing countries. Dry weather conditions are expected over the key producing southern region between June and August, reducing yield forecasts. Given the excess of humidity caused by the rainfall in Rio Grande do Sul, the major producer of this cereal, planting has been delayed and it is still unknown whether it would even be possible to be carried out in some areas this year.

### CEPEA/ESALQ WHEAT PRICE - PARANÁ STATE



Source: Cepea

Figure 7 – Wheat prices (USD) per metric ton, Jul/22 – Jun/24.

**Cotton:** production is estimated to reach 3.7 million tonnes due to both an expansion of 16.9% in the planted area (total of 1.9 million hectares) and improvements in yield, favoured by adequate climatic conditions [xx]. The global demand for cotton and the high quality of Brazilian cotton fibres contribute positively to the export market [xxi]. As shown below, prices have been reducing since mid-2022.

### CEPEA/ESALQ COTTON PRICE INDEX



Source: Cepea

Figure 8 – Cotton prices (USD per pound), Jul/22 – Jun/24.

### Current issues and government policy:

Bolfe et al. (2024)<sup>1</sup> estimate around 28 million ha of moderately or severely degraded pasture on land suitable for crop production. In December 2023, the Ministry of Agriculture and Livestock announced the National Programme for the Conversion of Degraded Pastures into Sustainable Agricultural, Livestock and Forestry Production Systems (Decree 11.815). The programme will promote good agricultural practices to increase carbon capture [xxii]. Its objectives include converting up to 40 million ha of degraded pastures into crops, planted forests or improved pasture, reducing deforestation pressure and contributing to food, feed and energy security while encouraging financial institutions and the capital market to develop financial opportunities [xxiii].

### Mariana de Aragão Pereira – June 2024\*

\*Prepared with the aid of ChatGPT-o to identify diverse sources of information and key issues for each topic.

<sup>1</sup> Bolfe, É.L.; Victoria, D.d.C.; Sano, E.E.; Bayma, G.; Massruhá, S.M.F.S.; de Oliveira, A.F. Potential for Agricultural Expansion in Degraded Pasture Lands in Brazil Based on Geospatial Databases. *Land* **2024**, *13*, 200. <https://doi.org/10.3390/land13020200>

## Canada

*Note: Weather, Production and Economic information will be provided by Eric Micheels.*

### **Government Policy and Programming:**

The new 5-year \$3.5B agricultural policy framework – the **Sustainable Canadian Agricultural Partnership (S-CAP)** is in full swing.

The framework includes the **Business Risk Management Suite:**

AgriStability – covers 80% (up from 70%) of the loss for every dollar below the threshold (30% margin decline from production loss, increased costs or market conditions). New for 2024 and to increase the predictability of the program, producers can receive a coverage notice that provides an estimate of their reference margin and coverage level for the current program year.

AgriInsurance – provides affordable insurance protection for production loss.

AgriInvest – a government savings account matching 1% of allowable net sales (up to \$10,000 total matching per year) to help producers manage small income declines and make investments

AgriRecovery – support for producers to recover from natural disasters.

Advance Payments Program – a loan guarantee program of up to \$1M with no interest on the first \$250,000 (up from \$100,000).

And **Cost-Share Programs** industry organizations can apply to:

AgriDiversity (\$5M) – to support underrepresented groups to build capacity and thrive.

AgriCompetitiveness (\$15M) – to transfer knowledge and develop capacity building skills.

AgriAssurance (\$64M) – to foster public trust in Canada’s agriculture and agri-food system.

AgriMarketing (\$129M) – to expand exports and seize new markets.

AgriScience (\$324M) – to accelerate innovation by funding commercial science and research.

AgriInnovate (\$468M) –repayable contributions to support commercialization of new technologies.

Note the substantial difference in budgets available for supporting underrepresented groups (incl. women, youth, Indigenous, visible minorities, etc.) and capacity building.

Farm Management Canada primarily operates with funding under the Competitiveness program. Under S-CAP, government cost-share increased from 50% to 70%, which attracted more applicants. Successful applications nearly doubled to 24 organizations, substantially reducing contributions for all (\$15M divided by 24 over 5 years for simple math).

Furthermore, support for farm business management within the Provincial/Territorial Ministries of Agriculture have continued to decline under S-CAP. Joining Alberta, Saskatchewan and Ontario dismantled their farm business management departments and discontinued all farm business management-related support programming for producers

including cost-share funding to access training and advisory services. Manitoba also discontinued cost-share funding for producers. Manitoba, Saskatchewan and Alberta, account for the vast majority (82%) of total farm area and close to half (48%) of total farms in Canada. This leaves British Columbia, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Yukon Territory and Northwest Territories as the only regions offering support.

### **Climate Change and Environmental Stewardship:**

Canada has committed to **net-zero emissions by 2050** and aims to reduce fertilizer nitrous oxide and methane emissions 30% below 2020 levels by 2030. The Government cost-share and incentive programming includes well over \$1.5B in funding to support emissions reduction, adoption of “best management practices” including rotational grazing, nitrogen management, and cover cropping, the development and adoption of technologies such as feed additives, manure storage innovation and anaerobic digestors, and support for carbon sequestration. However, these programs have been criticized by farmers for being too prescriptive in terms of the practices farmers can adopt, and does not recognize or reward farmers who are already doing these and other practices. Farm management consultants also fear the programs promote investment in new technologies that carry long-term financial implications and risk.

A recent report from the Office of Canada’s Auditor General criticized Agriculture & Agri-Food Canada’s attempts to deal with climate change, noting the programs designed to help farmers were plagued by delays, lack clear targets and poor results monitoring. It also said the government’s climate plan set the fertilizer emissions reduction target of 30 per cent below 2020 levels by 2030 without consultation.

Agriculture & Agri-Food Canada have been working on a **Sustainable Agriculture Strategy**, however it too has been criticized for primarily focusing on environmental sustainability, and not taking into account the importance of economic resilience of Canada’s farms, recognizing early adopters and regional differences, or having clear data collection and measurement methods. Their What Was Heard report was published December 2024.

Canada’s **carbon tax** is a considerable topic of conversation amongst farmers. While the government exempted taxes on diesel and gasoline used to cultivate farmland, they did not include natural gas and propane used on farms (for grain drying, barn heating, etc.). In December, the motion to include them was struck down in the Senate. Some producers are reporting upwards of \$100,000 in additional annual expenses due to the carbon tax.

Increasingly international markets are expecting proof of sustainable production practices. The **Canadian Agri-Food Sustainability Initiative** is focused on streamlining sustainability measurement and reporting for producers through a single tool. The **National Index on Agri-Food Performance** has also emerged as a national solution to communicate sustainability efforts in Canada’s agri-food sector.

### **Farmer Mental Health:**

Farmer mental health continues to be a growing priority for Canada's agriculture sector. The newly established **Canadian Centre for Agricultural Wellbeing (CCAW)** received \$1.08M under the AgriCompetitiveness program. This funding will support mental health literacy education for agriculture educators across the country, the development of a mental health toolkit to support the sector in case of catastrophic events and facilitate the sharing and expansion of national farm mental health strategies and resources. The CCAW will also use the funding to develop Canada's first evidence-based agriculture literacy training program in collaboration with the Rural Physicians Society of Canada to deliver training to rural physicians who interact with Canadian farmers and organize two national conferences that will enable mental health information sharing with stakeholders from across the sector.

[AgTalk](#) by **The Do More Agriculture Foundation** is now available to Canadian producers. [AgTalk](#) is a free and anonymous mental health support community for members of the Canadian agriculture sector, and available in both English and French.

Many provinces and territories now have farmer mental health programs in place that include free counselling for farmers and their family members, mental health literacy training, and agricultural literacy training for mental health professionals to work with farmers.

### **Farm Business Management:**

Farm Management Canada continues to host workshops and training programs focused on managing farm risk, farm financial literacy, family farm transition planning, and leadership development. Thanks to funding secured through the Canadian Agricultural Human Resource Council, a new farm business practices assessment and planning workshop called **Seeding Success** was developed and delivered across Canada throughout February and March.

Work is ongoing with Canada's financial institutions and accounting firms to establish a **National Standard for Farm Financial Statements in Canada** to help facilitate farm financial literacy and benchmarking financial performance. And with Statistics Canada to harmonize Canada's farm tax forms to create the capacity for a **National Farm Financial Benchmarking Report** available to all Canadian farmers.

In October, a new research report **Expanding Opportunities for Canadian Agriculture by Understanding the Experiences of Farm Women** was released. The research replaces stereotypes and anecdotal information with an accurate and actionable picture of farm women to create a foundation of facts where none existed before and a path forward to foster a transformative shift in the industry by supporting the unique needs of farm women. Results reveal women are making extraordinary contributions to farming in Canada with a high degree of involvement in virtually every aspect of farm operations, yet continue to face significant challenges and barriers.

### **Heather Watson and Eric Micheels – June 2024**



## Denmark

### **Weather conditions**

The crop yields in 2023 were among the lowest in the last ten years with winter wheat yields down by 15% and spring barley yields down more than 30% compared to 2022. Yield for oil seed rape was also down. Around 70% of the harvest is used for feedstuff for animals domestically and 15-20% is exported. Production of green field peas for frost (human consumption in Denmark is no longer viable, but horse beans is a new crop (only 1% of the area). The production of potatoes for flour has also been increasing in recent years and around 90% of the production is exported and used in many products.

### **Price**

The cereal prices have decreased somewhat since last year. Wheat is selling at €210/ton and wheat at €240/ton in May 2024 so it has come down by around 30%, but is still higher than the pre corona days. Fertiliser prices are on the way down €1.5 per kg N. The prices on piglets (30 kg) have increased to €94/piglet (SPF/PRRS-) which is the highest since 2020. More piglets have been exported to Germany in recent years and so slaughterhouses in Denmark have had to reduce capacity. The milk price is down to around 40 cents per kg after a high price in 2023. The milk production is around 5,6 billion kg from 556,000 cows based on 229 cows per farm. There is a minor reduction in the total number of cows from 2022 to 2024, but the produced amount of milk is the same. The income for dairy farms in 2022 was the highest ever and the income in 2023 will be lower but still around average. The income on arable farms is down due to the lower harvest. The overall sector income has dropped by 30% in 2023 compared to 2022 and is expected to stay at this level in 2024. The overall income and value of the export of agricultural products was higher in 2022 than ever before as it passed €13.5 billion (100 billion DKK) and this level was maintained in 2023, but is expected to be lower in 2024 as the prices have fallen. The current interest level is 3-4% and the inflation is down to 1% in 2024.

Some of the new Eco schemes supported by the EU CAP would mean that poor land areas can get a higher income if they are taken out of production. The income support can be €620 per year per hectare.

### **Environmental regulation**

The Danish farmers are still dealing with catch crop and other measures to reduce nitrogen losses. There has been a push to take more organogenic (peat) areas out of production to reduce CO<sub>2</sub> emissions from agriculture. It is a requirement of the new CAP was that 4% of the area is taken out of production, but this will not be required next year. The Danish Government is considering a CO<sub>2</sub> tax also on farms but how it will be done has not been decided yet. Dairy farms already have a system where they calculate the CO<sub>2</sub>/liter of milk and the level is around 1,15 kg CO<sub>2</sub>e per kg milk. The analysis made by an independent

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committee suggests tax levels of €34, €68 and €102/tCO<sub>2</sub> in order to achieve a 70% CO<sub>2</sub> reduction in 2030 compared to 1990. Models for compensation are being considered.

**Brian H. Jacobsen – June 2024**

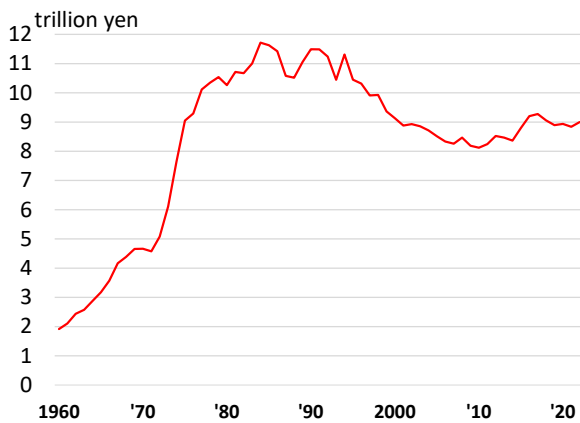
# Japan

## Weather:

The national annual average temperature was high, especially in northern Japan, owing to continuously rising temperatures throughout 2022. Notably eastern and western Japan had the highest every ten days temperature since 1946, when official record-keeping started. The area close to the Sea of Japan experienced a snowy winter and some areas set a new snow record. Long spells of rain occurred especially in eastern and northern Japan in the middle of summer. A severe weather warning for heavy rainfall was announced in early August in Yamagata and Niigata Prefectures.

## Current agricultural economic circumstances:

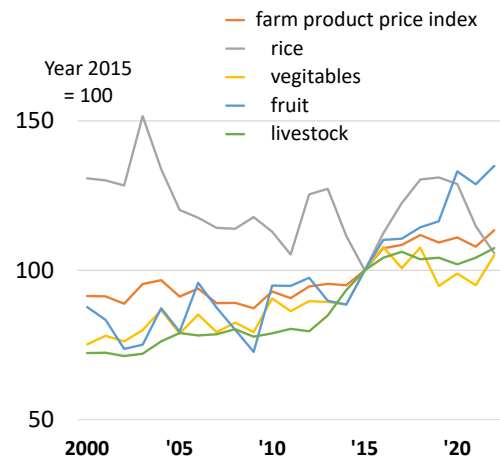
The livestock sector in Japan constitutes 39% of gross agricultural output, while vegetables and rice account for 25% and 15%, respectively. Gross agricultural output has increased since 2010 (see Figure 1); however, it remained at 9.0 trillion yen in 2022. While rice prices dropped because of overproduction and reduced demand from the food industry, vegetables and fruit prices (more specifically that of onions and radishes) increased because of poor weather conditions. Beef, pork and poultry prices also increased because of the increase in feed costs. Egg prices rose nationwide due to protracted underproduction caused by highly pathogenic avian influenza. The agricultural income dropped to 3.1 trillion yen in 2022. Annual sales per farm business entity in 2022 increased by 8% owing to favourable vegetables, flowers and pork prices. However, the annual profit per farm business entity in 2022 decreased by 22% due to the increase in feed and energy costs.



**Figure 1. Gross agricultural output in Japan**

Source: MAFF, Statistics of Agricultural Output Prices

Note: one yen is equal to 0.0063 USD and 0.0059 Euro as of April 2024.



**Figure 2. Producer price index in Japan**

Source: MAFF, Statistics of Agricultural

## Sectors:

This section primarily references the *Analysis Report on Farm Businesses* published by the Japan Finance Corporation in December 2023 to summarise the financial performance of the selected farms in 2022.

a. Livestock

i. Dairy sector

1. The price of milk for table use rose slightly owing to the inflated costs of some materials.
2. Herd sizes and milk produced per cow remained almost constant nationwide.
3. Annual sales per dairy farm increased due to the milk price.
4. However, annual profit per dairy farm decreased due to the inflated feed costs.

ii. Beef

1. Market prices dropped slightly owing to weak consumer spending for beef in the inflated economy.
2. The number of beef herds sold remained almost constant.
3. Annual sales per beef farm remained almost constant.
4. Annual profit per beef farm decreased because the feed costs increased.

iii. Pigs

1. Market price rose by 9% due to increased demand for domestic use. The amount of imported pork also increased by 9% due to increased demand for domestic use.
2. The number of pig herds sold increased slightly.
3. Annual sales have increased by 8% due to the pork price
4. However, annual profits per pig farm have decreased due to increased feed costs.

iv. Poultry

1. Layer chickens

- a. Market prices rose due to underproduction caused by high demand for the food industry and by highly pathogenic avian influenza in October 2022.
- b. The number of fowl fed decreased slightly after the extensive culling.
- c. Annual sales rose due to the egg price.
- d. However, annual profits per egg farm have decreased due to increased energy and feed costs.

