

# **Agriculture in Europe: the business climate and European farmers' willingness to invest - autumn 2014**

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## General economic parameters at a glance

- Falling feed costs due to record cereal and soya harvests offer livestock farmers some relief from cost pressures
- Producer milk prices under pressure due to strong growth in global milk supplies – growth in production currently greater than growth in demand
- Dairy farmers are increasing production with their eyes on the end of quotas
- Pig market: producer prices under growing pressure because of high pig supply in EU and ongoing Russia's ban on imports



# The business climate and conditions for investment - core questions

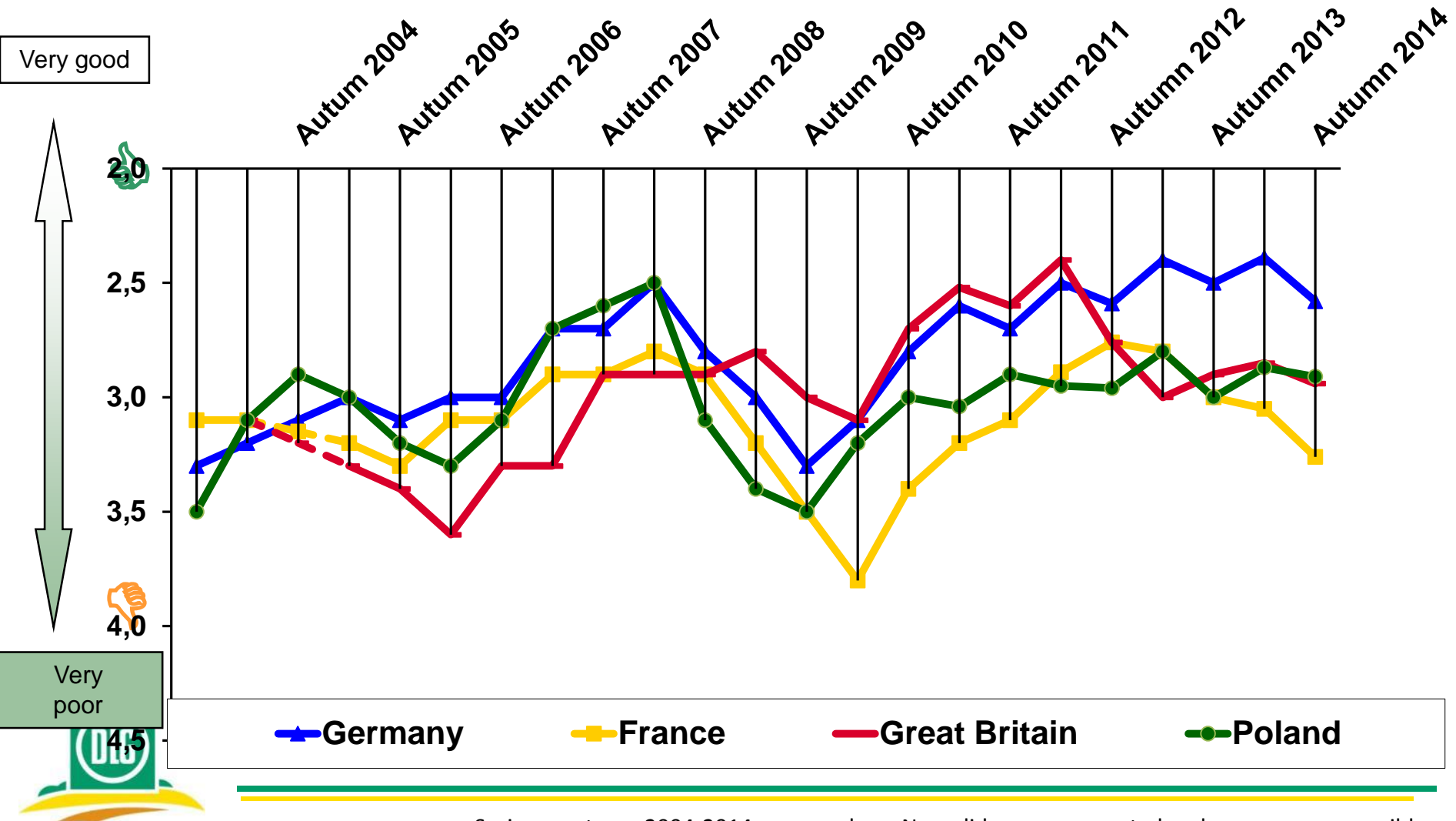
1. What effect do the market environment and investment conditions have on the business situation and on business expectations?
2. Do farmers want to invest?
3. Which animal husbandry technology innovations are important for farmers?



