

IFMA COUNTRY REPORTS - JULY 2010

Country report – Denmark – Brian Jacobsen – June 2010

- Danish farmers are currently beginning to see some light with respect to higher prices on milk and pork. After a dreadful 2008 and bad 2009 the prices are going up. However, many farms are still fighting problems due to large debt. In 2008-2009 the value of farms increased a lot and banks were more than willing to lend to farmers. This led to higher use of financial instruments like SWAP in 2008 and large losses. Today many farmers have equity on the balance sheet, but perhaps less so in real life. The only thing which has helped many farmers is the low interest rate and the tolerance of the banks, although banks are very cautious with respect to loans to new investments.
- The other problem for Danish farmers is the environmental regulation. The Governments plan called Green Growth try to reduce emissions of ammonia, nitrogen to surface water and CO2 from agriculture. Although there is a push for a better environment in EU the financial crises has meant that the implementation will take longer. Perhaps more agricultural land has to be taken out of production and increases in the animal production is more unlikely as places suitable for animal farming is becoming fewer and fewer. Only Denmark and the Netherlands are still fulfilling the national milk quota although the milk quota has only been used by 93% at the EU level.
- The barley and wheat prices are slightly higher than at Christmas (they are 107 € per tonne), but the organic barley price has been very low due to imports from the former USSR states. This year's harvest looks promising although the long winter has had an impact on some winter crops.

Country Report from The Netherlands – Paul Berentsen – July 2010

- The general economic context is one of slow recovery after the financial crisis of 2009 which led to a decrease of the world trade of 13%. The exchange rate of the Euro is relatively low, partly because of the large financial problems in EU-member states like Greece. A low exchange rate in itself is positive for export.
- Dutch agricultural export has decreased in 2009 by 5% compared to 2008, while agricultural import decreased by 9%. The positive balance of agricultural trade of the Netherlands remained almost the same as in 2008. It amounted to 23 billion Euros.
- Net value added of Dutch agribusiness as a whole based on domestic agricultural production accounted for 4.8% of total Dutch Net value added. That of primary agricultural production is 1.3% of total Dutch net value added. Contribution of agriculture to total labour employment in the Netherlands shows comparable percentages.
- The number of farms in the Netherlands amounted to 73,000 in 2009 which meant a decrease of 3% compared to 2008. Especially the number of horticultural firms is decreasing rapidly. The number of organic farms is continuously increasing as is the area under organic farming.
- Because of low product prices 2009 was a bad year for dairy farmers, pig farmers and especially for horticultural producers. Arable farming and broiler production did reasonably well while egg producers had a very good year because of high egg prices.
- Environmental pressure caused by agriculture is generally decreasing. The use of chemicals for crop protection has been halved since mid eighties. Leaching of nitrogen and phosphates to ground water is continuously decreasing due to tightening standards for application of manure and fertilizers. Ammonia emission has also been halved since mid eighties. Greenhouse gas emission has decreased in the first half of the first decennium of this century, but with increasing numbers of animals it has increased again in the last years. The costs of these generally positive environmental results amount to 6% of the net value added of agriculture. This is twice as high as costs for the rest of the economy.

IFMA COUNTRY REPORTS - JULY 2010

Country Report UK Agriculture – John Alliston – July 2010

- Agriculture is now politically recognised as important because food security is not seen as guaranteed as was the case a few years ago. Politicians also realise that if we are to deliver on our environmental pledges then it can only be done through the use of land managed by farmers.
- The responsibilities for energy, water quality and management, carbon sequestration, organic waste, biodiversity and agri tourism all now involve agricultural production. For instance the Government is heavily promoting the development of Anaerobic Digestion (AD) plants on farm for gas > electricity energy production.
- The outcome of this is a range of new opportunities for land managers a vibrant agricultural sector and a profession that is now attracting young intelligent workers who recognise the new valued career options.
- The margins for food production stay very small but the integration of production with processing and marketing is making stronger businesses that have a range of options for taking in profit right up to retailing.
- Cooperation between farmers is now occurring as a pooling of resources is seen as a way of taking costs out of businesses. The buying and selling power of larger businesses is also recognised.
- The summer has been unusually dry and the cereal crops throughout the UK are going to produce only moderate yields. Ireland continues to be well supplied with water. Water is becoming a bigger issue because of the changeable weather patterns (more droughts) and because of modern technologies that allow crop management and harvesting to be far more efficient in terms of reducing waste and increasing yields. Vegetable land without water will be less valuable in the future compared to land with adequate supplies. Water has limited monetary value at present but this will alter in the future as every household becomes attached to a meter.
- The supermarkets are now competing hard for market share but also are beginning to realise that continuity of supply may be more difficult. The dairy industry for instance is re-structuring with many small scale farmers ceasing dairy production rather than trying to invest huge amounts of capital for future production. A new development is the application for planning for a 9000 cow green field site unit in East Anglia. This will be more similar to US type systems of production and is creating great interest.
- There are new contracts with supermarkets that are designed to give a continuity of supply. Efficient producers can enter into preferential arrangements with individual supermarkets for a relatively long time. In return the supermarket can ask for environmental, food safety and biodiversity gains from the farmers. Some of the supermarkets led by Marks & Spencers are giving serious considerations to their carbon footprints.
- The role of the farm manager is also being considered and the Institute of Agricultural Management is now offering a 'Professional Agriculturalist' recognition for those farm managers who can demonstrate evidence of continual professional development. This is part of a policy of trying to make the industry more attractive as a career for young people.