2. Meat

- a. Due to the popularity of breast and leg meats, both chicken production and chicken imports increased.
- b. Market price rose due to increased demand for domestic use.
- c. Annual sales and the annual profit per chicken farm grew because of favourable market prices.

**b. Crops****i. Rice**

1. Market price rose by 8% in 2022.
2. Rice production has decreased due to the crop conversion policy from rice for human consumption to rice for livestock feeding.
3. Annual sales per area remained almost constant.
4. Annual profits per rice farm decreased because of increased material and energy costs. However, profits from non-rice sector increased.

**ii. Wheat and soybeans in the northern island**

1. The market price of wheat rose sharply, while that of soybeans decreased slightly.
2. Farmers faced drop in the quality of wheat but had a good harvest of soybeans due to good growing conditions.
3. Annual sales and profit per farm decreased due to increased costs of materials and energy costs.

**iii. Fruit**

1. The market price of fruits generally rose because of the steady demand. The market prices of apples and grapes increased.
2. The harvest of peaches increased due to good weather conditions.
3. Annual sales per fruit farm increased because of farm size expansion and the favourable price.
4. However, annual profits decreased due to increased labour costs.

**iv. Vegetables**

1. The market price of major vegetables (tomatoes and carrots) rose in August due to a poor harvest following unfavourable weather conditions.
2. Annual sales per vegetable farm have increased because of the good price of onions in Hokkaido
3. However, annual profits decreased due to increased materials and energy costs.

**c. Horticulture****i. Vegetables**

1. The market price of major vegetables rose in August due to a poor harvest following unfavourable weather conditions.
2. Annual sales per vegetable farm increased due to the price, while annual profits per vegetable farm remained almost constant due to rising energy costs.

**ii. Flowers**

1. The demand for cut flowers increased owing to the recovering demand for parties and ceremonies after the COVID-19 pandemic.
2. The market prices of chrysanthemums and roses increased by around 10%.
3. Annual sales per flower farm increased, whereas annual profits dropped due to rising labour and energy costs.

### **Environmental:**

- d. The Ministry of Agriculture, Forestry, and Fisheries (MAFF) developed the Strategy for Sustainable Food Systems 'MeaDRI' in 2021, targeting major environmental outcomes by 2050. This includes carbon-neutral agriculture, reductions in the use of chemical pesticides by 50% and chemical fertilisers by 30%, and expansion of organic farming to a million-hectare designation.
- e. Direct payments to support and advance multifunctional agriculture have been further developed to subsidise farmers' activities, including conserving site-specific values, adopting farming technologies using fewer chemicals, and mitigating natural disasters.
- f. The J-Credit Scheme is designed to certify the amount of greenhouse gas emissions reduced and removed by sinks within Japan. As of March 2024, 27 cases are developed in the farm sector out of 608 projects in the J-Credit Scheme.
- g. The use of renewable energy in the farming sector has gradually increased. Solar power generation on farmlands and small hydroelectric power generation systems built into irrigation systems get popular.

### **Topics that are increasing concerns for the industry:**

- h. The Food, Agriculture, and Rural Areas Basic Act (so-called constitution for Japan's farm policies) will be amended in 2024. The amended act highlights food security policies including sustainable agricultural production and international trades of food and materials used for farming.
- i. The new farm policy promotes production of mostly imported products such as wheat and soybeans, while the policy focuses making more use of domestic materials as agricultural inputs.
- j. New strategies for exporting food and agricultural products were developed in 2020 to identify market opportunities in selected countries related to the Trans-Pacific Partnership Agreement (TPP) and the recent Economic Partnership Agreements (EPAs) with the EU, UK, and US. The targeting sales of food and agricultural export products are estimated to reach 2 trillion yen by 2025 and 5 trillion yen by 2030. Annual sales of food and agricultural export products reached approximately 1.5 trillion yen in 2023.
- k. A new policy initiative for Smart Farming was developed in 2020 based on the results of pilot projects adopting robotics, artificial intelligence (AI) and Internet of Things (IoT) on farms. The Agri-food DX (i.e. digital transformation

of the farming and food sectors) policy was developed in 2021 to build more efficient food value chains. Furthermore, the Digital Rural Society Initiative was developed to address various social issues in less-favoured areas.

- I. Efforts to promote employment of people with disabilities in the farm sector (called as agriculture-welfare collaborations) have increased nationwide as a solution for some difficulties in both agricultural and welfare sectors.

### For further reading regarding agricultural policies in Japan, please see:

Ministry of Agriculture, Forestry and Fisheries (MAFF) (2023). FY2022 Summary of the Annual Report on Food, Agriculture and Rural Areas in Japan.

<https://www.maff.go.jp/e/data/publish/attach/pdf/index-224.pdf>

Sterly, S., Jongeneel, R., Pabst, H., Silvis, H., Connor, J., Freshwater, D., Shobayashi, M., Kinoshita, Y., Van Kooten, C., Zorn, A. (2018). A comparative analysis of global agricultural policies: Lessons for the future CAP, European Parliament.

<https://op.europa.eu/en/publication-detail/-/publication/f6f26587-9d3c-11e9-9d01-01aa75ed71a1/language-en>



(Photos by author)

*Upper left:* Farmers' market in fruits area

*Upper right:* Traditional rice cakes produced by local farmers

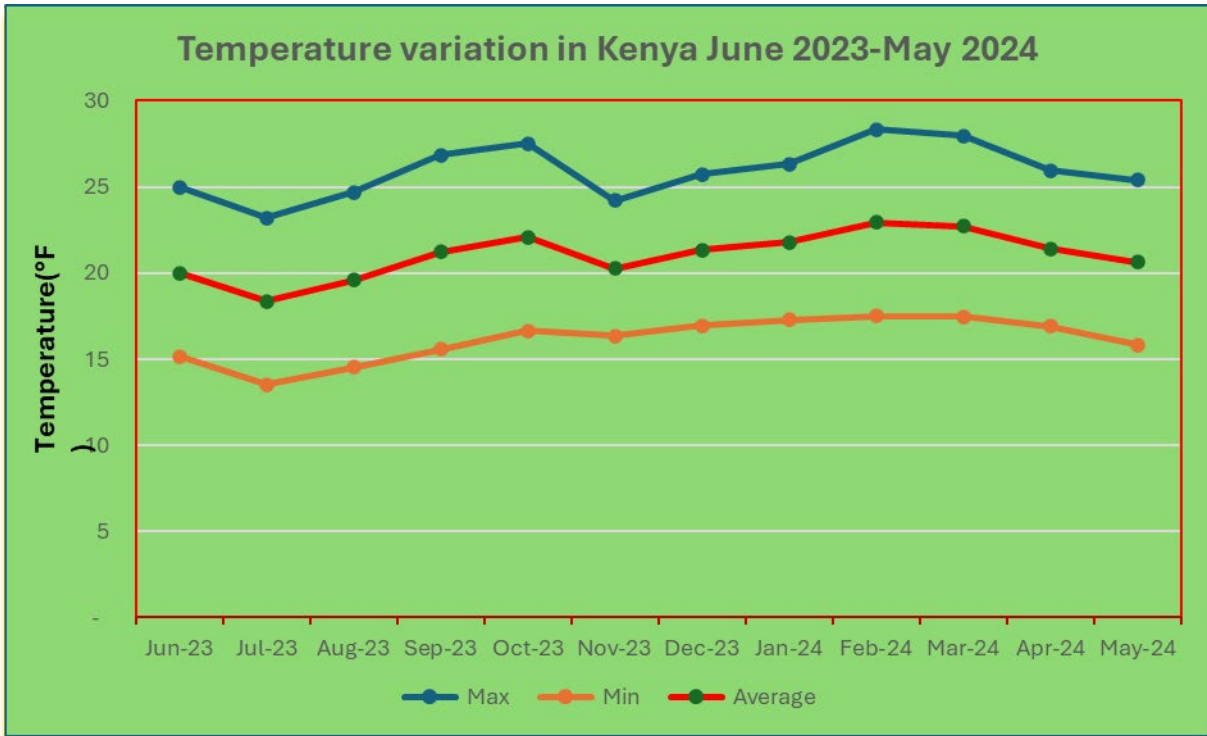
*Bottom left:* Large scale farm producing tomatoes and paprikas

*Bottom right:* Growing 'baby leaves' (mesclun greens) in greenhouse

**Yukio Kinoshita (Tokyo City University / University of South Australia)**

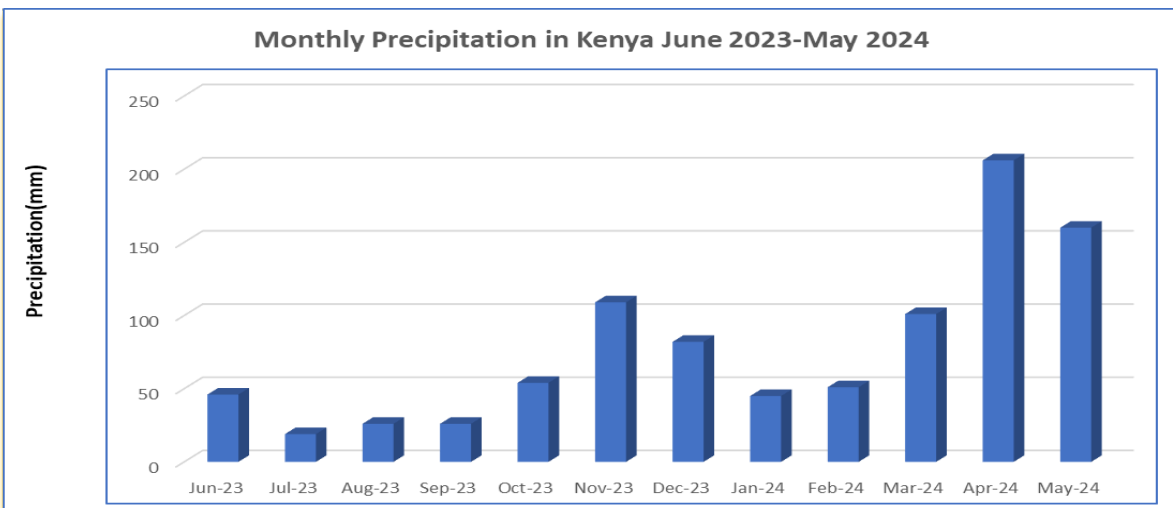
# Kenya

## Weather



The hottest months of the report period continued to be February and March 2024 which recorded an average temperature of 23<sup>o</sup> Centigrade. Similarly, July 2023 kept its record of being the coldest month in the report period with an average temperature of 18<sup>o</sup> Centigrade.

The general trend of temperature was in line with what was reported the previous reporting period with minor variations.





The period June 2023-May 2024 witnessed a regular onset of rains in both short rain season (September- November 2023) and long rain season (February-May 2024). The highest amount of rainfall averaging 206mm/month was recorded in April 2024 which was accompanied by flooding in several parts of the country which led to loss of lives, displacement of thousands of families from their homes as well as crop and livestock damage. The lowest amount of precipitation recorded was in July 2023 which averaged 19mm/month which posed many challenges to pastoral communities who rely on abundant rainfall for their pasture.

### **Agriculture Economic Climate**

Even though the year started with extensive protests fueled by escalation of cost of living due to the removal of food subsidies by the new government and the global energy crisis which was triggered by the war in Ukraine and Israel, the general level of food prices started coming down later in 2023 when favorable weather and fertilizer subsidy allowed farmers to offload their harvests into the domestic market. However, in early 2024, while the economic outlook looked bright fertilizer subsidy scandal which resulted in farmers being given fake fertilizer is likely to affect the expected yield from many farms. Also flooding that was witnessed in early this year and resulted to crop damage is also expected to reduce expected crop yield. Additionally, the implementation of the 2023 and 2024 Kenya financial bills which are trying to widen the tax base by bringing on board farmers is expected to disincentivize production.

### **Livestock**

The livestock sector in Kenya contributes 12 percent to Kenya's national GDP and 42 percent to agricultural GDP. Livestock production supplies the local requirements of meat, milk, dairy products and other livestock products while accounting for about 30% of the total marketed agricultural products. The main livestock species in Kenya include cattle (18 million), sheep (18 million), goats (28 million), camels (3 million) pigs (334,689) and poultry (31 million). Currently, about 60% of total households keep livestock. The four major beef production systems in Kenya are pastoralism, ranching, agro-pastoralism systems, and feedlots. Pastoralism is a low-input low-output subsistence system, with indigenous cattle relying entirely on communal grazing areas and water sources. The main livestock feed resources in Kenya are natural pasture/grazing land, crop residues, improved pasture and forage, agro- industrial by product and other by-products like food and vegetable waste. The major challenges experienced by livestock farmers in Kenya during the reporting period include: diseases, shortage of grazing land, feed shortage, shortage of veterinary medicine, shortage of water and lack of improved breeds. Human livestock conflict continued to be reported especially in the pastoral areas where either pastoralist strayed on private ranches in search of water /pasture or wild animals predated on livestock.

Milk production and processing continued the upward trend in 2023/24 period due to subsidized artificial insemination services, improved livestock practices and competitive prices reported across the country. Rising population and opening up of new markets has also continued to drive the demand for livestock products upwards.

### Arable

Small-scale farmers encouraged by favourable rainfall in 2023 and good prices for most commodities realized good yields and were rearing to go again at the commencement of the new season in early 2024. While the rains came early in 2024 allowing many farmers to plant their crops at the right time, erratic nature of rainfall could end up affecting the crop yields realized at the end of the year. Cases of fall army worms have been reported across the country. Although the country is well equipped with agrochemicals and expertise for controlling fall army worms, failure to detect pest infestation among some farmers could result in 30-40 % of crop loss. Farm input cost continued to increase and remained a major stumbling block to arable farming. Despite the good intention of government to provide fertilizer subsidies to cushion farmers from escalating cost of production, poor implementation and corruption prevented farmers from accessing good quality fertilizer. This resulted in a Cabinet Secretary of Agriculture being subjected to an impeachment motion in parliament for failing to safeguard public interest and allowing farmers to be exposed to fake fertilizer.

### Horticulture

Kenya's horticultural sector experienced significant growth in 2023, driven by increased exports of vegetables, fruits, and cut flowers. This was triggered by the opening up of global markets which had been suppressed by the residual effects of the Covid-19.

### Cut flowers

The Horticultural Crops Directorate data shows cut flower exports fetched USD **0.735 billion** in 2023, marking a steep decline from USD **1.043 billion**. The decline was attributed to a significant drop in export volumes, which went down to 116,270 tons from 202,850 tons that were exported in 2022. The Kenya Floriculture Market size is estimated at **USD 1.09 billion** in 2024, and is expected to reach USD 1.41 billion by 2029. This is expected to be fueled by efforts to negotiate for tax waivers in traditional markets and to venture into new markets. Kenya just hosted the global flower trade fraternity in Nairobi, on June 4-6 2024, stamping the country's growing dominance in the sector.