# Business situation and willingness to invest

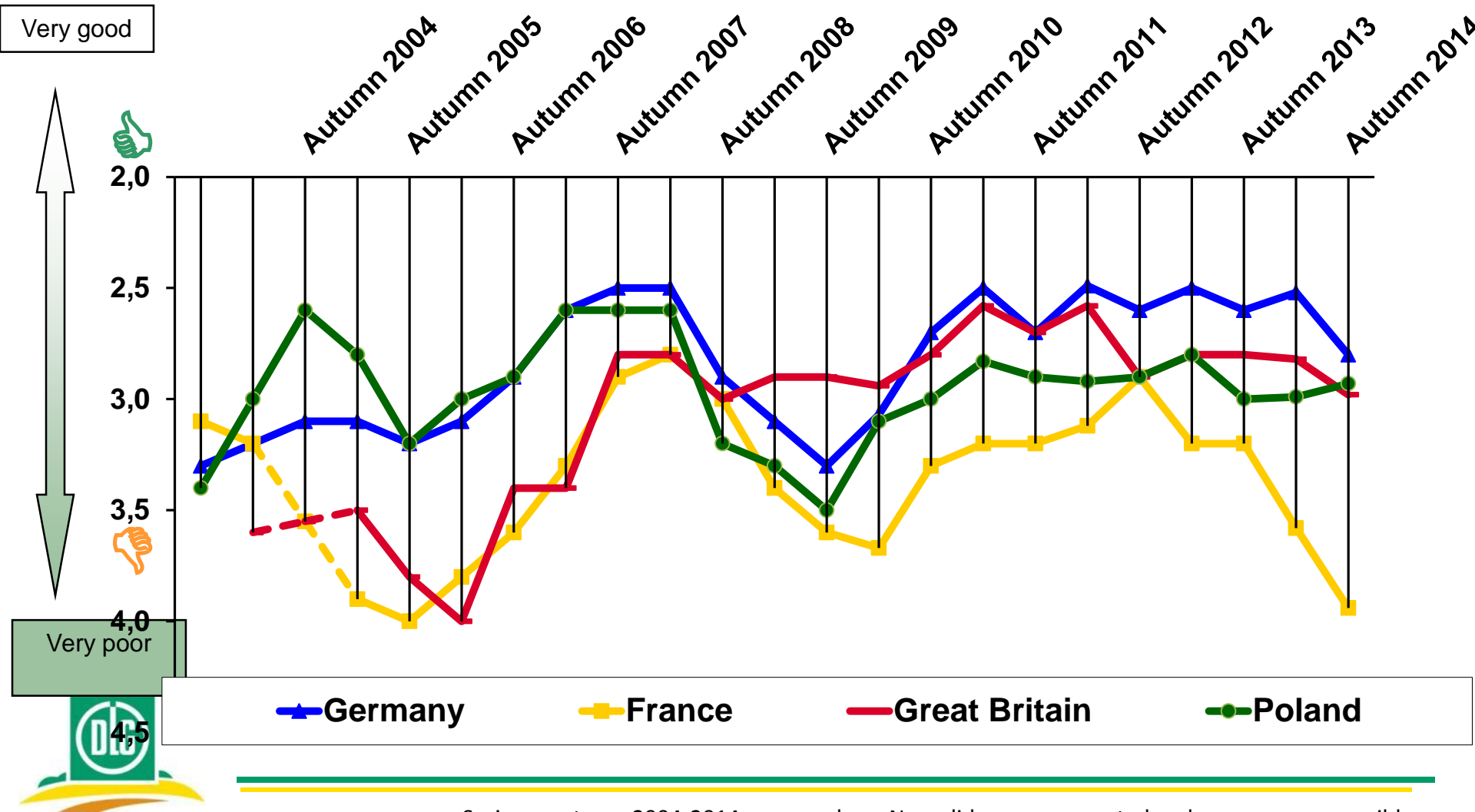


The current situation: widely stable in Germany, Poland and the United Kingdom; farmers in France less content

