EDF - *agri benchmark* Snapshot 2010:
*Cows are on the move, but where to?*

Saluzzo, June 25th
*Birthe Lassen, Claudio Lopez Garrido, Markus Oskarsson on behalf of EDF STAR*
Future developments in Europe

• Who participated?

*Short term* developments:

• Economic situation in the countries
• Adoptions to recent market developments
• Investments in 2010

*Medium/long* term developments:

• Regional development in the future

*Spotlights:* Spain, Germany, Sweden

Increase in participation shows interest from farmers towards more orientation on European scale

Participation throughout Europe

- 17 EU-Countries
- > 2/3 of the sample from SE, ES, DE

Herd size distribution: differences within & between countries dairy cows/farm

- Median
- Max
- Min

> 50% of the farm land used for dairy production, more specialised on dairy*

Source: EDF - agri benchmark Snapshot (2010).* Exception: Eastern Germany
Farm’s economic situation *today*

Economic situation independent from diversification/specialisation → regional differences

**Source:** EDF - agri benchmark Snapshot (2010).
Farmers changing farm strategies due to recent market developments

Yes, I decided to change my farm strategy due to the recent market developments.

Farm’s economic situation **today**

- **very good / good**
- **middle**
- **bad / very bad**

Farm’s economic situation in 2012

Improvement of economic situation expected in most countries

very good / good
middle
bad / very bad

Change in farm strategy by country

Postpone planned investments for my dairy unit
Specialise more on milk production
Expand other farm enterprises

Share of farmers

Postponing investments = major strategy, Specialisation > Diversification

Investments yes/no within the next 12 month by country

Even though some investments were postponed, ¾ of the farmers intend to invest in 2010

Investments in different parts of the farm by country

Investments into dairy: majority of farmers per country, into land: CZ, IE, into renewable energies: DE, IT/FR
Average investments in the dairy enterprise/cow in 2010

Not only “small” investments: investments into barns planned by most farmers, exception: SE, SK -> investments into technologies

Expected herd size development by country (2010 to 2015)

Highest percentage growth (> 5% p.a.) in PL, NL, DK, UA

Expected development of dairy production in „my“ region

How will the importance of dairy production develop in your area in the long-term?

- Increase (>0.5)
- 0.25 to 0.5
- Stay the same (-0.25 to 0.25)
- -0.25 to -0.5
- Decrease (<-0.5)

*Farmers could tick either increase, stay the same or decrease. Codes were increase=1, stay the same = 0 and decrease = -1. Averages are used to ink the map. Small percentage of farmers stating dairy production is not relevant in their region, were not considered for the average.

Why are regions developing differently?

High prices of inputs
Volatile milk prices
Legal requirements
Land availability
Availability of adequate labour
Credit availability
Animal health/diseases
Personal/family situation

Intensive Spanish production system depends on high milk prices

Dairy farmer’s evaluation of the current EU policy

Estimation very differently in the countries (on average: >50% happy or “ok” with the EU-policy), but farmers very unhappy in SK, ES, FR, PL

Two dairy production systems within Spain

Wet Spain: extensive
79% of all dairy farms milk 58% of all quota

Dry Spain: intensive
21% of all dairy farms milk 42% of all quota
~ herd sizes double from “wet spain”

But: Wet Spain tries to reach intensification level of dry Spain

Development of milk yield/cow & cows/ha

Is even more intensification the best strategy?

Galicia  Asturias  Cantabria  Pais Vasco  Catalonia

2010  2015

Yield/cow [kg]

0  1,9  1,7  2,2  2,3  4,2

Dairy cows/ha

0  1,9  1,7  2,2  2,3  4,2

Development of kg milk per ha total farm land in 2015

<table>
<thead>
<tr>
<th>Region</th>
<th>kg milk/ha</th>
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<tbody>
<tr>
<td>Galicia</td>
<td>16,308</td>
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<td>Asturias</td>
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<td>Cantabria</td>
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</table>

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- High prices of inputs
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Germany: Dairy vs. biogas production?

Regional assessments: ~ 90% of all farmers expect growth in biogas, ~ 50% a decrease in dairy production.

Biogas gains importance on the farm

Investments into biogas

- **1,000,000 €/farm**
  - ~ 220 KW, ~110 ha

- **600,000 €/farm**
  - ~ 130 KW, ~75 ha

Higher investments per cow in biogas than dairy,
North/South: biogas with high relevance as second enterprise!

Expected development of land rents for arable land until 2015

Expectations: North passes South, Biogas increases regional land scarcity
-> raising land costs for dairy production/intensification

Sweden: land of differences

Farms in Southern SE > Eastern SE > Northern SE

65 participants
Ø 71 cows/ farm
Ø 136 ha/farm (60 % rented)
Ø 7 % grassland/forage area
9 % organic farms

133 participants
Ø 108 cows/ farm
Ø 161 ha/farm (46 % rented)
Ø 19 % grassland/forage area
14 % organic farms

50 participants
Ø 97 cows/ farm
Ø 175 ha/farm (45 % rented)
Ø 15 % grassland/forage area
38 % organic farms

Economic situation of the farms

January -March 2010

2012

Farms in Southern Sweden growing faster

Enterprises developing differently within Sweden

- Dairy production
- Pig and Poultry
- Beef
- Organic
- Cash Crop

Increase (> 0.5)
Stay the same (-0.25 to 0.25)
Decrease (< -0.5)

Enterprises developing differently within Sweden

Other animals
Wind- and Solar energy
Biogas

Agro-Tourism

Sweden has many potentials due to good climatic conditions: but is dairy production really the enterprise benefiting most from those advantages?

Increase (> 0,5)
0.25 to 0.5
Stay the same (-0.25 to 0.25)
-0.25 to -0.5
Decrease (< -0.5)

Thanks for your participation and your interest!