### Vegetables

Kenya is a major exporter of sweet pea, runner beans, Asian vegetables, avocados, mangoes and some of the highest quality green beans in the world. Revenue in the Fresh Vegetables market amounts to US\$6.18bn in 2024. In 2023 vegetable exports reached 245,194 metric tons from 194,627 reported the previous year. The volume of vegetable exported is expected to grow in 2024.

### Environmental

Both the national government and all the 47 county governments guided by the national policy framework on the environment continue to prioritize environmental evaluation as core prerequisite for implementing any development project.

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The African Chapter of IFMA held its 13<sup>th</sup> edition (AFMA13) of its conferences successfully in East London, Eastern Cape, South Africa on 19-23 November 2023. The 14th edition of the African Farm Management Association (AFMA14) conference will be held in Kigali Rwanda 21st-25th September 2025. You are all invited to attend this edition of the African Farm Management Association Conference.

### **Philip Nyangweso – June 2024**

# The Netherlands



Big question: Towards nature inclusive and more biodiversity based agriculture (above), or to more innovative based agriculture (see below) or .....a combination of both? (see below)



### Climate

We had a record high rainfall this spring. Nevertheless, lack of water has become a major issue in recent years. During the summer months, water has become very scarce in large parts of Europe and

even in a lowland country as the Netherlands. This has led to a drastic change in the national water management structures in the Netherlands. Main goal was always to get rid of the water by a whole system of rivers, ditches, canals and water pump stations. Recently, water management in the Netherlands is changing to maintaining a higher level of water in the network of waterways and to store water for use in the summer time. Today, potatoes are still not planted in all areas because of the very wet soil. In crop farming it has led to delays in seeding. Caretakers of nature areas welcome the large water amounts which benefit the dry soils, and, therefore, the vegetation in those areas. Farmers' irritation has grown about the so called "calendar agriculture". To fulfil the targets of the EU nitrate directive, essential land practices have been schedules like a calendar. For instance, fertilization of the land is possible within a certain period of the year. Harvesting of crops has to be done before a certain common date, after which cover crops need to be planted to avoid nutrient spoilage. As illustration of last year's concerns, the weather conditions did not match with those prescribed calendar data, such that the potatoes had to be harvested in a not full-grown stage.

**Characteristics of agricultural holdings** (cited from: *Staat van Landbouw, Natuur en Voedsel Editie 2023 Berkhout, P. (red.), H. van der Meulen, P. Ramaekers, Wageningen UR*) In 2023, 43% of the 27,970 holdings headed by a farmer or grower aged 55 or older had appointed a successor (compared to 34% in 2012 and 41% in 2020). The size of the holding plays an important role in this succession: With increasing size – measured in standard revenue – the succession rate rises sharply • The share of sustainable investment in the total investment for primary agriculture, horticulture and fisheries in 2021 was 27%. This is 9% higher than in 2020 and almost equal to the average of 26% in the last decade.

The size of Dutch agricultural and horticultural holdings varies widely, ranging from a large group of small holdings (37% of all holdings) to a small group of very large holdings (9% in recent years). The first group represents only 2% of total earning capacity (based on the Standard Earning Capacity), while the second group accounts for 58%.

The number of farms with an additional source of income increased to 24,434 in 2023, 10% more than in 2020. As a result, nearly half of all farmers derive part of their income from such sources. All additional sources of income increased, except for agricultural childcare.

In 2022, there were 40 agricultural nature collectives, with over 11,000 members, managing a total area of over 104,000 hectares. From 2022, only "Agricultural nature and landscape management" contracts will be offered as part of the overall agricultural nature management activities. Some form of agricultural nature management took place on over 6% of the total agricultural area. Most of this area (around 80%) was managed for meadow birds. The number of agricultural nature collectives varies by region.

#### **Market position: big differences in income**

Each year again, incomes between and within the agricultural sectors of different farm types are big. In the Netherlands, this phenomenon was the same for 2023. Especially the incomes in the pig and poultry sectors improved considerably. This was due through a combination of higher prices for piglets, slaughter pigs and eggs and lower feed prices. The higher prices were caused by a smaller European offer of those products. Also the fruit farmers had a good year due to a smaller production European wide of fruit, while prices of apples and pears rose. Within the greenhouse horticulture sector was the focus on keeping costs within limits, caused by the strongly increased energy prices in previous years. The realised increase in income in the greenhouse sector was mainly achieved by lower energy costs in

2023 en by firms with a combined heat and power plant (cogeneration of the heat produced) through higher returns from the sale of the energy produced; realized by a favourable ratio between the price of the bought gas and the sale price of electricity produced. The higher production volume of milk in Europe resulted in lower milk prices and, consequently, in lower incomes for dairy farmers. The same was true for the arable farmers, who coped with disappointing kg-yields of their products caused by long periods of rainy weather. Nevertheless, the incomes in both sectors stayed above the average income levels over the period 2018-2022.

In the Netherlands, the dairy, pig and greenhouse horticulture sectors are commonly considered as strong sectors in volume and potential.

### Greening and tensions

The EU Green Deal, which was in recent years approved by the EU institutions, recognises the importance of the land based sector in contributing income and social benefits to the community, but it emphasises the objective of reaching high environmental goals as outlined by the water quality directives (N and P; max 50 mg N/liter in groundwater), the bird and habitat directives (resulting in an extensive map of protected nature areas; also, small part of the land acreage of each farm (at least 4%) needs to be set aside obligatory, and the net zero greenhouse gas emissions target by 2050. In addition, in June 2022, the European Commission proposed a regulation on the sustainable use of pesticides, which would set legally binding targets at EU level to reduce by 50 % the use and the risk of chemical pesticides as well as the use of the more hazardous pesticides by 2030, in line with the EU's 'farm to fork' strategy. Moreover, the use of fuel engines in the whole society is phased out.

For many years, challenges in agriculture in Western Europe were met by innovation. The agricultural sector was booming on innovative expertise. These days in follow-up of the Green Deal, policy makers urge for an agroecological transformation of agriculture. Topics that gain more attention are regenerative forms of agriculture, nature inclusive agriculture, and integrated crop to cattle farming systems in stead of specialised farms. Improvement of soil quality and health has become a major topic. Focus on soil quality implies that criteria for micro-bacteria, mycelia and worms are intended to be included into the nutrient management programs and tools.

However, heavy farmer protests in about half of the EU-countries led this year to a reconsideration of targets set. For instance, the 50% reduction in pesticides use has been stalled for the time being, as well as the obligatory set aside of land. A standstill is in place till the European Union elections in the 27 member states this month of June have resulted in a new EU Commission and European Parliament and perhaps some shifts in policies as result.

The nitrogen crises came to the foreground in the Netherlands when an environmental activist did win a string of court cases in 2019 ordering the government to limit emissions and preserve nature. In Europe, the so-called nature 2000 areas are protected by an EU agreement. It are 27.000 very small till very large areas, covering 18,6% of the total EU land area and 9% of its marine territory. In the Netherlands and Flanders, Belgium, arguments are exchanged that nitrogen emissions acidify the soil and favor N-loving plants. The belief is that this situation should be reversed in the nature-oriented areas.

On farm level, the nitrate directive allows farmers European wide on all agricultural soils and in all regions at most 170 kg N from manure to be spread per ha land. Exemptions have been made for designated sensitive soil areas (less manure allowed or none), and for very fertile soils in parts of Europe, where higher limits were allowed (up to 250 kg per ha). For instance, in certain regions in

Western Europe, around 6 grass cuts are possible per year while in other regions there are only 2 or 3 yearly cuts, which asks for different levels of fertilization. Last year, those higher manure gift exemptions have been phased out. This implies for animal farmers, for instance in the Netherlands, that they are forced to export manure from their farms to elsewhere for high costs, while they have to buy additional mineral fertilizer to reach the needed fertilization level for the crops. This has created a very complex situation on many animal farms and difficult discussions in policy circuits.

Elections in the Netherlands have led to a government in the make that includes the new Farmer-Citizen Movement party. The presented government program in headlines looks more farmer friendly, but future will tell how it works out within the existing national juridical framework and within the existing EU regulations. In general, tensions are also growing about the effect of a possible outcome of the US elections in November on the European community and Eastern borders as a whole. The present time period really brings big challenges to farmers and the societies at large!

## **Abel Kuipers – June 2024**

# New Zealand

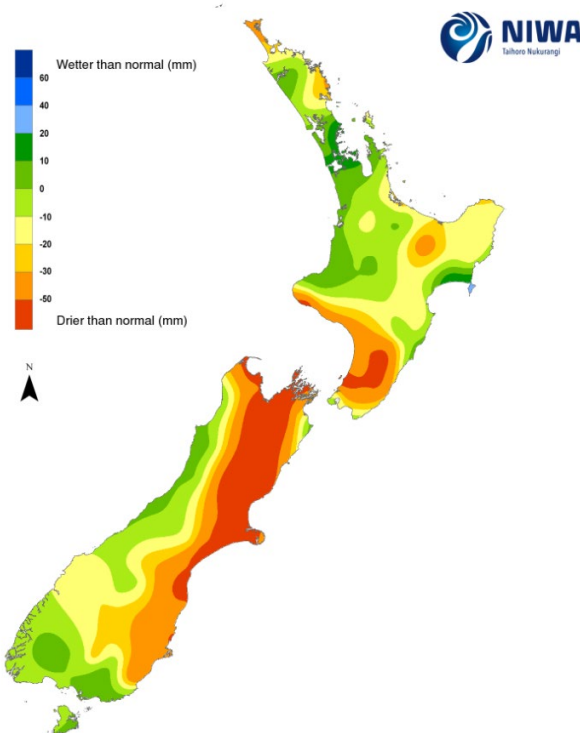
## Climatic

12 months ago our country was at the end of a ‘La Niña’ phase of the Southern oscillation index (SOI) and was forecast to be starting a ‘El Niño’ phase of the SOI - conditions which favour Westerly wind patterns, resultant higher evapotranspiration rates and lower rainfall which creates higher drought risk to the far north and eastern coasts of the country. This forecast did eventuate after we had our 5<sup>th</sup> warmest winter on record and some good winter rainfall which continued into the Spring. By December/January a significant soil moisture deficit was building across most agricultural regions with official drought declarations made in March for the Marlborough, Tasman, Nelson, Canterbury, Otago, Horowhenua, Wairarapa, Manawatu, Whanganui, Taranaki and Northland regions which make up much of New Zealand’s agricultural output. The drought conditions have come at a particularly difficult time for Sheep farmers who have been under significant income pressure with low export prices and high input costs – more detail in the meat and wool section.

The lower-than-average rainfall levels also impacted many irrigation schemes and led to varied water restrictions up to complete cessation of supply in some cases, the Opuha irrigation scheme in South Canterbury for example ceased supply to shareholders 10 weeks early – an outcome which last occurred 10 years ago.

As of early June (the start of our Winter) there is still a significant negative soil moisture anomaly across some major agricultural regions as highlighted below:

Soil moisture anomaly (mm) at 9am on 03/06/2024

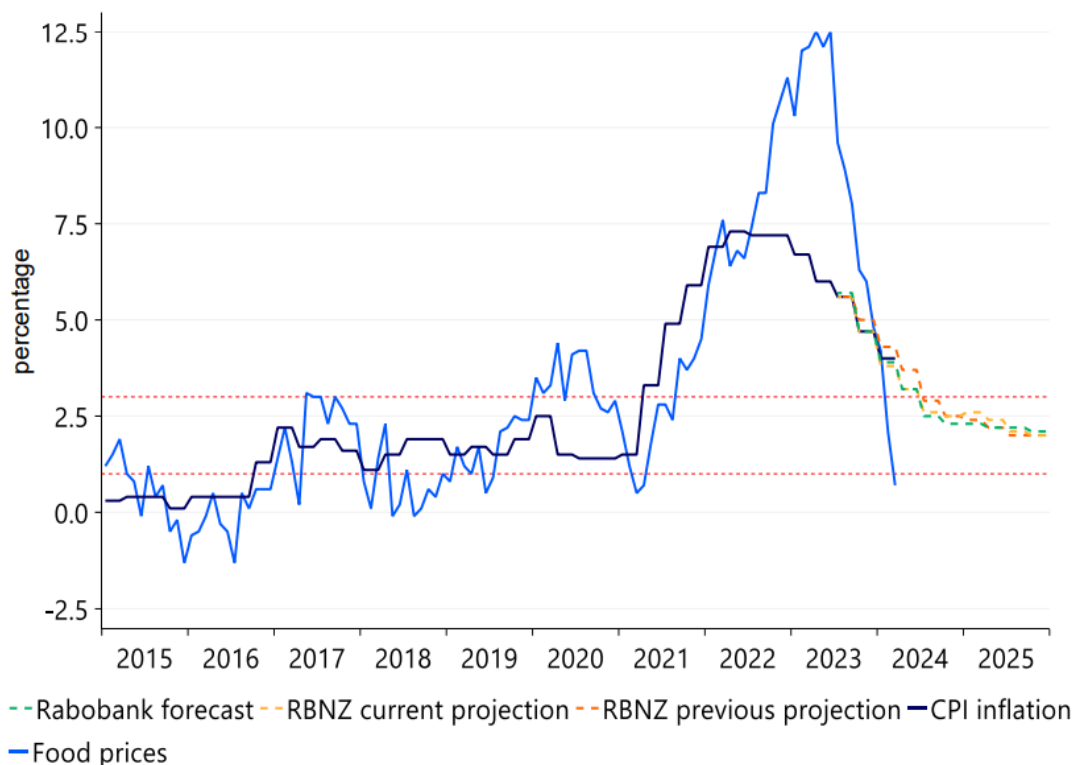




### Agriculture Economic climate

New Zealand had a change of government late last year with the centre-left/left coalition being replaced with a centre-right coalition government, the majority of farmers are expecting to see some relaxation of what they see as the heavy regulatory burden imposed by the last government. The outcomes of the change of government are still in process and revised policy settings in relation to agriculture will take some time to get agreed and legislated. The New Zealand economy has not been in great shape with a technical recession declared in March after 2 consecutive quarters of negative growth. As an exporting nation with around 80% of total exports from the agricultural sector it comes as no surprise to farmers that the country has been in recession as this has been reflected in their cashflows for some time. Inflation on input costs for the sector have eased in line with global easing but are still sitting at historically high levels which in combination to static or reduced product prices are squeezing cashflows and margins across the sector. Interest costs are also historically high and the ending of fixed interest rate loan terms which had been fixed at historically low interest rates (for those farming businesses that had fixed lending in place) has put pressure on finances and cashflows in addition to the other factors. New Zealand’s Reserve bank’s cash rate settings have succeeded in bringing inflation down but cuts in the official cash rate (OCR) are not expected until later in 2024.

#### New Zealand inflation indicators



Source: Macrobond, Stats NZ, RBNZ, Rabobank 2024

- Dairy

The main milk production season has just finished but full season data are not available at the time of writing. Figures from DCANZ show total NZ milk production for the June 2023 –

March 2024 period was at 101% compared to the June 2022 – March 2023 period and is expected to finish at a similar level overall to the 2022-23 season. The season was characterised by better Spring conditions in 2023 than the prior two years and average Autumn conditions in 2024 after a dry Summer period. Global dairy market conditions are still volatile but with global milk supply under pressure the present outlook for the coming season is broadly positive – this gives dairy sector a more positive outlook than most other agricultural sectors currently.