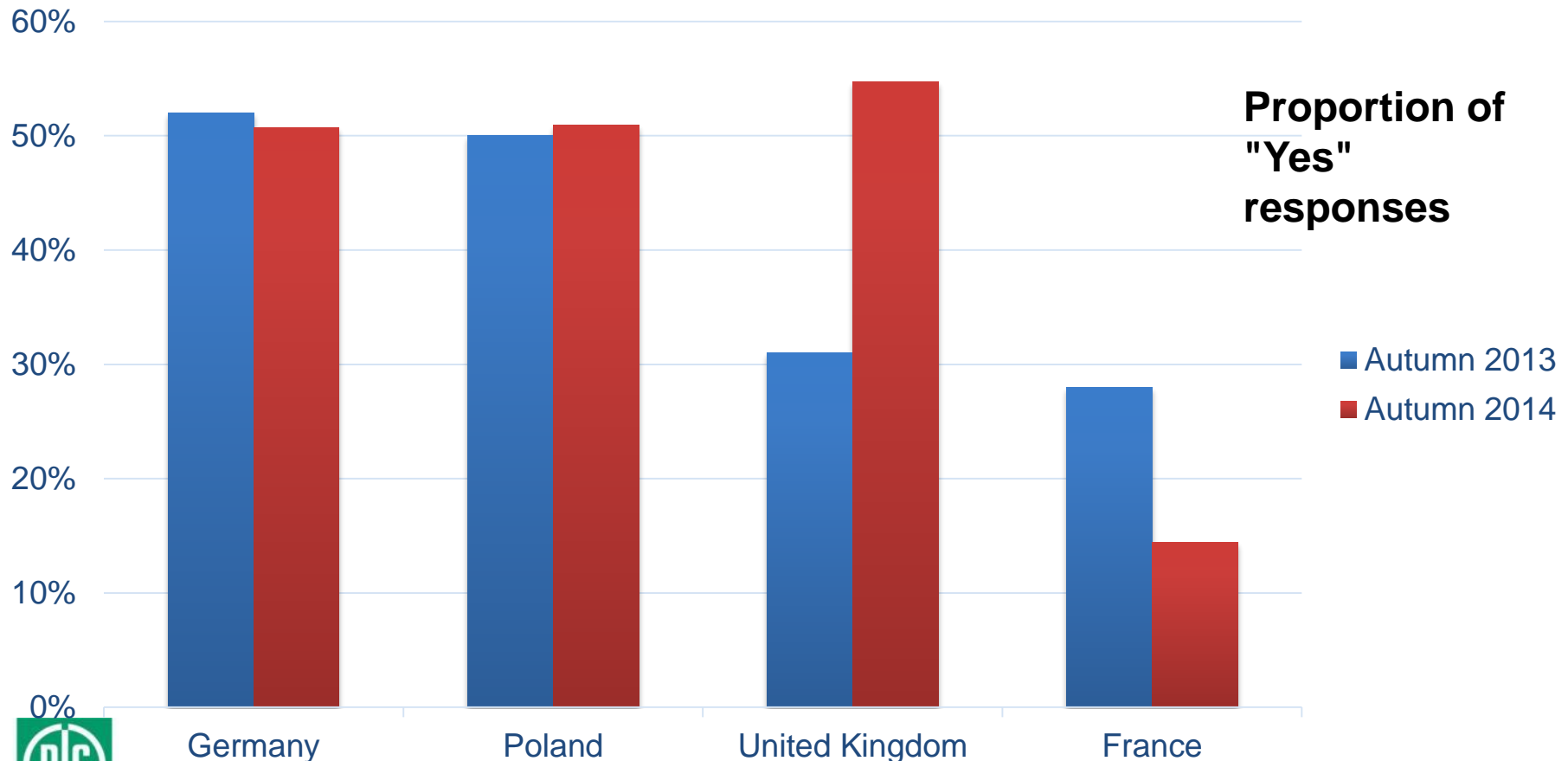


## Business performance expectations:

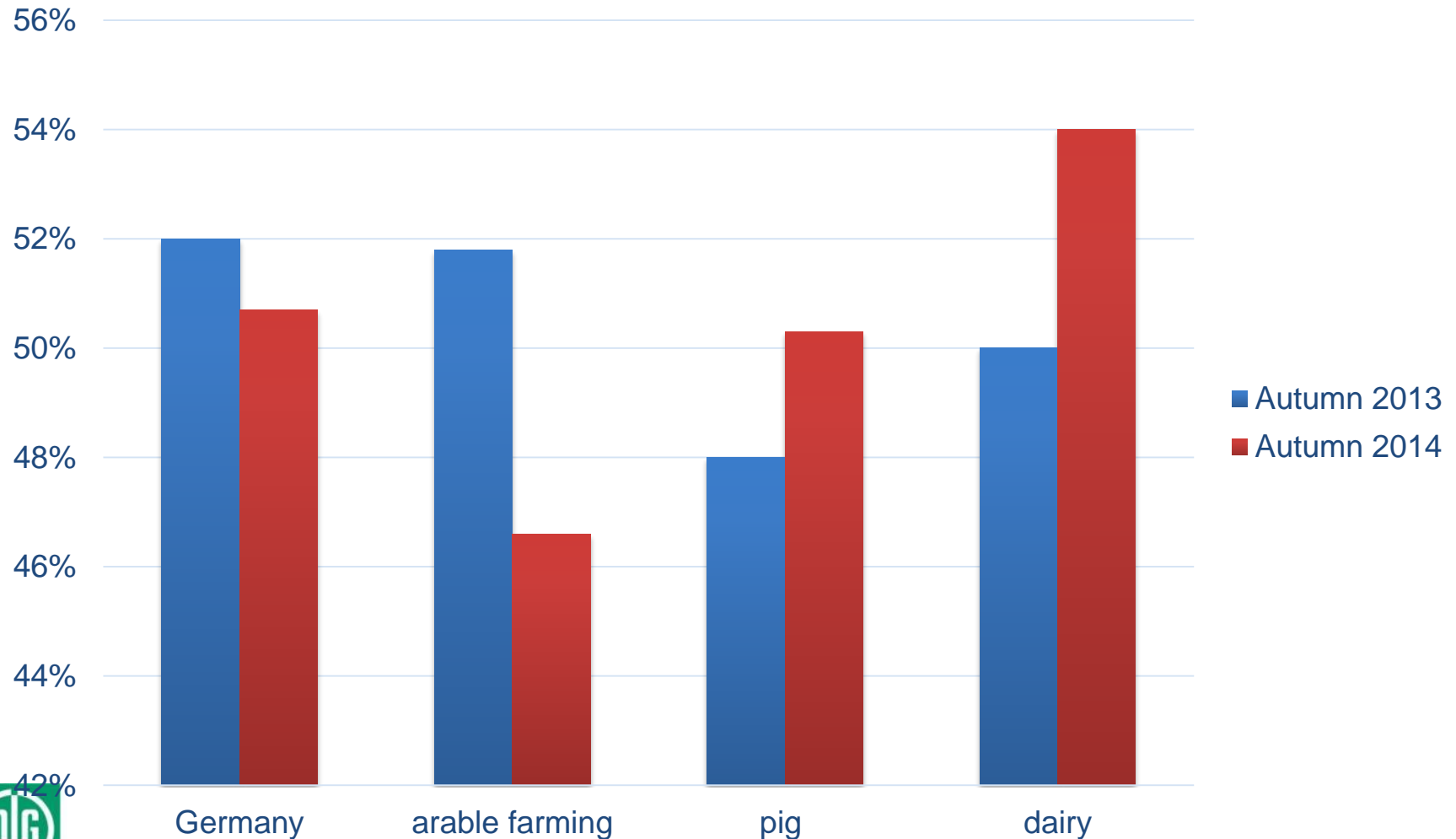
Slight slowdown in Germany; stable conditions expected in Poland and the United Kingdom; increasing scepticism in France



Farmers in Germany, Poland and the United Kingdom are willing to invest; considerably less willingness in France  
Are you planning to invest in your business in the next 12 months?

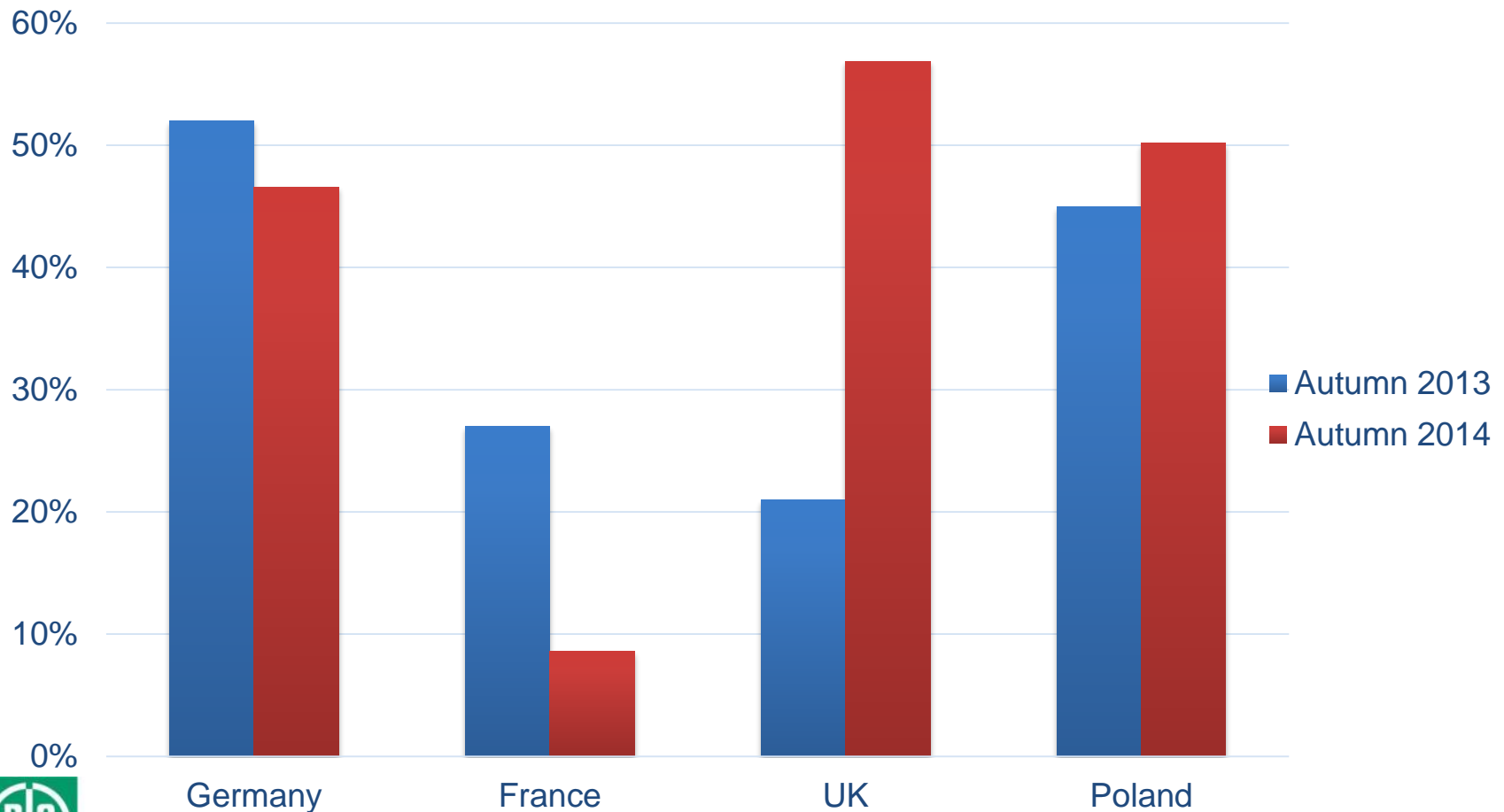


# Germany: No change in willingness to invest despite an increasingly difficult business environment

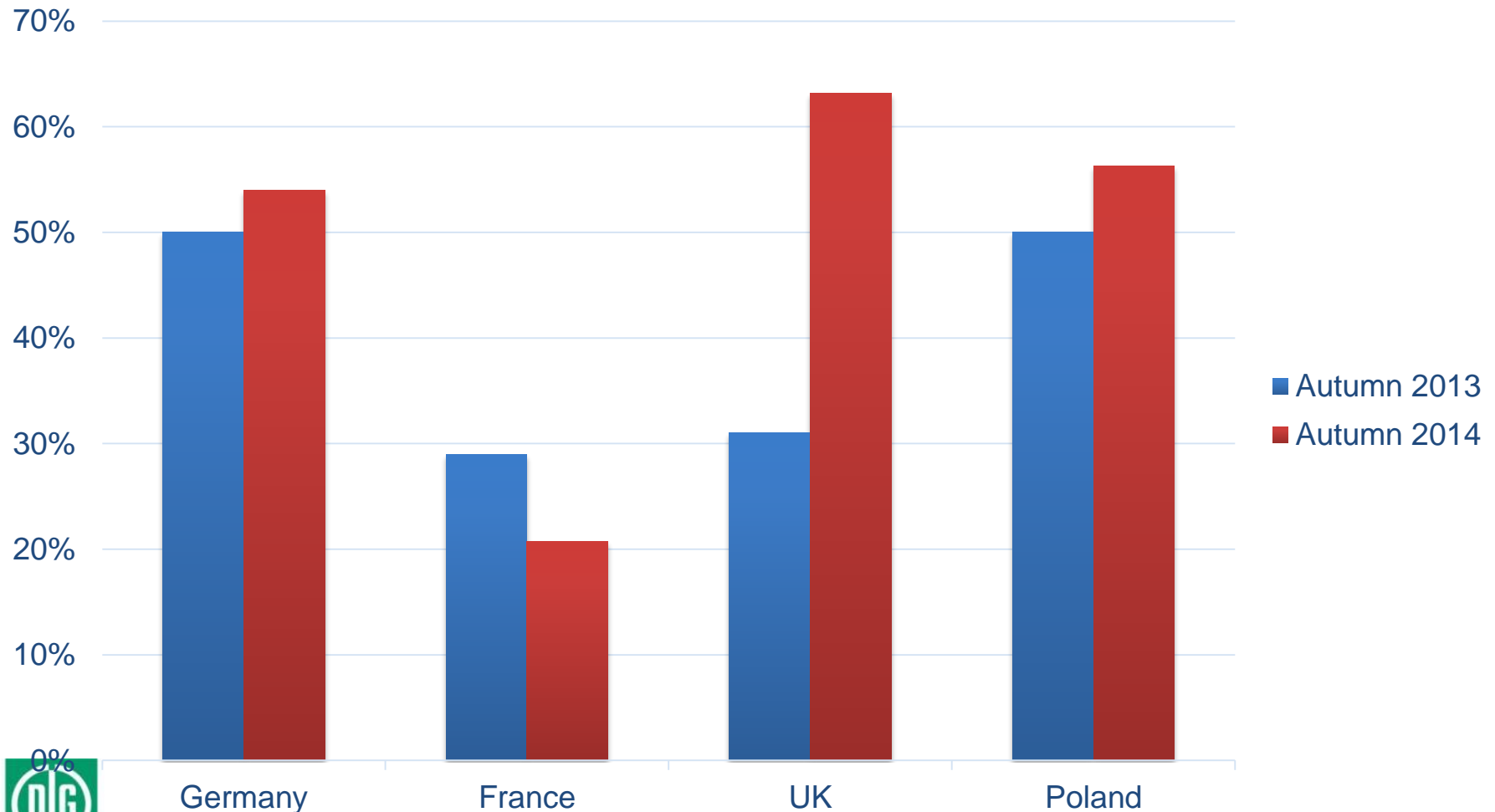




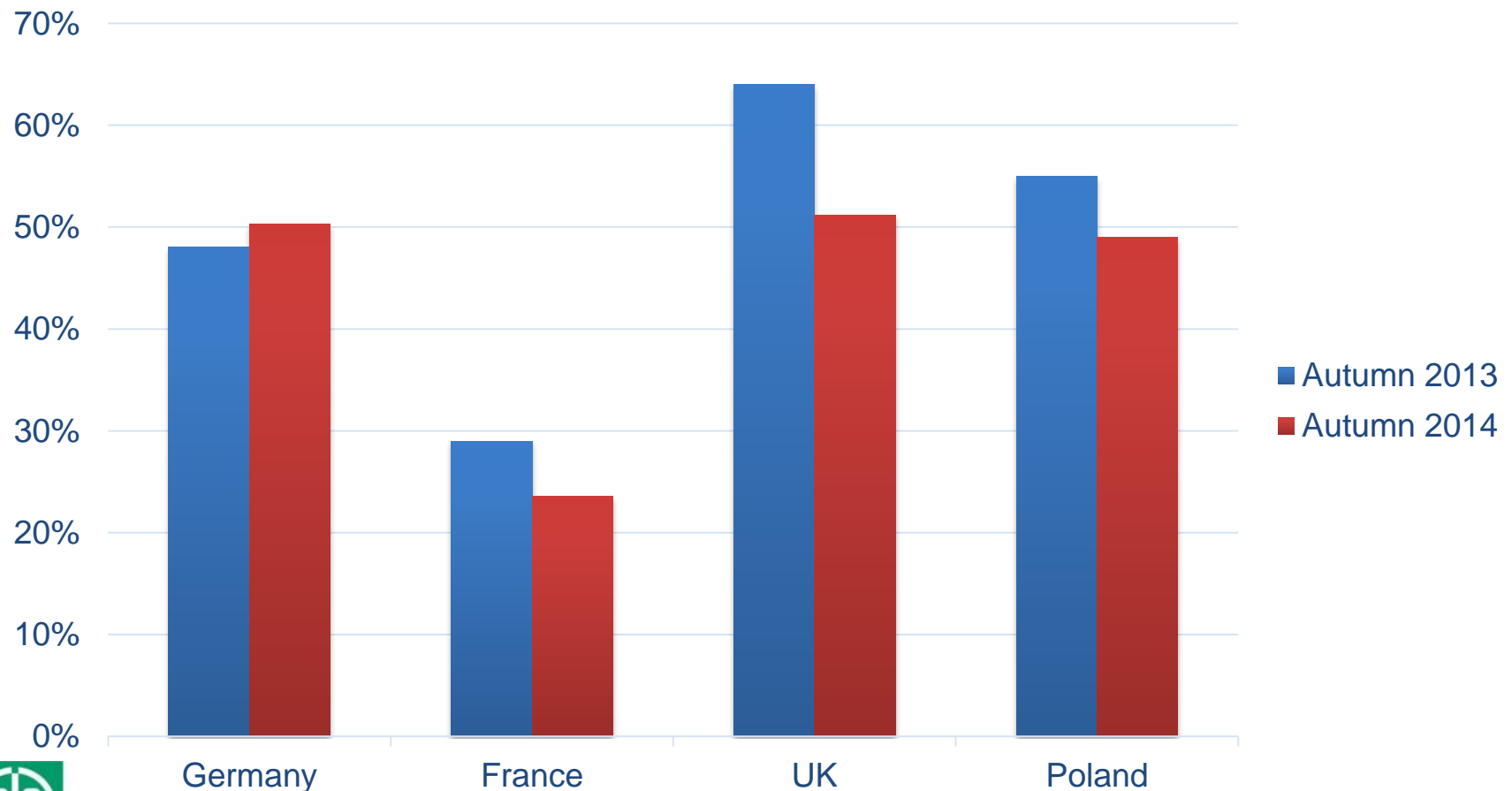
## Willingness to invest by **commercial crop growers**: high in Poland, the United Kingdom and Germany; slump in France