- **Meat & Wool**

Sheep & Beef market returns are taking different trajectories presently with beef returns just above 5-year average presently, whereas lamb and mutton returns are well below the 5-year average. Significant higher supply out of Australia and weak economic conditions in China have been major drivers of sheep meat market weakness. On farm conditions were good for the main lambing season and early summer growth rates were solid, but the late Summer dry conditions have put pressure on feed supply and as of early April increased slaughter numbers had the processing sector 6% ahead YOY. Beef production has been steady despite the influences of drought with January to March exports ahead of last year by 5%, and a shift in export destinations away from the weaker Chinese market to USA, Japan and Canada primarily. Constrained global beef supply has supported the solid beef export returns.

Wool markets seem to be finally (slowly) turning a corner after several years in the doldrums – particularly at the medium to coarse end of the market. Increasing demand for better quality wool that has resulted from drier seasonal conditions with lower rainfall has been an apparent trend over the last 9 months and there is hope that this trend will continue and allow coarse wool returns to at least cover the cost of shearing.

- **Arable**

The 2024 cereal harvest was slightly ahead of the 2023 harvest with overall harvest yields up by 4% over wheat/barley/oats. This was the result of a good early growing season with the late Summer onset El Niño weather pattern generally assisting with harvest conditions. Autumn/winter sowings of both feed wheat and barley are expected to be down on the prior year with softer market conditions as well as dry soil conditions in some areas impacting.

- **Horticulture**

The horticulture industry has had a reasonable season after wetter growing conditions in the North Island through 2022 & 2023 impacting overall fruit quality and the extreme weather events which impacted pipfruit production. The 2024 harvest is expected to be better, with kiwifruit forecast to produce a bumper crop and good export market conditions forecast to increase returns. Horticulture is forecast to overtake forestry by 2025 as the third largest export earner for the food and fibre sector.

## Summary

- The New Zealand food and fibre sector remains in a subdued position with multiple challenges which include:

- 
- Geopolitical tensions and conflict globally impacting trade, supply chains and market stability
  - Elevated input costs and sticky inflation
  - Exposure to unfavourable climatic conditions and extreme weather events
  - Persistent high interest rates
  - Low market cycle for sheepmeat products
  - A tight -skilled labour market
  - Overall agricultural output has been maintained at similar to historical levels despite the drought conditions which only started impacting later in the productive season.
  - Despite the challenges there is still optimism that the food and fibre sector is in a good position to increase returns and profitability in the medium term - as several of these challenges are forecast to reduce somewhat over the next 12-18 months.

### **Julian Gaffaney June 2023**

## Nigeria

### **Weather:**

Tropical Climate. Temperature currently is between 26 degrees centigrade in the coastal states in the south and 42 degrees centigrade in the drier north.

### **Agriculture Economic Climate:**

The agricultural sector in the fourth quarter of 2023 grew by 2.10% (year-on-year) in real terms, an increase of 0.06% points from the corresponding period of 2022, and an increase of 0.81% points from the preceding quarter which recorded a growth rate of 1.30%. It grew on a quarter-on-quarter basis at -0.22%. On an annual basis, the agriculture sector grew by 1.13% in 2023, down from 1.88% in 2022. This development indicates a downturn in the Nigerian economy in 2023 unlike the steady recovery of the economy witnessed in 2022 from the unsavoury effects of the COVID-19 pandemic that begun in 2020. The tepid growth in the sector was on account of marked increases in input costs, heightened security concerns along food producing areas, and lagged effects of the 2022 flooding on farm produce.

- a) However, the sector contributed 26.11% to overall GDP in real terms in Q4 2023, lower than the contribution in the fourth quarter of 2022 and lower than the third quarter of 2023 which stood at 26.46% and 29.31% respectively. Four sub-activities make up the agricultural sector: Crop Production, Livestock, Forestry and Fishing. Crop Production remained the major driver of the sector. This is evident as it accounted for 90.03% of overall nominal value of the sector in the fourth quarter of 2023. The balance of 9.97% was contributed by the remaining three sub-sectors (Livestock, forestry and Fishing). Agriculture provides means of livelihood for over 50 per cent of the total Nigerian population of about 200million people. Peasant agriculture predominates and account for 90 percent of both output and employment in the agricultural sector. The downturn in the agricultural sector has been manifested in high food inflation.
- b) Core inflation (year-on-year) rose to 33.69% in April, 2024, above the 33.20% and 31.70% recorded in March and February, 2024 respectively. The rise in core inflation was attributed to higher energy cost and food prices that accompanied the Russia-Ukraine war and exchange rate pass-through following elevated global inflation rates. From the domestic front, cost-push factors such as the removal of PMS subsidy and reforms in the foreign exchange market accounted for the continued surge in aggregate prices.
- c) Food inflation increased to 40.53% (year-on-year) in April 2024, from 40.01% and 37.92% in March and February 2024 respectively. Food prices rose on account of continued security challenges, particularly in major food producing areas, exchange rate effect, (especially on imported food and input for food processing) as well as higher transport costs in the delivery of farm produce to the markets. Available data from the National Bureau of Statistics (NBS) showed that the prices of major domestic food commodities increased by over 100% in March 2024 compared with

their levels a year ago. The increases ranged from 152.93% for a kg of rice, to 141.25% for 1kg of yam tuber and 106.78% for 1kg of beans, year-on-year. Other commodities that witnessed price increases were; garri white, 112.34% and beef, 73.78%.

- d) Intervention schemes by the Central Bank of Nigeria (CBN) focused on enhanced credit delivery to the agricultural sector were intensified. New schemes such as; Paddy Aggregation Scheme, Maize Aggregation Scheme, Rice Distribution Facility, and Accelerated Agricultural Development Scheme, were initiated to complement the old ones like the Anchor Borrowers Programme, the Commercial Agricultural Credit Scheme, the Agricultural Credit Guarantee Scheme Fund, etc.
- e) Livestock: Nigeria is endowed with various livestock which include; cattle, sheep, goats, pigs, poultry, rabbit, donkeys, camel, horses, etc. Nigeria also has many fishery resources, which include various species of fishes like catfish, tilapia, croaker, shark, etc., as well as shrimps, crabs, etc. However, the full potential of these resources are yet to be tapped for lack of adequate investment capital and incentives.
- f) Arable: Nigeria has five ecological zones, which supports a variety of arable crops such as cereals, grains, legumes, vegetables, seeds, fruits and nuts.
- g) Horticulture
  - a. *Soft Fruit: Bananas, Mangoes, Oranges, Pineapples, guavas, lemon, lime, grapefruit, watermelon, cucumbers, etc.*
  - b. *Vegetables: okro, leafy vegetables (spinach, waterleaves, pumpkin leaves, etc.), tomatoes, peppers, onions, etc.*
- h) Environmental: Desertification and erosion problems.
- i) Current Research Issues: Focus of research is on development of improved varieties of crops and livestock as well as improved agricultural practices.
- l) Any other comments: Nigeria is open to foreign investors who are willing to help modernize the agricultural sector to enhance the value chain.

## Grace Evbuomwan – June 2024

## Poland

Agata Malak-Rawlikowska – June 2024

To Follow

## Slovenia

### Weather

Changeable weather conditions with frequent extreme events had a strong impact on crop production last year, as in previous years. The average temperature in 2023 at the national level was 1.3 °C above the long-term average of the period 1991-2020 and the highest so far. Statewide, precipitation was 28% above the 1991-2020 average, and sunny weather was 1% above normal. During the winter period, air temperatures were above average, with intervening cold periods, December 2022 and January 2023 were above average wet, and February 2023 below average precipitation. Above-average temperatures continued in March, which accelerated the phenological development of plants. The growing season started earlier than usual and many plants exceeded the long-term average by flowering and by maturing (e.g. winter wheat and some fruit). The first half of April was marked by frost, which damaged fruit trees and vegetables outdoors the most. Changeable weather with frequent rainfall continued in early May, and the conditions were favourable for the growth of plant diseases and pests. The summer months were very hot, and agricultural plants were often under heat and drought stress.

Precipitation was very unevenly distributed across the regions of Slovenia. The summer of 2023 was extremely wet, with as much as 63% more precipitation than normal at the national level, with July and August standing out for abundant precipitation on a monthly basis. The latter will be remembered mainly for the heavy rain on August 3, which caused catastrophic floods that in some areas destroyed farm buildings and infrastructure, washed away fodder and animals, and destroyed crop and vegetable crops. In addition, strong storms with hail and downpours were also common during the summer months, which caused great damage to crops, fruit trees and vineyards. The water balance was positive throughout most of the country during the entire vegetation period.

### Agriculture Economic Climate in 2023

#### *a. Farms and Agriculture:*

- There are 68,331 agricultural holdings with an average of 7.0 ha of utilised agricultural area.
- 480,717 ha of utilised agricultural area, of which 177,786 ha are arable land;
- The gross value added of agriculture in GDP is 0.9 %; GDP per capita is 27,975 EUR.
- In general employment growth and unemployment decline moderated in 2023. This is mainly due to the slowdown in economic growth, together with the continued lack of available labour in the labour market.
- Factor income per employee in agriculture is 7,069 EUR/AWU;
- Factor income per employee in forestry industry is 26,630 EUR/AWU

- In 2023, Slovenia continues to be a net importer of agri-food products, exhibiting a trade deficit in most categories. However, there are some exceptions where Slovenia records a positive foreign trade balance, meaning exports exceed imports. These categories include various foodstuffs, live animals, meat products, milk and milk products (including eggs and honey). Notably, the positive trade balance has improved further in all these groups, with the exception of milk and milk products.
- In 2023, Slovenia was primarily engaged in agri-food trade with EU member states. Croatia, Italy, and Austria emerged as the most significant trade partners for exports, collectively accounting for 50% of Slovenia's total agri-food exports.
- On the import side, Slovenia's most important trade partners in 2023 were Italy, Croatia, and Germany, which collectively accounted for 43% of the country's total agri-food imports.

#### ***b. Economic results of Agriculture in 2023***

Contrary to the year 2022, when there was an extraordinary dry period, the year 2023 was strongly marked by historical floods, which severely affected Slovenia and thus also agricultural production.

Predictions regarding the stabilization and price reduction of production costs in EU agriculture are encouraging, which mainly applies to the prices of fertilizers, energy and feed. On the global and EU markets, there is also a noticeable downward trend in the prices of agricultural products (e.g. cereals, raw milk and beef), with the exception of the prices of apples and sugar. Despite the downward trend in prices for most agricultural products, they are still above average compared to the last five-year average. In the case of some agricultural products, due to unfavorable weather conditions, a decrease in produced quantities (e.g. fruit, grapes) is recorded, while in the case of grain, a decrease in quality is noted due to wet conditions and late harvest. With a slight delay, the growth of food inflation on store shelves also stopped. In most EU countries, slight food deflation started in mid-2023. However, food prices remain at historically high levels.

Prices in agriculture also remained at a high level in 2023 and will be the second highest since the data have been monitored. According to current estimates, they will increase nominally by 2.5% at the overall level. Among plant crops, prices will be lower for cereals (at a total level of -46%) and oilseeds (-31%), while higher prices are predicted for other important plant crops (vegetables: +14%, fruit: +11%, potatoes + 6%). Nominally higher prices were obtained in livestock, with the exception of milk prices (-1%). The prices of pork meat (+19%), eggs (+14%) and poultry meat (+12%) also increased most markedly, while the prices of beef (+4%) also increased. In 2023, the prices of inputs for agriculture nominally remained at the level of 2022. At the same time, some prices of products and services for current consumption in agriculture decreased (fertilizers: -29%, energy: -5%), while other prices of inputs for agriculture have increased (plant protection products: +12%, seeds and



seedlings: +10%, veterinary services: +6%, feed: +5%). In the agricultural aggregate, the price-cost ratio slightly improved in 2023.

Incomes in agriculture in 2023, according to the first estimates of economic accounts for agriculture (AIS assessment based on available statistical data and expert assessments), remained at a similar level to the previous year, and will be significantly worse than the long-term average. Thus, according to current estimates, the factor income of agriculture will probably be at a similar level to last year, but in a longer period of time it will be noticeably below average, which will make 2023 one of the economically less successful years. In the context of plant production, according to the first estimates, income indicators at the aggregate level are more favourable for vegetables, potatoes, hops and fodder plants. Much worse economic results than in the previous year are estimated for the production of cereals (in other words, much larger yields, especially corn for grains) due to a very large drop in prices. Worse economic results are also assessed for fruit production due to the large yield decline, despite higher prices. In livestock production, at the aggregate level, the economic results are better than in the previous year for all important groups of animals and animal products, except for the production of milk and honey.

## Livestock production

For livestock production sector, the first estimates based on the available data show that the total volume of meat production in 2023 will be slightly higher than in the previous year, but less than the record volume in 2021. We expect a decrease in the volume of meat production in cattle breeding, which is certainly still the result of previous year's unfavorable conditions for fodder production (extreme drought). In the balance of animals in 2023, a lower number was recorded in most categories of animals. The only increase was recorded in the number of imported live animals (by about 5%). The number of exported live bovine animals decreased by about 10%. The number of slaughtered animals (balance year December–November) went down by about 8% over 2022. The number of new-born animals was lower by about 6% and losses were about 5% lower than in 2022. In 2023 also pig meat production was lower than in the previous year (by about 9%). The number of pigs went down again and last year, it was the lowest since 1991. In 2023, also a decrease in the amount of pig meat from slaughterhouses was recorded (by about 12%). Total indigenous meat production was lower by about 5% over 2022. Gross indigenous production was also lower (by about 9%).

So, in 2023, bovine and pig meat production decreased, while poultry, sheep and goat meat production increased over the previous year production. In 2023, the production of poultry meat (gross domestic production) went up by about 3% over the previous year. The number of laying hens increased by about 24% and the number of hen's eggs by about 5%. The number of laying hens that in 2023 were laying eggs for human consumption increased by about 7%. The number of eggs for human consumption went up by 6%.

In comparison with 2022, the production of sheep and goat meat increased. Sheep meat by about 5% and goat meat by about 1%. However, it is important to point out that the number of sheep and goats is rather small (especially goats) and both types of meat represent only very small shares in total meat production.

For the second year in a row, the production of cow's milk and goat's milk are smaller. The production of cow's milk was about 3% lower than in 2022 (i.e. by about 20 million litres). At the same time, the production of ewe's milk went up.

Honey production will be significantly worse after the excellent harvest of 2022 and will be below the long-term average. About 285 tonnes of honey was produced in 2023, about 2,100 tonnes fewer than a year earlier, which is about four times less than the average production in the past ten years.

In livestock production sector, at the aggregate level, economic results are better than in the previous year for all important groups of animals and animal products, except for milk production. It is necessary to add that the economic situation of breeders, which is illustrated by income-cost parity, may be worse this year than last year, because the effect of lower needs for purchased feed, assessed in the context of economic accounts for agriculture, will only be reflected in reality in the coming year. Revenues for animal husbandry are estimated to be higher than in the previous year, due to greater production (except for cattle) and higher prices. A significant improvement in economic results compared to the previous year is estimated for egg production. The latter is the result of a higher price and a slightly larger yield. However, the value of milk production will be lower due to smaller total production and slightly lower prices than last year. The economic results of honey production will be worse due to significantly lower production compared to last year's record high, despite slightly higher prices.

### **Arable and fodder production**

Due to variable and extreme weather events, the harvest of most agricultural crops in 2023 was below average and of poorer quality than in the previous below-average year. With the exception of corn for grain, yields per hectare were below average and lower than the previous year for all types of grain. Wheat yields were down by 8%, barley by 8%, and triticale by 13%. The yield of grain corn per hectare was 8.9 t/ha, which was a third higher than in 2022 and only 2% below the five-year average, despite being the third worst harvest in the last decade.

In contrast, the yield of olive trees per hectare increased by 12% from the previous year and was 7% above the five-year average. The pumpkin harvest for oil was notably poor, while other oil crops maintained or exceeded the previous year's yields. The yield of hops per hectare significantly increased by 20% compared to 2022, although it remained well below average.

The forage yield from grassland in 2023 was fairly average, and expectedly higher than in the very dry year of 2022, when it was among the smallest for a long period of time.

However, the growing conditions were not favourable overall. The first mowing was hampered by rains in May, and the floods in August caused many meadows to be temporarily unusable due to wetness, lying forage, and especially contamination. As a result, mowing on permanent grassland was extended into late autumn in some parts of Slovenia.

The adverse weather conditions also negatively impacted vegetable production. On average, the vegetable harvest in 2023 was smaller than in 2022 and much below average.

However, in the context of plant production, according to the first estimates, income indicators at the aggregate level will be more favourable for vegetable farms, mainly due to higher prices despite mentioned lower production. Indicators for potatoes and hops will also be more favourable, driven by larger yields and higher prices. The same applies to fodder plants, where yields are significantly higher.

However, the economic results for cereal production in 2023 are expected to be much worse than in the previous year. Despite much larger yields, particularly for corn grain, the economic outcomes are negatively impacted due to a significant drop in prices.

## Horticulture

### *c. Soft Fruit*

In Slovenia, the fruit harvest in both intensive and extensive plantations in 2023 was very poor, among the smallest in the last five years and even the last decade. This was primarily due to spring frost and other weather hazards during the year. According to the first estimates, yields per hectare for all major fruit species in intensive plantations were significantly lower on average. In extensive plantations, yield decrease was further worsened by the alternating fertility of the trees in addition to the unfavourable weather conditions.

Estimates based on current data suggest that the total fruit harvest in 2023, combining both intensive and extensive plantations, will be approximately 40% less than in the previous year. The fruit yield in intensive plantations is expected to be lower by at least a quarter, primarily due to a substantial drop in the yield of apples (-24%) and other fruit species. This yield will also fall behind the average of the last five years by about 30%, a period which was already mostly unfavourable for fruit production.

The economic situation in Slovenia's fruit industry remains highly variable, with consecutive years of poor harvests exacerbating the challenges faced by growers. The purchase prices for different types of fruit fluctuate significantly from year to year and seasonally. Among all the fruit types, apples have the most substantial impact on the fruit-growing sector due to their dominant share in the structure of orchards.

In the first eight months of 2023, the purchase prices for apples from the 2022 harvest were slightly lower. However, the reduced supply of apples from the 2023 harvest led to a significant price increase in the autumn months, with prices rising by approximately 20% compared to the same period in 2022. Additionally, the 2023 harvest was characterized by

smaller fruit sizes, as some varieties did not meet the prescribed quality standards due to frost and other unfavourable weather conditions.

Similarly, in other EU countries, the apple yield for 2023 is forecasted to be slightly lower than the previous year, with a decrease of about 2%, according to the European Commission report. Following the record harvest in 2022, Poland is expected to see a smaller yield in 2023, with similarly reduced harvests anticipated in Italy and Germany. Conversely, France is expected to have a better harvest than the previous year, according to estimates. This smaller overall harvest, combined with almost depleted apple stocks across the EU, is likely to have a positive impact on the apple market. This situation should lead to increased purchase prices for apples throughout Europe, including Slovenia.

#### ***d. Grapes and wine***

Grape production in 2023 was also marked by unfavourable weather conditions. The frequent rainfall, storms, and hail had a very negative impact on both the quantity and quality of grapes produced. With the harvest starting about two weeks later than usual, the overall grape yield was below average for the third consecutive year. It's concerning to note that vineyards are expected to produce the fewest grapes so far, totalling about 76 thousand tons, which is 93% of the 2022 harvest and 24% below the average of the last five years. Additionally, there was a decrease of 5% in white grape production and 9% in red grape production compared to the previous year. This decline in grape production was observed across all wine-growing regions in Slovenia.

The recent modest grape harvests, coupled with small wine stocks, appear to be exerting upward pressure on grape purchase prices. Based on current statistics and information from the field in Slovenia, it's estimated that grape purchase prices will continue to rise for the third consecutive year in 2023. On average, the growth in grape purchase prices for 2023 is expected to be at least 15%. Additionally, annual wine prices are predicted to increase by 7% according to the Statistical Office of the Republic of Slovenia. Market reports from the Agricultural Market and Rural Development Agency indicate that wine prices saw significant growth in the first nine months of 2023, with a 20% increase observed for sales in Slovenia and on EU markets, alongside a 4% increase in sales.

#### **Other**

In 2023, Slovenia, like other EU countries, witnessed farmers' protests that continued also into 2024. These protests were part of broader demonstrations against European agricultural policy, particularly dissatisfaction with the green transition, growing bureaucratic constraints, and geopolitical decisions. European farmers also voiced concerns about grain imports from Ukraine and the influx of cheap imported meat, eggs, and sugar flooding the European market.

In 2023, the implementation of the new Strategic Plan of the Common Agricultural Policy 2023-2027 (CSP 2023-2027) marked the beginning of new interventions in all EU member states. This marked the first instance where the entire agricultural policy was consolidated into a single strategic document per each member state, encompassing both Pillar I (direct

payments and sectoral interventions) and Pillar II (interventions for rural development). For Slovenia a total of EUR 1.8 billion has been allocated for both pillars for the 2023-2027 period, with EUR 0.7 billion earmarked for Pillar I and EUR 1.1 billion for Pillar II.

The reform of direct payments is being implemented under a new regulation adopted in February 2023, known as the Regulation on Direct Payments from the Strategic Plan of the Common Agricultural Policy 2023-2027. This reform introduces numerous innovations, notably the elimination of payment rights and the introduction of a new income redistribution mechanism, which includes payment per hectare. Additionally, significant changes include strengthened conditionality for payments (replacing the previous cross-compliance system) and the implementation of a completely new intervention scheme for climate and environmental initiatives (ECO schemes).

Farmers are entitled to receive direct payments as long as they adhere to conditionality rules, which outline minimum standards related to climate and environmental protection (including water, soil, and biodiversity), public health, plant health, and animal welfare. The primary form of direct payments is a basic income payment for sustainability, calculated based on the amount of cultivated agricultural land, independent of the yield and type of agricultural production. This basic payment is supplemented by other forms of direct payments, including supplementary redistributive income support for sustainability, payments for young farmers, various climate and environmental schemes (comprising 11 different interventions), and production-linked payments (involving 5 different interventions: sheep and goat farming, cattle breeding, suckler cows breeding, milk production in mountain areas, and protein plants).

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#### **Jaka Zgajnar – June 2024**

## South Africa

- South Africa is a country on the most southern tip of the African continent.
- The country has a population of approximately 60 million people.
- Total land size is 1 214 470 km<sup>2</sup>, of which 79.4% are used for agricultural production.
- Only 9.9% of the total land is arable, while 0.3% is covered with permanent planted crops and 69.2% with permanent natural pasture.

### **Weather**

- In South Africa, the impact of the 2023/2024 El Niño is apparent in the comparison of dam capacity levels at the end of the 2024 season, which are approximately 6% lower than they were at the end of the summer rainfall season in 2023.
- Observing weather patterns, slightly drier and sub-normal weather conditions were experienced across Southern Africa toward the late summer of 2023.
- Although large parts of the country received good rain, some areas still face water shortages making it difficult for producers to maximise production.
- Although we are thankful for the rain, it did create some problems as well with flood damage to summer crops as well as to infrastructure. Especially in dryland maize production areas, where summer rains arrived in mid to end March, having experienced water shortages in critical stages of production which then led to decreased maize harvest yield estimations for the 2024 season.
- Interestingly, South Africa experienced extended frost-free periods, brought on by changing weather patterns of precipitation and higher temperatures (El Niño effect), have enabled farmers to plant maize earlier in the growing season and prolong the harvesting period
- Climate smart agriculture is starting to take its toll among South African producers as they seek to mitigate drastic climatic and weather changes by applying improved natural resource and water use efficiency on both smallholder and commercial levels.

### **Agriculture Economic Climate**

- Increased unemployment rates economic brought to effect decreased disposable income for consumers, where demand for more common agricultural products have significantly declined as consumers are continuously seeking for more affordable and alternative agricultural products for consumption.
- National interest rates have slightly fluctuated, following a more increasing trajectory until the end of 2023 where subsequent stagnating prime lending (11.25%) and repo rates (8.25%) were observed.
- It seems that producers are currently more at ease about land reform as the government did not yet manage to change the Constitution.
- The minimum wage for the agricultural sector was increased with approximately 8%, which is higher than the inflation rate. Thus, urging producers to adopt alternative means of production by exploring the 4<sup>th</sup> industrial revolution through advanced

mechanization to minimize excessive labour cost while simultaneously maintaining production output.

- The Russian-Ukraine conflict hit South Africa continues to direct through the South African agricultural sphere, as the cost price squeeze effect resulted in ongoing increases input prices such as fertilizer that comes through the black sea.

## Livestock

- Red Meat
  - In efforts to clamp down on bio-security measures, an outbreak of Foot and Mouth (FMD) disease has been excellently tamed by key roleplayers in the South African red meat industry, to ensure that production throughout the red meat value chain continues to take place.
  - During the 2023/2024 production season, live weaner prices have been at its lowest in the past few years reaching an average price of approximately R30/kg (26% decrease in the average live weaner price prior). This phenomenon placed much pressure on local cattle producers. In cases where producers have limited grazing available (effects of below average rainfall) to retain animals until prices increased, producers had no choice to sell weaner calves at a much lower price compared to previous years. Thus creating an over supply in the South African livestock market, which subsequently had a snowball effect throughout the beef value chain by decreasing live weaner and A2/A3 beef carcass prices.
  - Important to note is that this occurrence was observed as A2/A3 beef and lamb carcass prices was decreased by respectively 8% and 4% in March 2024, compared to March 2023.
  - Amidst all production challenges that needed to be overcome, **“A NEW DAWN”** for red meat producers in South Africa has risen on the horizon, as Saudi Arabia and South Africa reignited their 20 year dormant red meat trade agreement. This provides an opportunity for south African cattle and redmeat producers to increase production to satisfy an increased demand for redmeat products. This agreement have created opportunity for subsistence and small-scale farmers to participate in the mainstream livestock economy where livelihoods will be significantly improved.
  -
- Poultry
  - The poultry market has had profoundly challenging year having to operate in an environment of electricity supply shortages and avian influenza spread which hindered efficient production. Amidst these challenges, authorities in the industry have played a pivotal role in cushioning the poultry industry against production adversities by implementing improved bio-security and the exploration of alternative sources of energy supply. The South African Poultry Mater Plan among other continued to serve as a beacon of hope for poultry producers in the 2023/2024 production season as it seeks to boost inclusive growth and minimizing unfair competition and dumping of poultry

products into the country. However, alarm bells have been ringing for consumers of poultry, as further price increase are also expected due to import tariffs being applied while the end consumer is on the other side of the stick.

- Pork
  - Pork carcass production in South Africa has seen significant increases
  - Major efforts has been made through the South African Pork Producers Organisation (SAPPO) get policies in place that can assist in regulating the informal pork market which would allow them to sell in the mainstream market, thus lowering the load that are currently bared by a relatively low number of commercial producers. Information and influence campaigns to train and teach informal producers in pork production through virtual training programmes, such as videos, to offer producers information, practical advice and training on farming pig production. One of the main aims was to create more jobs in the informal market for economic growth.

## Arable

- **Summer crops**
- The 2024 summer crop season posed challenges. Although farmers initially received sufficient rainfall during planting, subsequent necessary follow-up rains were lacking, especially during the critical growing stages in February and March. As a result, South Africa's summer crop output for 2024 is forecasted to be significantly lower compared to the previous production year.
- The government's Crop Estimates Committee (CEC) anticipates a maize harvest totalling 13,391,700 tons in 2024, marking an 18.49% decrease from 2023. South African farmers have planted 2,636,250 hectares of maize in 2024, representing a 1.94% increase compared to the area planted in 2023.
- The CEC estimates that 6,406,950 tons of white maize will be harvested in 2024, indicating a 24.67% decline compared to the white maize crop of 2023. The North West province witnessed the most significant decline in white maize production, with a projected yield of 1,100,000 tons in 2024, marking a 49.86% decrease from the 2,194,000 tons harvested in the previous year.
- Additionally, South Africa's 2024 soybean crop is forecasted to reach a total of 1,813,790 tons, reflecting a 34.52% decrease from the 2,770,000 tons harvested in 2023. The most substantial losses in the 2024 soybean crop were observed in the Free State and North West Province. The Free State is projected to produce 708,500 tons of soybeans in 2024, marking a 46.7% reduction from the 1,330,000 tons harvested in 2023. Similarly, the North West Province is anticipated to harvest 186,000 tons of soybeans in 2024, representing a 52.98% decrease compared to the 395,250 tons harvested in 2023
- The following data were obtained from the latest crop estimates released by the South African grain information services (SAGIS):
-



Crop	Final crop (Tons)		change
	2023	2024 (CEC 3rd forecast)	
White maize	8,505,000	6,406,950	-24.67%
Yellow maize	7,925,000	6,984,750	-11.86%
Sunflower	720,000	615,00	-14.58%
Soybeans	2,770,000	1,813,790	-34,52%

- **Winter crops**

- According to the CEC, South Africa's farmers intend to plant 520,200 hectares of wheat, 3.3% lower compared to the 2023 production year. The decrease in wheat hectares is mainly expected in the Freestate, which intends to plant 23.61% less compared to 2023.
- The following data were obtained from the latest crop estimates released by the South African grain information services (SAGIS):

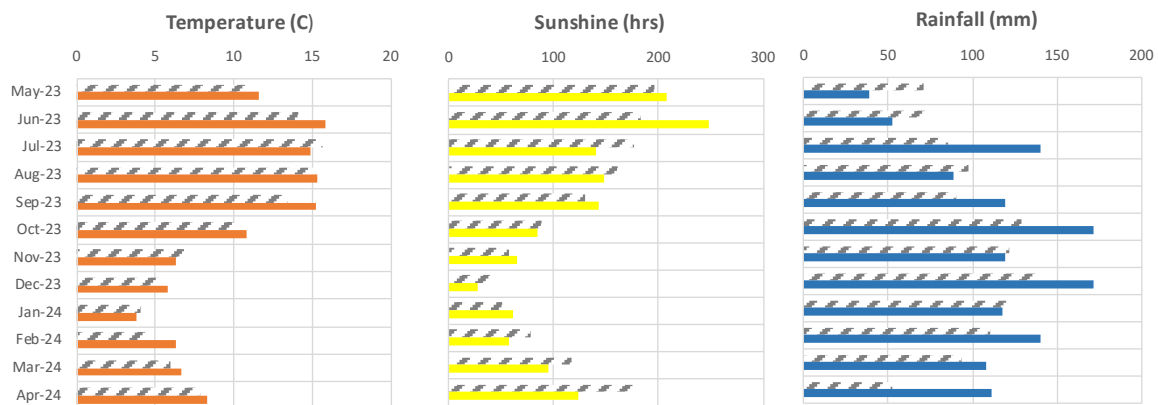
CROP	Intentions(ha)	Area planted (ha)	Change
	2024	2023	
Wheat	520,200	537,950	-3,3%
Malting barley	102,000	107,600	-5,2%
Canola	141,100	131,200	7,5%
Cereal oats	20,500	27,500	-25,5%
Sweet lupines	15,000	16,000	-6,3%
Total winter cereals	798,800	820,250	-2,6%

## Henry Jordan` – June 2024

# United Kingdom

## UK Weather

Rainfall in the UK between August 2023 and February 2024 is the second highest for the period since records began in 1837. This has caused major challenges for crop planting for the 2024 harvest.