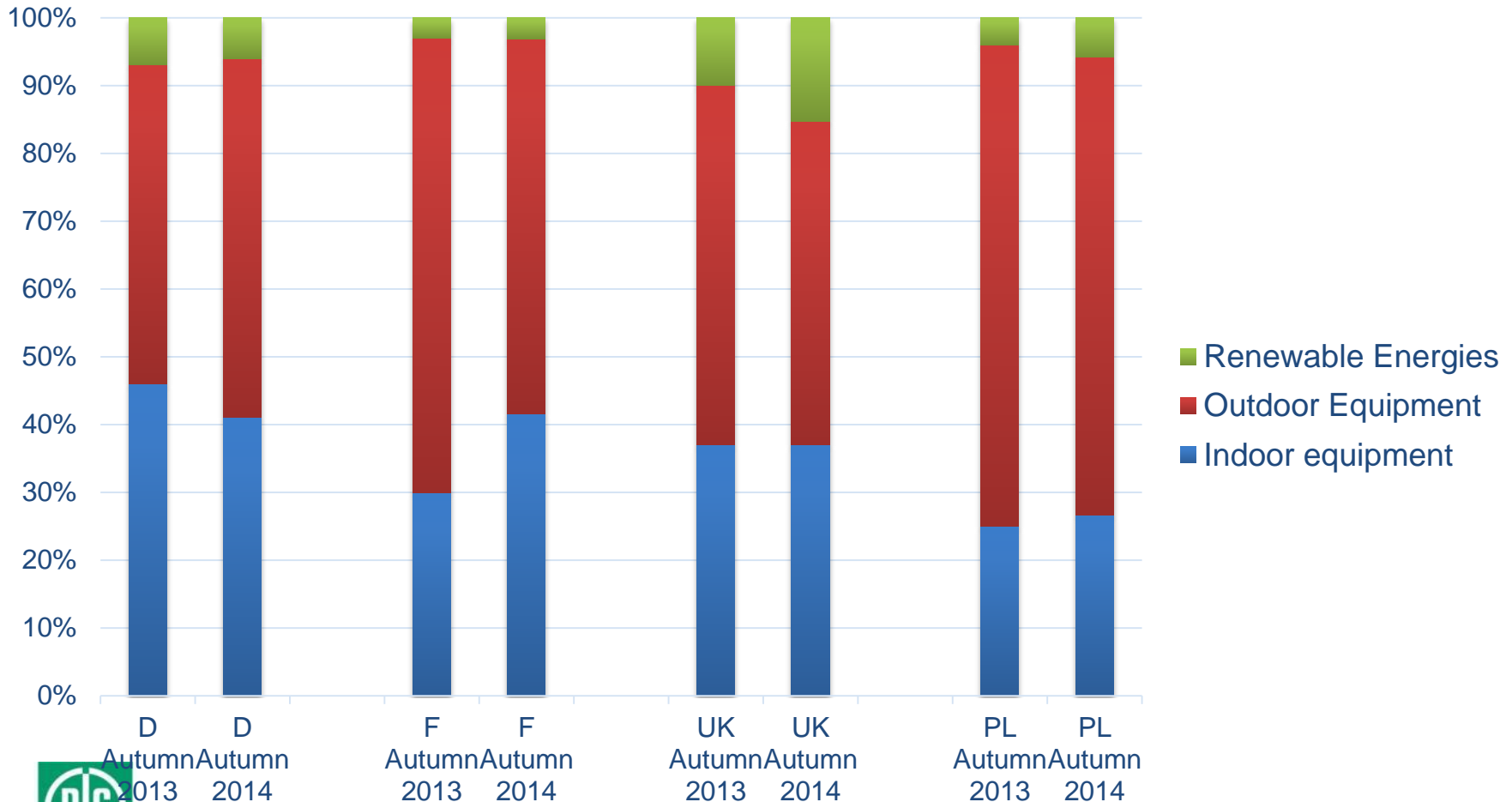
# Dairy farmers preparing for the end of quotas



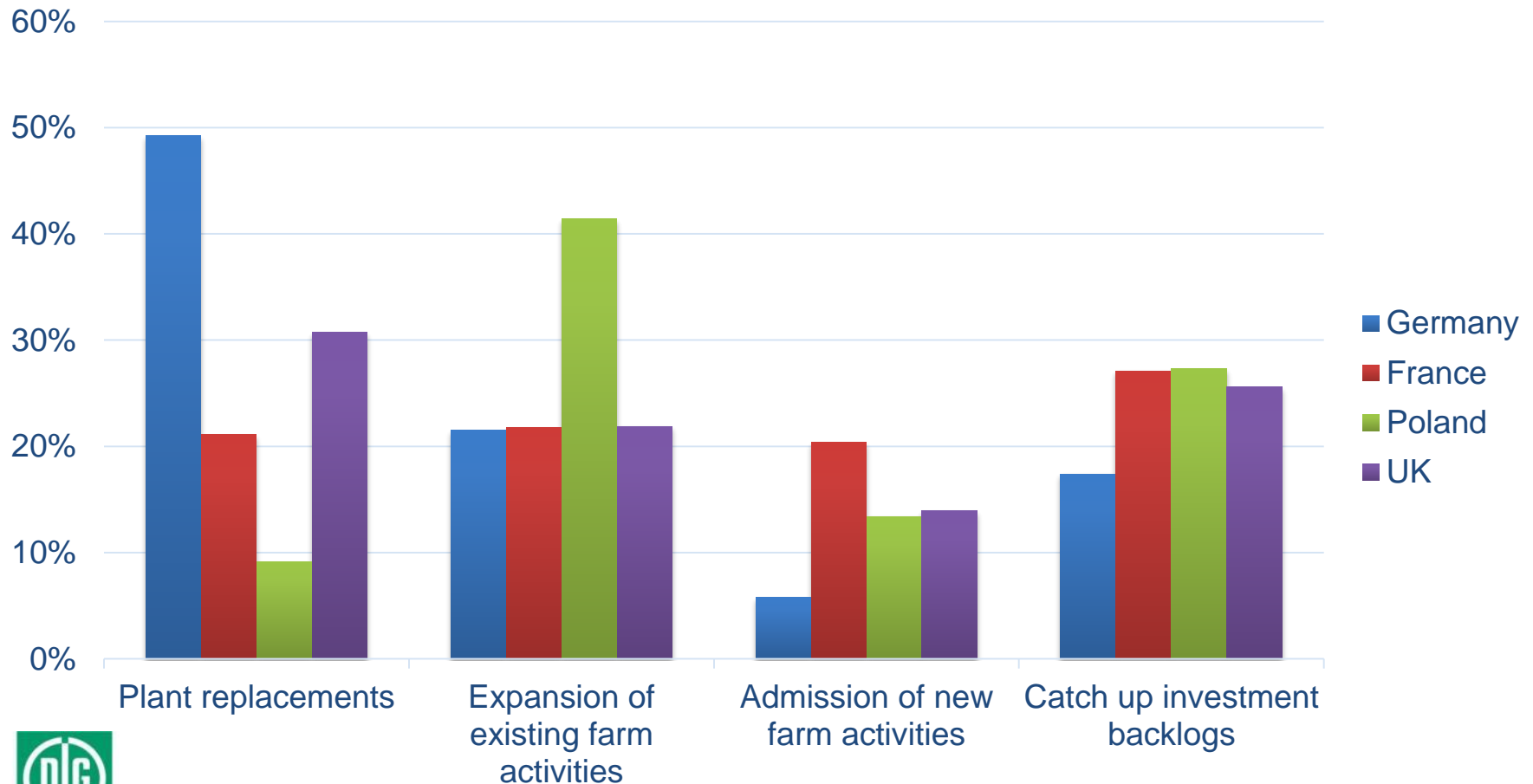
# Willingness to invest remains high among **pig farmers** in Germany, the United Kingdom and Poland; reluctance in France



Investment areas: farmers in France invest more heavily in animal husbandry; farmers in the United Kingdom increasingly invest in bio-energy



# Reasons for investment: farmers in Poland intent on expansion; farmers in Germany and the United Kingdom aiming to optimise ongoing production



# Global growth in investment in animal husbandry

## Brazil

- Growth stimulated by expansion in slaughter capacity and increased farm productivity ratios
- Obstacles to growth in animal husbandry logistics and difficulties in finding qualified employees
- Focus on updating technology to replace agricultural workers

## Driving this trend is:

- Rising global demand for meat
- Increase in global trade
- Capital flowing into agriculture

## China

- Pig production increasing again after the problems with disease and a reduction in herd numbers in 2011
- Animal husbandry characterised by high rate of investment in holdings and processing

## Australia/ New Zealand

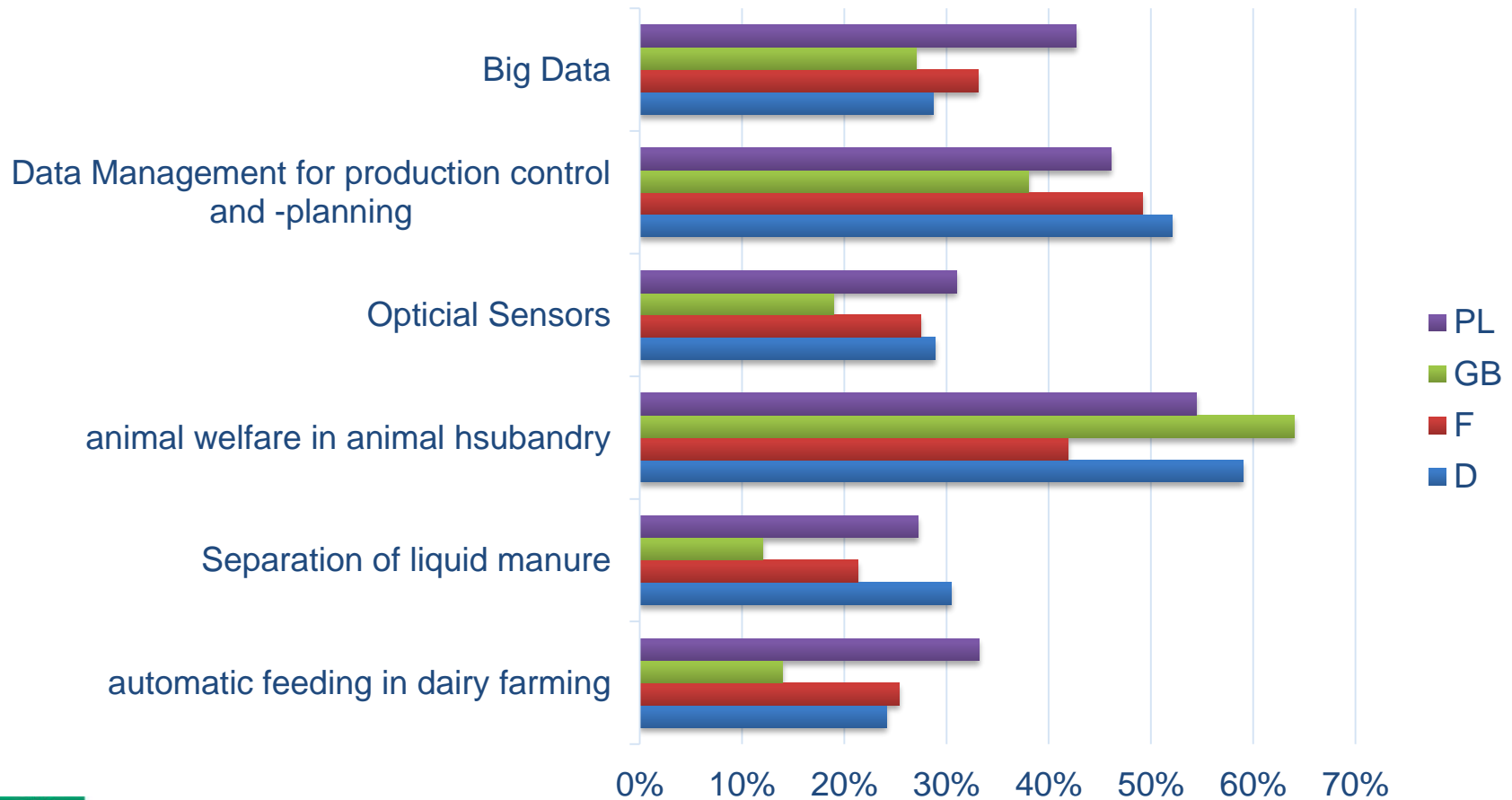
- Increased meat production, including pig meat, to meet growing demand from Asia
- Milk producers under increasing price pressure due to global glut in milk supplies