\*, 10 year avg

One of the most notable consequences of this wet period is that of arable fallow, estimated to be up by 79%, at 558,000 hectares. This area will include a proportion of land which will be placed into environmental schemes.

## Agriculture Economic Climate

### 1. Farm Business Income (Forecast - England 2023/24)

- a. With the exception of grazing livestock and specialist pig farms, average Farm Business Income (FBI) is forecast to fall 2023/24 following exceptional highs in 2022/23. Lower prices for key outputs such as wheat and milk are expected to be one of the main factors influencing farm incomes. The impact of lower output prices is also predicted to be compounded by continued increases to some input costs.
- b. Cereal Farms - After two years of outstandingly high levels, the average Farm Business Income for cereal farms is expected to fall by around three quarters compared to 2022/23 to £34,000. Output from cereals is forecast to be substantially lower, primarily due to a fall in output from wheat (which includes both milling and feed wheat). Wheat prices will return to levels close to those seen in 2020/21, influenced by plentiful global supplies of maize and adaptation to the situation in Ukraine. Lower wheat area and yields are expected to compound the fall in price, with wet conditions meaning a drawn-out harvest (in contrast to 2022/23), losses and poorer quality grain. Similarly, barley and oilseed rape crops are expected to see lower yields alongside falls in average price. Lower crop prices are forecast to be insufficient to offset higher input

costs, which are expected to rise for some key inputs such as seeds and crop protection. Overall, inputs are forecast to increase by 2% compared to 2022/23 while output will fall by a quarter. Income from agri-environment activities is expected to increase by just over a third to £18,200 while the average Basic Payment on cereal farms is predicted to be around 40% lower at £21,300.

- c. General Cropping Farms - Compared to 2022/23, average Farm Business Income is expected to fall by 58% on general cropping farms to £53,000. As with cereal farms, lower output from cereals and oilseed rape is forecast to be a key driver. In terms of output from other crops, the picture will be mixed. A fall in output for potatoes will reflect a smaller crop area, while output from peas and beans is predicted to see little change as lower average prices will offset increases in crop area and yield. Output from sugar beet is expected to be around 48% higher than 2022/23 (when drought conditions took a toll) supported by higher prices, crop area and yield. Overall, output is forecast to be 12% lower than 2022/23, while input costs are expected to rise by 2% with the largest increases seen to general farming costs, seeds, and property costs. Agri-environment payments are forecast to rise by 39% (£5,700) while the third year of progressive reduction to the Basic Payment is expected to result in a 40% (£14,800) fall compared to 2022/23.
- d. Dairy Farms - At £50,000, average Farm Business Income (FBI) on dairy farms is forecast to be 78% lower than the exceptional high of 2022/23. A substantial fall in livestock output will be almost entirely driven by a decrease in output from milk and milk products of around 19%. This reflects lower farmgate prices (which began to fall in early 2023 as markets readjusted after the volatility of 2022) rather than a decrease in the overall volume of milk or number of animals, which are expected to be little changed compared to 2022/23. Defra statistics indicate that, at a UK level, the average farmgate price fell from 43.59p per litre to 37.83p per litre between March and December 2023. It is important to note the wide variation in milk prices with some farmers receiving considerably more or less than the average. Crop output is expected to fall by just under a third, most notably for wheat. At the same time, input costs are forecast to be unchanged with lower feed costs and wages (reflecting a reduction in the number of workers rather than lower wages) offset by increases to general farming costs and, to a lesser extent, property costs and other livestock costs. For this type of farm, the average Basic Payment is expected to be around £14,800 which represents around 30% of overall FBI. Agri-environment payments are predicted to rise by 43% to £11,400.
- e. Lowland Grazing Livestock Farms - The average Farm Business Income on lowland grazing livestock farms is forecast to increase by 5% compared to 2022/23 to £23,000. Higher livestock output will be largely driven by a 21% increase in output from sheep enterprises with prices for finished and store lambs remaining strong across the period. Output from cattle is forecast to show little change compared to 2022/23; although market prices for store and finished

cattle will remain firm, closing values are expected to be lower than 12 months ago. Overall, output is forecast to increase by 1% with higher livestock output partially offset by lower crop output. Input costs are expected to be unchanged overall. The average Basic Payment is predicted to fall by around 36% compared to 2022/23 on lowland grazing livestock farms to £9,900 and agri-environment payments increase by 53% to £13,800.

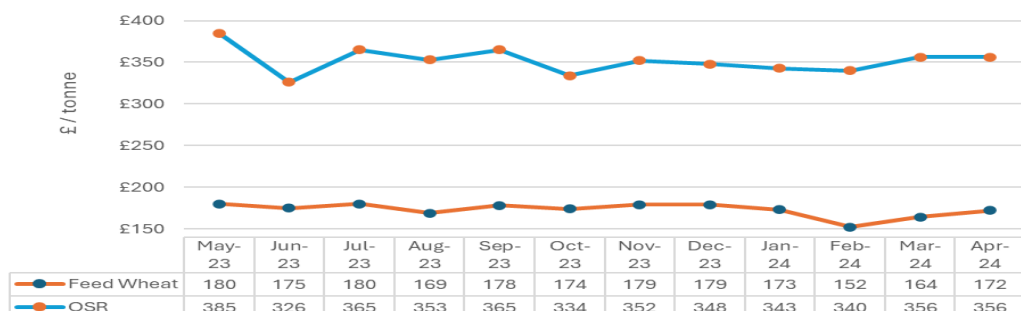
- f. LFA Grazing Livestock Farms - On LFA grazing livestock farms, average Farm Business Income is forecast to increase very slightly (1%) in 2023/24 to £26,000. As with lowland farms, the main driver will be increased output from sheep enterprises, despite prices for breeding hill ewes and shearlings (which are an important source of income on these farms) being lower than 2022. Output from cattle enterprises is expected to fall reflecting lower closing valuations for trading stock compared to the opening values. Crop output is also predicted to fall by around a fifth. Overall agricultural output is expected to be 1% lower; however, this decrease will be offset by a 1% fall in costs. While LFA livestock enterprises generally tend to be less reliant on purchased feed, the principal driver reducing costs is predicted to be lower feed costs. The average Basic Payment is forecast to fall by around £8,500 to £14,300 and agri-environment payments (often an important income stream for LFA farms) rise by 15% to £17,700.
- g. Specialist Pig Farms - The average Farm Business Income for specialist pig farms in 2023/24 is forecast to rise by 34% to £91,000. Lower input costs are expected to be a key driver, primarily lower feed costs (a major expense for this type of farm) which are predicted to fall by 23% as prices track price falls for feed wheat and barley. This is expected to more than offset increases to some other inputs such as general farming and property costs. Overall input costs are forecast to be 12% lower than 2022/23. Total output will also fall, but to a lesser extent than inputs. Compared to 2022/23, finished pig prices are forecast to be around 15% higher, although throughput is expected to fall. A similar picture is anticipated for store pigs and cull sows. For pig farms growing crops, output from crop enterprises is forecast to be nearly a third lower. The average Basic Payment for pig farms will fall by around £6,600 compared to 2022/23 to £11,400 while average agri-environment payments are expected to rise by around £600 to £4,600.
- a. Mixed Farms - Compared to 2022/23, Farm Business Income is expected to fall by nearly half on mixed farms to £37,000. This type of farm reflects all the enterprises found in the more specialist farm types reported above. Overall output is forecast to drop by 10% with a fall in crop output of 28% the primary determining factor. Output from livestock is expected to rise by 6% with the biggest contributor higher revenue from poultry and sheep enterprises. Input costs are forecast to fall (-3%), but this will not be enough to offset the lower output. It is anticipated that the average Basic Payment for mixed farms will fall by around £10,900 compared to 2022/23 to £18,100 and the average payments from agri-environment activities increase by half to £18,500.

## 2. Farm Business Income (Forecast - Scotland 2022/23)

- a. Average farm income rose to its highest level since 2012-13, after adjusting for inflation. Average farm income, a measure of farm profit after costs, is estimated to be £69,100 in 2022-23. This is an increase of £14,600 on the previous year.
- b. For the first time since 2012-13, when these records began, agricultural activity (i.e. excluding support payments, contracting and diversified income) is profitable for the average farm, although this varies across farm types.
- c. General cropping farms saw the largest growth with average incomes rising by 83% to £167,100, its highest value in the time series. Income for average dairy (£248,700), cereal (£99,700), and mixed (£85,700) farms are also at record values in 2022-23. The rise is mostly due to higher milk prices and milk yields, and the record cereal harvest year of 2022.
- d. Income fell for livestock farms on average. The decrease is mostly due to rising costs exceeding the smaller increases in total output.
- e. In 2022-23, the average farm made a record £22,800 profit without support payments. The proportion of all farms profitable without support payments increased from 45% to 50%. These changes are mostly the result of increasing income in dairy and arable farms. Livestock farms continue to be more reliant on support payments to make a profit. Sheep farms in less favoured areas are the least likely to make a profit without support, with only 8% of farms making any profit in 2022-23.
- f. Total input costs increased by 12% to £262,400 for the average farm. Higher prices of agricultural inputs such as feed, fuel and fertilisers were seen for a second year in a row.
- g. Total output increased by 19% to £280,300 for the average farm reflecting strong wholesale prices in 2022-23 across cereals, milk, and livestock.
- h. Trade disruption following Russia’s invasion of Ukraine contributed to higher prices for inputs and outputs over the period covered by these statistics. In 2022, markets were also still recovering from the impacts of the coronavirus (COVID-19).

### Arable

#### 1. Sale prices (2023/2024)



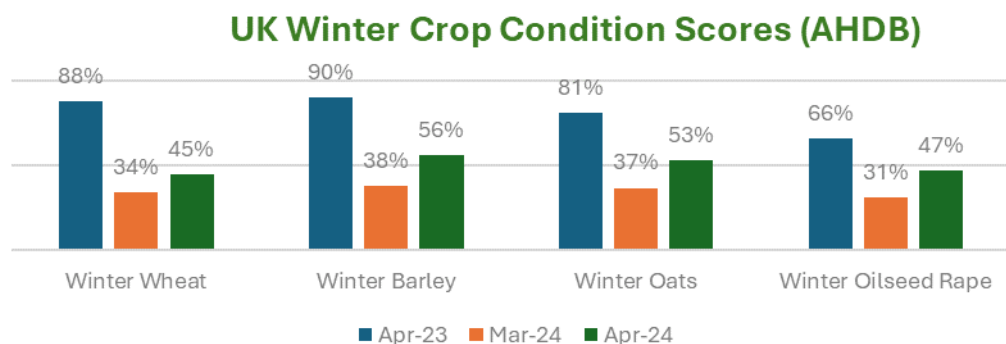
## 2. Arable Crop Condition

- a. In the UK, crop conditions are down significantly on previous years. To the end of March, just 34% of UK winter wheat was in ‘good’ or ‘excellent’ condition. This is down from 90% as at March 2023
- b. Winter crops are generally looking healthier than they were a month ago where established, although not everywhere and challenges still remain for many especially in the North of England.
- c. While the overall improvement in crop conditions is very welcome, the overall picture is still one of lower yield potential year-on-year. Furthermore, rainfall has continued to hamper spring planting efforts in the wettest regions, although progress has been made elsewhere.

## 3. Cereals

- a. Wheat planting is down 15% on the year at 1.46 million hectares; this includes a significant increase in spring wheat planting. In 2019/20, the last seriously wet planting season, spring barley area increased considerably to pick up the slack. The area of spring barley is forecast to increase for harvest 2024, to 881,000 hectares.
- b. The oat area is also forecast to increase in response to the challenged winter planting conditions, with farmers seeing spring oats as an option. The oat area is forecast at 208,000 hectares, an increase of 26%.
- c. These spring cereals plantings are only the intentions of farmers. The weather over the next few weeks will determine whether these intentions can be turned into actions.
- d. One of the most notable increases this year is that of arable fallow, up 79%, to 558,000 hectares. This area will include a proportion of land which will be placed into environmental schemes.
- e. Area figures only give a part picture of the state of cropping in the UK this season. Whilst areas of winter crops are down, there are significant area of crops in poor or very poor condition. Very little of the poorer quality crop will be re-drilled, as such it will be carried forward with lower yield prospects.

## 4. Oilseeds



- a. Domestic rapeseed prices were significantly pressured in the past year: in the 12 months to 19 January 2024 rapeseed prices have come down by over 20%. This is partly due to cheaper Ukrainian oilseed rape coming into the European market. Further to that, the overall bearish sentiment of the soyabean market has weighed prices as record South American soyabean crops are starting to come to the market.
- b. Oilseed rape has been challenged significantly, both by poor establishment conditions and increased pest pressure, notably from slugs, in the autumn. The result is a 28% decline in the area likely to be taken through to harvest at 280,000 hectares.

## **5. Sugar Beet**

- a. British Sugar and the NFU have finally agreed on a sugar beet price contract for the 2024 crop after months of tortuous negotiations. The headline price is £40 per tonne – the same as last season.
- b. Defra has authorised the emergency use of a neonicotinoid seed treatment on sugar beet seed in 2024. This follows an application from the NFU and British Sugar.

## **6. Potatoes**

- a. Yields in 2023 were higher than might have been expected given one of the latest planting periods for many years.
- b. Cold and wet conditions delayed spring planting, with some growers not finishing until early June. But since then, conditions were favourable with a mix of sunshine and summer rain – there was twice as much rainfall as normal in July. The crop was also able to withstand heatwaves in June and September, so overall yields are at least average for many and above average for some.
- c. Better-than-hoped-for yields will not compensate for a decline in the area however. It may have been down by as much as 10%, with a bigger drop in the packing potato area. Overall GB plantings are likely to be 100,000 hectares or smaller – a record low. The 2023 crop may struggle to get above 450,000 tonnes.
- d. The small size of the crop is already apparent in higher prices, with values of between £250 and £450 per tonne for packing types, depending on variety and quality, according to the Potato Call newsletter. Most bagged potatoes for the fish and chip trade are being sold for at least £250 per tonne. Prices could increase further once harvest supplies ease and growers lock potatoes up in store.
- e. The discovery of isolated cases of Colorado Beetle in Kent and Hampshire potato fields over the summer led the Canary Islands to suspend imports of all UK ware and seed potatoes. That trade should be resuming soon after more checks and restrictions on what and how potatoes could be moved to the Islands were

agreed between Defra, the Spanish and Canarian authorities. The trade in ware and seed to the islands is worth more than £10 million a year.