# Farming and animal husbandry - innovation and public relations activity

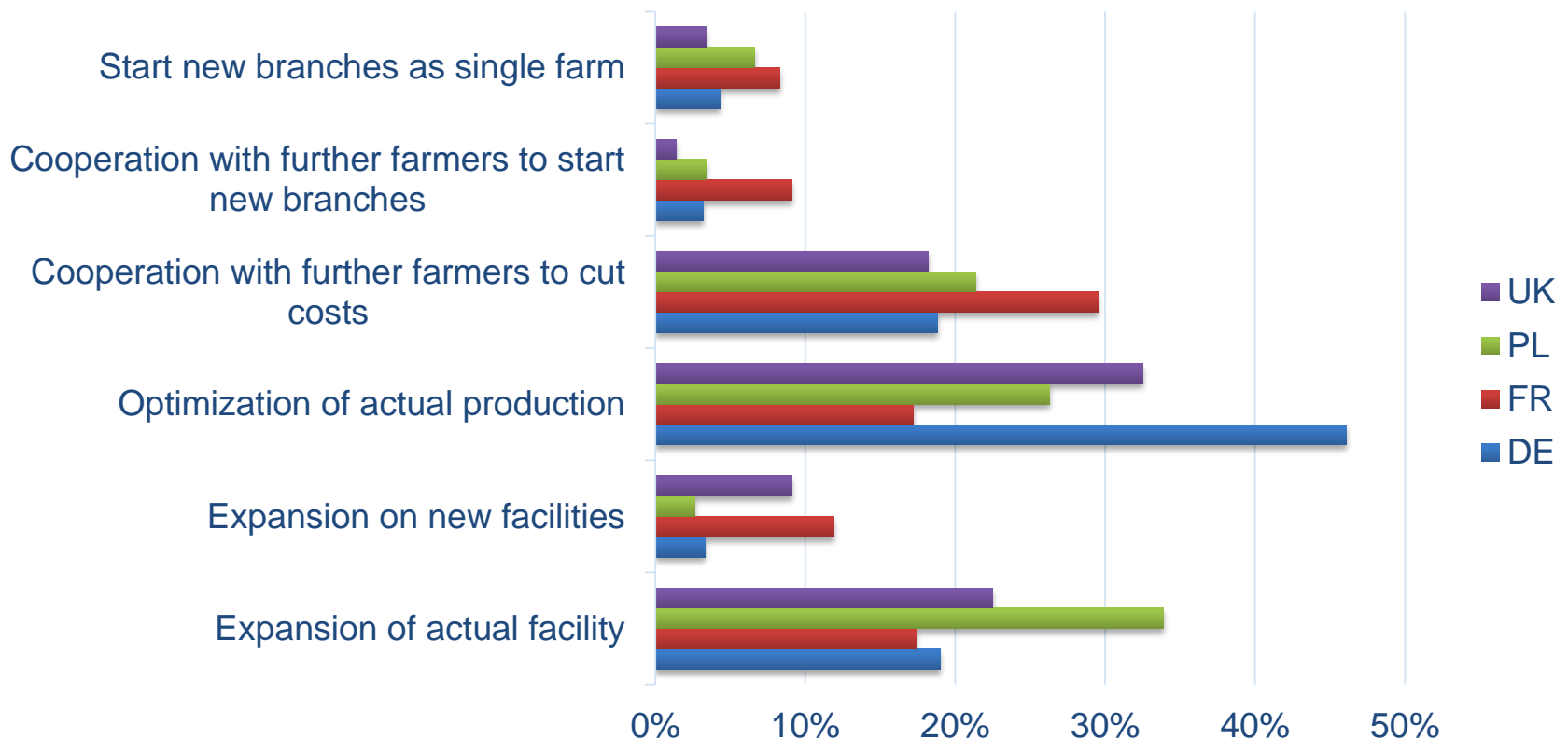


# Innovations which farmers regard as important

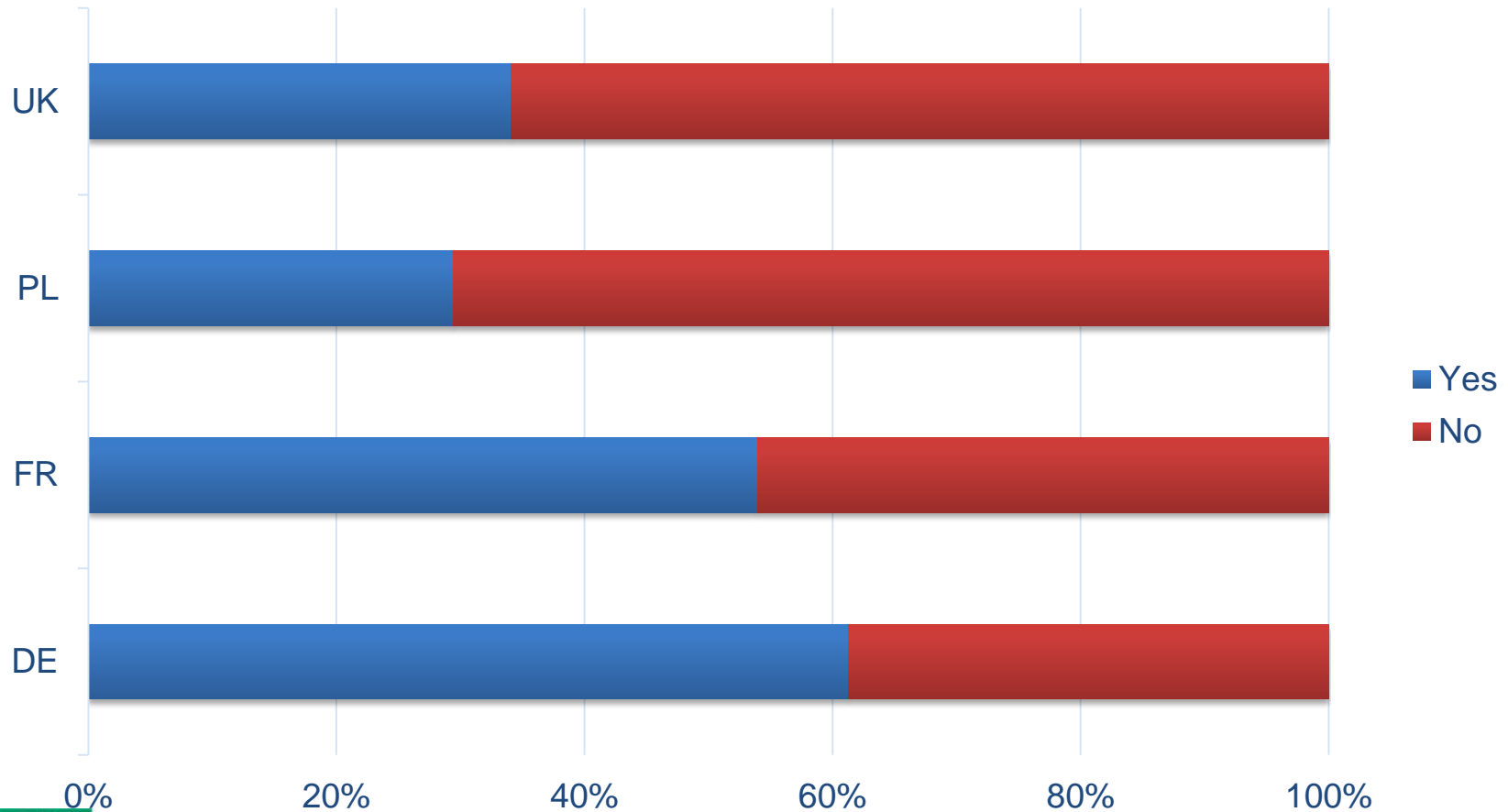




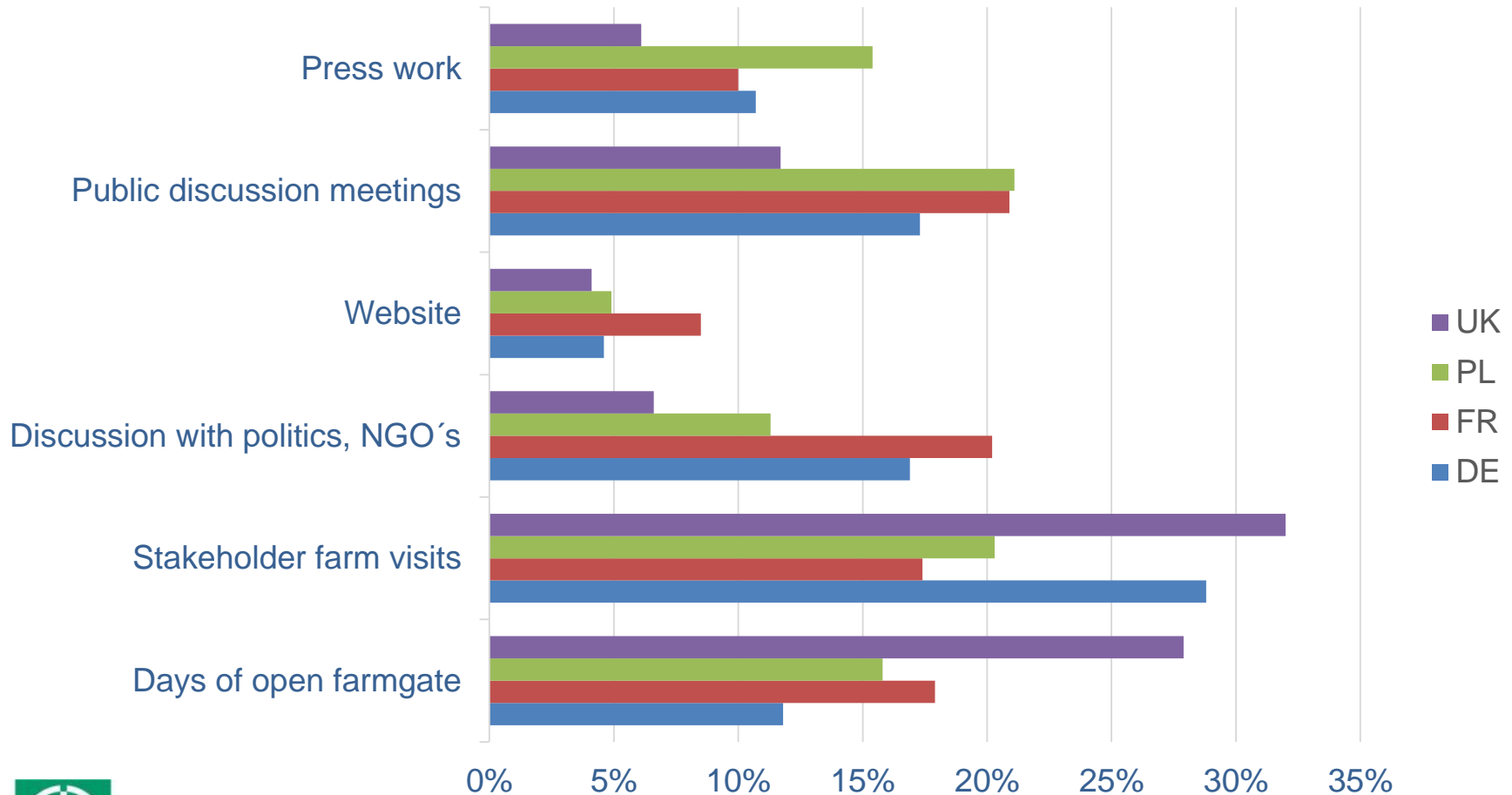
# Where farmers see the greatest opportunities for developing their businesses



# Do you carry out any public relations activity?



# If yes, what public relations activities do you carry out?



## Europe: farmers display great willingness to invest

- A high level of willingness to invest is reported in Germany, Poland and the UK despite an increasingly difficult economic environment
- Modernisation and expanding capacity (in Poland) are central features
- Optimisation of existing production
  - Milk: full utilisation of the industry's capacity, expansion in preparation for the end of quotas
  - Pigs: implementation of legal requirements such as extracted air purification, etc.
  - Bio-energy: increase reserves by optimising heating concepts
- Innovation is vital in the areas of animal welfare and static data management for farmers
- Interest rate levels continue to favour investment



## Global aspects: an increasingly dynamic market for meat

- More dynamic global economy is boosting the demand for meat
- Lower feed costs are relieving the cost-side pressure on farmers, creating leeway for investment
- Dynamic developments in meat production in Brazil, China and Australia; Sub-Saharan Africa is growing its animal husbandry sector



# How the survey was structured

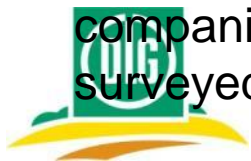


- Countries surveyed and survey period
  - Countries surveyed: Germany, France, Poland and the United Kingdom
  - August / September 2014
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- Methodology
  - CATI (computer aided telephone interviews)
  - Surveys conducted twice each year since autumn 2003
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- Random samples/ countries
  - Total of 2,350 interviews conducted - representative of forward-looking farmers in Europe:
    - Germany and France: 750 interviews in each country
    - Poland: 500 interviews
    - United Kingdom: 350 interviews
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- Company structure of the companies surveyed
  - More than 50 ha of land in agricultural use with:
    - emphasis on arable farming (commercial and niche crops)
    - emphasis on animal husbandry (pigs, cattle, poultry)
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## Structure of the companies surveyed

	Average area in agricultural use (ha)	Average proportion of land leased	Average number of dairy cows / farm	Average number of porkers / farm
Germany	269	51%	136	1,001
France	156	56%	67	1,396
United Kingdom	301	32%	186	2,629
Poland	185	26%	64	542