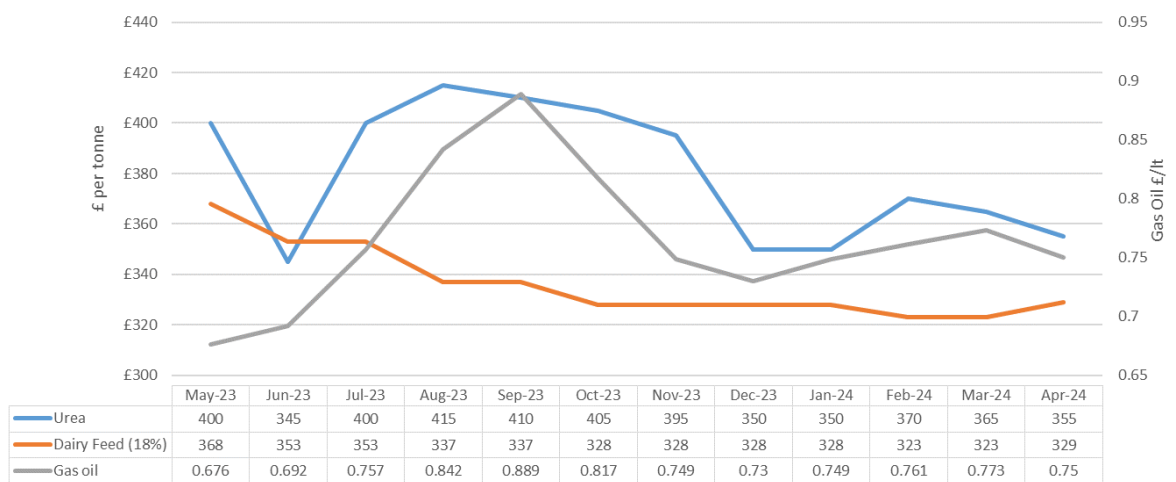
- f. Demand for potato products around the world remains strong despite some recent buyer resistance to high prices. This includes record imports of frozen chips into the UK, which rose by almost 60% in the year to July to £919 million.
- g. Expansion of the potato crop in 2024 could be held back by a lack of seed. The area is estimated to have declined by 7% in key seed potato areas including the Netherlands and Scotland; European association Europatat has urged buyers to accept larger seed sizes to ensure they have the seed they need.

## 7. Input Cost Inflation

- a. Nitrogen fertiliser markets are in a period of unnerving calm following the crises in 2022 and early 2023. Global and domestic prices though have failed to retreat to the pre-inflationary levels and would need to see further retreat in energy prices to do so. GB has seen structural change to its nitrogen fertiliser production base, with domestic gas no longer being a feedstock and imported ammonia being used to produce AN. The means that the UK has grown its deficit in nitrogen, so the market must work harder (higher premiums) to draw in imports.

Calm after a period of volatility can quickly result in complacency. Risks facing fertiliser remain real – especially given the impacts of instability in Russia and Ukraine as well as the broader Middle East.

Farm businesses will need to continually assess what source of nitrogen is best for them, at what rates, and whether additives such as inhibitors can help drive efficiency.



- b. Wage rates are rising in the UK faster than inflation, and unemployment is low. Workers’ demand for increased wages is in response to the rising cost of living.



This is a significant issue for the economy, because one of the major components of businesses’ costs of production is their wage bill. This increased cost could be pushed onto consumers, which could keep prices rising.

The combined effect of EU exit and the Covid pandemic has created a skills shortage in the UK. There are fewer workers available, both from the EU and from the domestic workforce – one reason being that almost 8.7 million workers aged 16–64 are now economically inactive.

Tighter labour markets mean workers can negotiate higher wages. But if economic growth remains low and inflation continues, demand within the economy will drop and unemployment could rise.

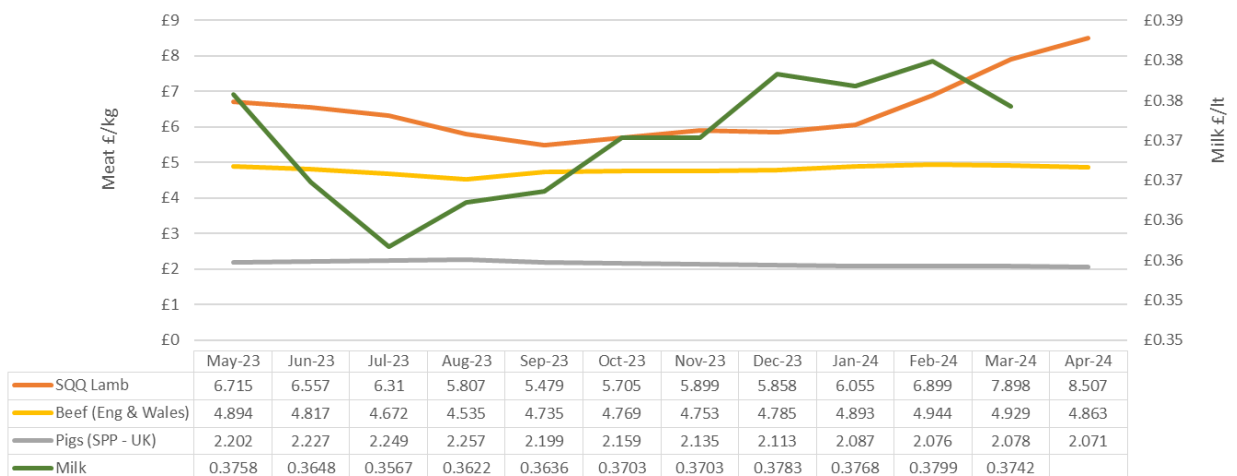
## Horticulture

### 8. Soft Fruit & Vegetables

- a. Soaring costs of production over the past two years has meant that some of the UK’s leading horticulture businesses have shelved any plans for growth, putting the future of the UK’s fruit and vegetable industry at risk.
- b. Costs of production have increased by as much as 39% in the past two years. Key inputs including energy costs rising by 218%, fertiliser up 47% and labour costs up 24% are shown to be behind the hike.
- c. The crops impacted most by these increases include much of the UK’s favourite fruit and vegetables such as strawberries, tomatoes, apples, and lettuce.
- d. Growers have seen profits ‘all but wiped out for the last 2 years’, with profit margins unlikely to stabilise soon.

## Livestock

### 9. Livestock Sale Prices (2023/24)



## 10. Dairy

- a. GB milk deliveries through Spring have been running fairly close to last year with March ending the month at only 0.1%, or 0.95 million litres down compared to last year. This means that if we compare 2023/24 on a 365-day equivalent, the total delivered volume for the milk year stands at 12.32 billion litres, a decline of 0.5% (63.60 million litres) on the previous year. This is the lowest milk-year volume recorded since the 2016/17 season.
- b. While grass growth rates are reasonable, the ground is so wet we expect to see subdued production going into the flush as conditions delay turning out cows onto grass, with some concerns about the ability to carry out groundwork and the potential knock-on effects on grass and silage quality for the coming season. This is reflected in the latest forecast as a marginal decline is expected in GB milk production for the 2024/25 season. Expectations are for more stable milk flows with a small decline of only 0.6%.
- c. The milking herd has stabilised in numbers, standing at 1.63 million head, as of 1 January 2024. The past two quarters saw very marginal growth. The average age of the dairy herd now stands at 4.53 years, down from 4.60 years at the same point in the previous year. This continues the trend of gradual decrease which can be attributed to selecting for productivity in breeding decisions, to continuously improve the national herd.
- d. Calf registrations to dairy dams saw a boost in Q3 2023, by 3,800 head or 1.1% year-on-year. However, the full year saw flat numbers of registrations.
- e. The numbers in the dairy herd are not only important to the dairy sector, but increasingly to the beef sector as well. Our latest analysis shows that just over half of all cattle slaughtered in GB abattoirs are born to the dairy herd. With increases in beef semen usage registrations of dairy-beef calves have risen by over 77% in the past 10 years.
- f. Agricultural inflation levels have continued to ease but many input costs remain at higher levels than before the pandemic. Farmgate milk prices reported by Defra have stabilised for January, settling at 37.7ppl, a far cry from a year ago when prices were 23.8% higher. This means margins are easing but still not in a comfortable place for many. Volatility in these key input markets have been a driving force in the dairy market and this may prompt dairy farmers to assess strategies on farm and adopt a more dynamic approach, utilising more home-grown feed rather than bought in as an example.

## 11. Beef

- a. GB deadweight prime cattle prices continued to dip slightly for the week ending 13 April, with the all-prime measure averaging 485.4p/kg. This was a fall of 0.8p from the previous week, sitting just over 4p lower than the same time in 2023. Steer and heifer prices drove this decline, with a decline of 1.5p seen in overall heifers to average 484.1p/kg. Overall steer prices saw slight easing of 0.7p to

487.5p/kg. Overall young bull prices grew 3.7p from the previous week to 471.7p/kg.

- b. Cow prices continued to see growth, up 1p to 356p/kg, with some reports of demand as summer comes around the corner. However, the measure was 27p/kg below the same time last year.
- c. Regionally, average prices were mixed across the week. Average steer prices saw downward pressure on Southern and Central regions, whilst the Northern region and Scotland saw prices lift. Meanwhile, Southern and Scottish heifer prices ticked up, compared to Central and Northern regions which saw downward movements.
- d. GB estimated throughputs were mixed across prime cattle, as slaughtering's totalled 34,700 head for the week. This is growth of 4,000 head compared to the previous week, which was shortened due to Easter. Overall, prime supplies remain higher than 2023 in the year to date, with growth of 2.7% (13,100 head). Cow slaughter grew by 1,600 head on the week to reach 9,600 head, which is expected following another short week. This is a decline of 300 head from the equivalent week (after Easter) in 2023.
- e. Beef demand currently is relatively robust, with price support from buying activity for the upcoming grilling season. In addition, Irish prime cattle and cow prices have generally moved upwards over recent weeks, spurred by firm demand.
- f. Back home, Great British Beef Week begins next week, celebrating the versatility and exceptional taste of British beef, with various AHDB activities planned to support the campaign.

## **12. Sheep**

- a. The current market situation seen in the domestic sheep market is a perfect storm of lower supplies (both domestically produced and imported) and better-than-expected consumer demand (domestically and through export channels), delivering a period of robust market prices. Given these developments and using recently released data, we have updated our domestic supply side predictions for the 2024 outlook.
- b. Key points:
  - i. Total sheep meat production is expected to fall by 1.4% to 282,000 tonnes in 2024.
  - ii. The predicted lamb crop (Spring 2024 – Spring 2025) now sits at 15.9m head, a fall of 1.2% from the previous year,
  - iii. Carryover of old season lambs is forecast to fall by 185,000 from 2023 to 4.1m head from January – May.
  - iv. New season lamb slaughter is expected to grow in the second half of the year by just under 1% to 6.4m head.

- v. Adult sheep slaughter is predicted to fall by just over 3%, especially in the first half of the year before rebounding slightly.
- c. What has changed:
  - i. The female breeding flock has fallen from original estimates following updated Defra data, which in turn has reduced the number of ewe replacements coming through.
  - ii. A greater proportion of ewe lambs are expected to be slaughtered rather than being kept for further breeding next season. Therefore, the number of old season carryover lambs has increased into 2024, making the year on year decline smaller.
  - iii. The lamb crop has fallen from previous estimates, given the expected fall in number of ewes kept for breeding this season. The number of new season lambs available for slaughter has fallen slightly as a result of this.

The size of the female breeding flock in December 2023 totalled 13.8m head, according to Defra statistics. This is a decline of 4.3% (615,000 head) from the same time in 2022 and represents the lowest breeding flock since current records began in 1996. The breeding flock consists of ewes intended for further breeding and slaughter, and ewes intended for first time breeding (ewe lambs).

Using this data, we predict that the number of ewe replacements has fallen for the 2023/24 year (December-December). This suggests a greater proportion of these ewe lambs will be slaughtered in the OSL crop (from January-May 2024), as opposed to kept for breeding. This could be due to the record-high lamb prices currently seen in the first four months of 2024.

The predicted size of the lamb crop for the 2024 – 25 season (March - March), now sits at 15.9m head. This is a decline of 185,000 head from the previous season, representing a fall of 1.2%. A smaller than expected female breeding flock at 1 December 2023, combined with challenging scanning rates, are expected to contribute to this decline in the lamb crop. However, disease risks such as Schmallenberg and Bluetongue Virus have not been factored into lamb crop calculations due to current levels of uncertainty.

### **13. Pigs**

- a. It seems safe to say that the first three months of 2024 have offered some stability for the UK pork industry. Lower slaughter numbers have driven down production volumes, meanwhile pig prices have remained relatively flat.
- b. UK pig meat production in the first quarter of 2024 totalled 227,800 tonnes, according to the latest Defra figures. This is a decline of 2.5% compared to the same period last year and the lowest Q1 volume recorded since 2017.
- c. Although carcase weights have seen an uplift of 1.6kg year on year, averaging at 90.5kg in Q1 2024, reduced numbers of pigs available for slaughter has driven

the production decline. Total slaughter (clean pigs + cull sows and boars) for the period stood at 2.48 million head, the lowest Q1 kill recorded since 2011.

- d. Clean pig slaughter totalled 2.43 million head, a year-on-year loss of almost 116,000 pigs. Meanwhile, cull sows and boars totalled 55,500 head, an increase of just over 4,000 head compared to Q1 2023.
- e. The AHDB is forecasting UK pig meat production to only grow marginally, by 0.6%, in 2024 to 933,000 tonnes. The current tight supply is expected to continue through the first half of 2024. The latter half of the year is expected to see throughputs improve as the increase in the number of gilts intended for first time breeding recorded in the June 2023 Survey start farrowing. The clean pig kill is forecast to increase by 0.8% realising 10.14 million head for the year with carcass weights remaining on average at 89kg, similar to 2023.
- f. In 2023 demand for pork fell. Total pork volumes declined by 1% year-on-year. In 2024, pork consumption volumes are forecast to decline further by 2% compared with 2023 and by 4% compared with 2019, due to the continuing cost-of-living crisis and eating out still down on pre-covid 19 levels.

## **14. Poultry**

- a. The Scottish government are consulting on phasing out cages for laying hens and gamebirds in order to improve their welfare by allowing birds to exhibit their normal behaviours.
- b. In a move to support British free-range producers, retailer Co-op has introduced white eggs across all its stores. This initiative marks an extension of Co-op's supply base, with both white and brown eggs now available. As part of its 'ongoing efforts to champion the best of British and support higher welfare standards', the supermarket chain has incorporated the hen breed Lohmann LSL into its supply pool, known for its white eggs, welfare standards, longer laying cycle, and increased feed utilisation.
- c. Lower feed prices have helped to improve livestock farmers net margins, particularly in the pig and poultry industries where feed costs make up the largest share of producers cost of production.
- d. Scotland's Rural College (SRUC) is involved in a pioneering initiative to revolutionise poultry feed production by exploring the viability of a highly coveted red seaweed as a sustainable substitute for soybean meal in UK chicken feed.

## **Other Issues**

### **1. Land Prices**

- a. After a brief pause, the RICS has re-started publication of its land price series. This shows transaction data (i.e. actual sales) reported across Great Britain and is compiled by the Royal Agricultural University. This data shows a sharp

upwards trend in values over the past few years to the current average of £14,000 per acre (£34,500 per Ha). However, in real terms, values have been much more stable, being little different to those seen back in 2014 (albeit with some volatility in the interim).

This excludes transactions where the residential element is more than 50% of the sale price, or sales with some other reported distortion such as development value or the impact of a secure tenancy. This still means the average price shown will include an element of houses and building value, so it is not a 'bare land' price.

## **2. Consumer Eating Habits**

- a. Consumer eating habits have experienced a dramatic change during the last five years, due to Covid lockdowns, rising food prices and more people working from home. Despite this, meat remains a mealtime staple for many.
- b. Meat has risen in popularity within both lunch and evening meals, despite the continued pressure of rising food prices during the last year. According to Kantar Usage panel, 53.1% of mealtimes feature meat, fish, or poultry, and 27.8% of our lunch and evening meals feature red meat - this is up from 27.6% a year ago.
- c. More consumers are choosing to include meat, such as cooked meats, pies, and sandwiches, in their lunches compared with before the Covid pandemic in 2019. The sandwich is still the number-one choice for lunch, being chosen on over 35% of occasions, and soup comes in second at 7.3% of occasions (Kantar Usage). Both options are quick, easy, and often cost effective, hence their continued rise in popularity.
- d. Over the last five years, consumers have also chosen to have more hot meals during the day. Compared to 2019, more consumers are having hot breakfasts (+1.4 percentage points), such as fried breakfasts or omelettes, and hot lunches (+3 percentage points) such as soup or pasties (Kantar Usage).
- e. The cost-of-living crisis also pushed more consumers towards alternative meat cuts to save money. Trends show people are making more versatile, nutrient-rich Italian and Indian dishes, featuring meat for the whole family to enjoy.
- f. Cost-conscious consumers now have an overwhelming desire for their meals to be filling; this has increased from 27.5% to 29.2% over the last four years (Kantar Usage).
- g. Consumers are increasingly:
  - i. Choosing cheaper carbohydrates, like rice and pasta, to bulk out their meals.
  - ii. Aiming to use up cupboard stocks.
  - iii. Pre-planning their meals to avoid waste.

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### **3. Sustainable Farm Incentive (SFI)**

According to data just released, English farmers have opted, via new SFI agreements, to take 85,300 hectares out of crop production (approx2%). Additionally, just under 10% of the arable area in England has opted for no insecticide usage payments.

**Trevor Atkinson – June 2024**

# The United States

## Introduction

Planting of spring crops is well underway in the United States. Depending on location, planting was delayed somewhat due to dry conditions in March and April, however, late April and May saw rain which provided opportunities to catch up. For example, in late April corn (maize) was 27% planted which is ahead of normal by 5%.

Cattle prices remain strong across many of the weight classes. Anecdotally, baby calves sold in Minnesota for \$700 for 5-day old animals in mid-May from a farm which lost cows due to delivery issues and the calves went to farms which had lost calves. Livestock is the bright spot currently in farming and the cattle in the mid-section of the country are on grass and, from the windshield, are doing well.

Despite spring planting being on track, the outlook for 2024 is one of challenges. 2023 saw a reduction in accrual adjusted farm income across the United States, with livestock being the bright spot. As an example, data from the Kansas Farm Management Association (KFMA) program provide a snapshot of past years with lower grain prices expected to pressure net farm incomes in 2024 as input prices are still high.

**KFMA ACCRUAL NET FARM INCOME by ASSOCIATION & STATE – 2019 to 2023**

	NW	SW	NC	SC	NE	SE	State
2023	127,298	102,994	83,724	62,589	97,339	116,401	98,299
2022	288,093	144,560	153,731	136,139	215,321	156,898	177,696
2021	412,532	452,584	281,542	267,111	304,963	321,811	319,180
2020	145,390	236,591	173,013	188,231	147,381	196,571	173,972
2019	116,977	208,560	109,923	73,653	102,864	113,726	108,960
<b>5-Yr Average</b>	<b>218,058</b>	<b>229,058</b>	<b>160,387</b>	<b>145,545</b>	<b>173,574</b>	<b>181,081</b>	<b>175,621</b>

Note that on average for farms participating in the analysis program for the state, accrual NET FARM INCOME (NFI) was \$98, 299 down from a high of \$319,180 in 2021. Of this number, \$33,812 came from government payments (subsidies) (34.4% of NFI) and \$82,636 from net crop insurance (84.1% of NFI). Thus, net farm income would have been negative \$18,149 if it weren't for the safety net.

Similar stories can be told by other states across the country.

## Policy/Political

On May 23, 2024, the House of Representatives Agriculture Committee “marked up” the much-anticipated Farm Bill, roughly a \$1.5 Trillion dollar bill. To move the legislation out of committee and onto the House for further debate, 4 Democrats joined the Republicans to pass the bill as marked up. It should be noted, as with any legislation in any country...it's like making sausage...one really doesn't want to watch. The complexity of the US Farm Bill is



that nearly \$1.2 Trillion dollars are to support the SNAP program (food stamps for qualifying persons) with \$300 Billion is to support production agriculture, research, and extension over the bill's 5-year life. The current Congress may be able to get this bill over the finish line in 2024; however, in meetings which Guido van der Hoeven attended in Washington DC in late May, there is an air of pessimism since 2024 is an election year and the respective political parties are disinclined to give a "win" to colleagues across the aisle, leaving the rural sector with a measure of uncertainty...which, broadly is normal. The good news for land grant universities is that there is some (admittedly small) new investment moneys proposed for agricultural experiment stations to use for badly needed infrastructure improvements. Both Experiment Stations and the Cooperative Extension Service have faced decades of flat funding which have required states to pick up the slack to maintain relevancy.

The coming months into the fall elections will hopefully provide some direction; if not, then perhaps the "lame duck" session may provide further clarity. However, it may well be into 2025 when the new Congress is to be sworn in that any real progress and ultimate passage of the Farm Bill will occur. Until that time, US farmers, ranchers and forest owners continue to move forward managing those things which they can control; a second extension of the Farm Bill may be needed after October 1, 2024, which is the date of the new fiscal year for the federal government.

## Weather

As the author, Mark Twain, would say, much is spoken about the weather, though man can do nothing about it. Three years ago, the state of California was suffering from severe drought and water supplies were threatening to run dry. Over the past two years, rain and snowfall have been at or near record levels and have replenished catchment reservoirs and allowed the rivers to flow at normal capacity.

Storms this spring have created events of destruction in many states as reported on national and international news. The state of Iowa has had more tornadoes reported thus far in 2024 than all of last year. During the week of May 20<sup>th</sup> several large storms spawned tornadoes which resulting in loss of life and much property damage; the tornado season is only beginning, and more is yet to come.

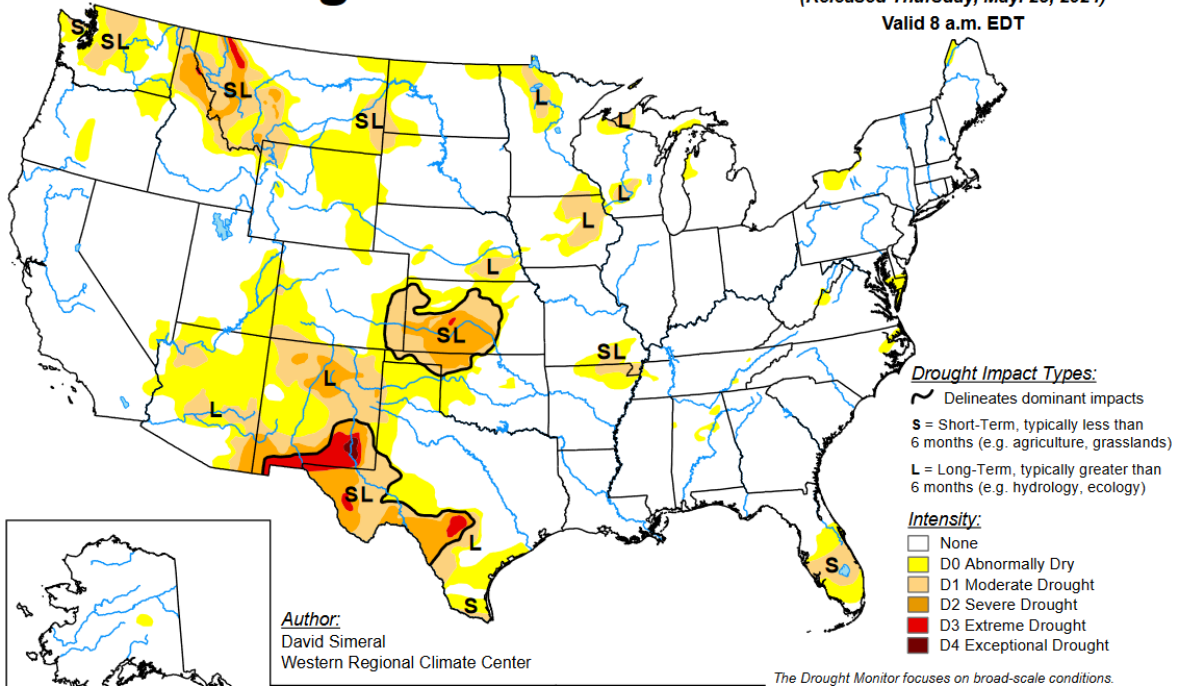
The U.S. Drought Monitor shows that there while there are areas of Extreme Drought, the area affected is not as large as in years past for this time of year. The map for May 21, 2024, is below to give a bit of insight into the situation.

However, as readers can appreciate, local conditions make it difficult for those who reside in these affected areas. An illustration from Oklahoma is that Ellis County has been in a drought for the past 18 years. Several other counties have experienced drought for 13 years. These counties have seen sales of excess cattle from beef herds to manage what feed and pasture was available and to preserve the genetic gains of these local herds. Several ranchers have exited the business as the prolonged drought continued.

The recent fires which were reported only a few weeks ago have only exacerbated the stress to livestock farms in Oklahoma and Texas.

# U.S. Drought Monitor

May 21, 2024  
 (Released Thursday, May. 23, 2024)  
 Valid 8 a.m. EDT



## Livestock

Relative to farm income, livestock may provide a bright spot for farm income in 2024. Notwithstanding the drought areas mentioned above, beef prices are strong as the graph below from Trading Economics illustrates.



Feedlot inventories remain low. January cow inventories continued to decline, down 2% from last year. USDA's all cattle and calves report noted that the total inventory of cattle was the lowest since 1951. Pasture conditions are in significantly better shape and beginning hay stocks are higher compared to last year.

Other classes of protein sources are provided below for May 24, 2024. This chart is from Trading Economics: prices reported in \$ per hundredweight except for poultry, which is \$ per pound. The high of \$192.05 (live cattle price) was reached in September 2023. Thus a 1,250 lbs. market animal would have a value of \$2,400.63.

	Price		Day	Month	Year	Date	
Beef	222.05	▼	-0.45	-0.20%	-4.76%	-17.76%	May/24
Feeder Cattle	260.36	▼	-0.6977	-0.27%	5.71%	10.94%	May/24
Live Cattle	183.91	▲	0.4007	0.22%	0.09%	11.61%	May/24
Lean Hogs	94.40	▼	-0.1250	-0.13%	-10.10%	21.57%	May/24
Poultry	7.29	▲	0	0%	0.97%	13.55%	May/24

## Dairy

The dairy industry continues to strive for efficiency gains; liquid milk production is projected to increase 0.7 percent in 2024 to 228.2 billion pounds. This growth is a result of increasing production per cow; it is projected to be an increase of 0.9 percent compared to 2023. Thus, the number of dairy cows is decreasing slightly, all things equal, to achieve the 0.7 percent gain in production (USDA Dairy Outlook). Farm gate prices and US exports may be supported due to the global tightening of milk. It is noted that New Zealand and the European Union may have lower exports over the course of 2024.

The US demand for milk is strong and ending stocks of dairy products should have the prospect of higher prices for dairy farmers; the expectation is that the "all milk price" may be \$0.50 per hundredweight, while Class IV milk may enjoy a \$1.15 increase.

## Arable

Crop prices for corn (maize), soy, wheat are significantly lower this spring than a year ago. For example, Soybean prices in mid-2022 were above \$16 per bushel (~\$590 per metric ton), spring of 2023 saw \$15 per bushel (\$550 per metric ton). At the close of the markets on May 24, 2024, soybeans traded at \$12.49 per bushel (\$458 per metric ton) representing a 17% decrease in price. Weather scares as well as timely planting and emergence will impact price and pricing opportunities in the months to come. This is true for all commodities.

## Fruits/Vegetables

Fresh fruit and vegetables continue to enjoy increasing demand, albeit, slight. Broadly, this sector contributes to between 12 and 14% of total agricultural output in the United States. California, Texas and North Carolina are generally the three leading states with California being the most diverse in production. To gain an appreciation of the diversity, Fresno County, California, commercially grows over 200 crops. A link to the most recent agricultural report (2022) by the county's agriculture commissioner can be found here:

<https://www.fresnocountyca.gov/files/sharedassets/county/v/1/agricultural-commissioner/ag-crop-reports/2022-ag-crop-report-optimized.pdf>

## Financial

As experienced around the world, financing agriculture is a challenge as operational returns generally range from 1-6%. The appreciation of land values provides an economic return of 4 – 12% per year, sometimes higher. Recently, land values in the corn belt of the United States have been exceedingly strong, though, showing some signs of softening with increasing interest rates. However, farmers continue to purchase land and bid up prices when “cash is king” and the purchase is a cash sale. Excellent Iowa farmland sells for up to \$30,000 per acre (\$74,100 per hectare). Native tallgrass pasture in Kansas may command a price of \$2,000 to \$3,500 per acre depending on size of tract, water, fences, and improvements.

Evaluating debt structure of farms in the United States, one would see that interest rates for long-term existing debt might average 3.5 to 4.5 percent. This is because many if not most farmers and ranchers took advantage of the opportunity to refinance loans on land and buildings when rates were at historic low levels two years ago. These loans would typically have fixed terms of 20 – 40 years in length dependent upon the lender and the farmer/rancher's goals and equity.

Short-term interest rates now typically fall in a range of 8-9 percent. Loans for operating the farm business, equipment, cattle, dairy and some improvements would have such a rate. Typically, operating loans are repaid and brought to zero at a point in time within the year. Equipment and cattle loans may have a term of 3-5 years.

A challenge which is becoming evident is that equipment manufacturers are requiring farmers to “book” new equipment up to 13 months in advance prior to delivery. Manufacturers are requiring this condition as a means to manage supply chains which were greatly affected during the Covid Pandemic. This requires farmers to enter into a contract and take delivery of the machine when built months later. However, financial circumstances may change and a decision which was good more than a year ago is not feasible today. To be released from the contract, the farmer must pay a “penalty” of up to 6% of the contract price, and then, the manufacturer can sell the machine for a higher price as reflected by current market conditions. Thus, this provides for additional financial risk to be navigated.

## **Succession**

Farm and agribusinesses transition to the Next Gens is a global challenge, the United States is not exempt. Farmers and ranchers are getting older, with the average age of Iowa farmers being 60. Many organizations which support agriculture such as Land Grant University Extension programs, Farm Credit Associations, Farm Bureau, USDA, and a host of others are investing resources to help production agriculture with this massive challenge. However, it must be noted that people have been leaving the “farm” since Biblical times--a solution(s) will come. The market will work to provide the necessary incentives to encourage the continuing production of food, fibre, fuel and environmental services to peoples across the continents in which we live.

## **Miscellaneous**

Private donors contributed significantly to the building of the Oklahoma State University. Faculty and staff will be moving to new state-of-the-art office and lab space in July.

## **Guido van der Hoeven and Damona Doye**

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