IFMA Council - Country and IJAM Reports - July 2015

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Compiled by Tony King - 1st July 2015
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Country Report – IFMA – June 11th 2015 ARGENTINA

David Hughes

Political/Market Issues:

- We have elections this year, after 12 years of a single force in government. Primaries shall be in August, so we will have a better picture of what the electorate is seeking, then in October we have the elections, and if the winner in October does not win with more than 10 points difference, and more than 45% of votes, there shall be a second standoff end of November. New government shall take office on December 10th. All these dates are important to agriculture. Wheat is planted June-July harvest Dec-Jan. Soybean is planted Oct-Nov harvest April-May-June. Corn planted Sept-Oct & then Dec harvest April and then June-July
- There seems to be two strong contenders: Scioli and Macri. Scioli, a peronist, is governor of Buenos Aires Province, ending his second term. Nothing noteworthy to point out. Macri has his own political party, Pro, and is finishing his second term as Mayor of Buenos Aires City. He seems to understand where the world is going and has been able to improve a bit the city.
- Inflation is running at about 30 to 40%, salaries are to be adjusted at rates around 30%. There are no adjustments to Financials for tax reasons, so we are paying income tax on nominal earnings, not real earnings.
- Seem we are in a slight recession, but most data and information from government is not trusted.
- Exchange rate has been running behind inflation. Currently the peso is overvalued, not helping exports, that is mainly agriculture (extensive & intensive crops as well as livestock)
- The only way to get dollars as savings is purchasing bonds in pesos and selling them in dollars, and then there is the black market dollar. Govt rate: 9.02 $A/USD – Bond dollar 11.14 $A/USD – Black market 12.40 $A/USD
- Balance of trade is weaker, reserves have been level since December, with a few ups and downs, but the better part of the year where we usually have a surplus due to exports of soybean and its sub products has not allowed for the reserves to grow.
- Imports for business (parts and machinery) has been tightened, the government has kept imports low to protect the reserves.
- Markets are down, soybean due to world markets, corn and wheat due to very few export licenses being given out, so we have a domestic over supply of wheat and corn
- Export tax on soybeans remains at 35%, corn 20% and wheat 23%

Weather/Production

- Soybean yields have been exceptional, 20% or more above average yield. Corn yields are about average.
- Argentina has been shifting the date of corn planting from early spring (August-September) to early summer (early December) and this impacts harvest and when corn reaches the market.
- This is a management tool to manage expected dry weather, so may change from year to year. This year it could be a management tool to respond to elections outcome.
- As we sit with very good soil moisture we are looking at a “Niño” weather pattern and that would mean for us above average rain during our spring (Sept – Nov), so we might expect another good year for corn and soybean yields. Although it might impact negatively on wheat and barley, as it flowers and is harvested during this “wet” season.

- Argentina is having a hard time getting more than 4 million has planted with wheat, and the sunflower acreage keeps on dropping. We expect a drop in corn acreage as well.
- Beef and dairy products have restrictions as to exports. So we are having our lowest beef export for over 50 years!
  Continues over

Other issues affecting Farming

- Financing has improved, at total financing costs of over 20% p.a.. Yet the farmers in general are moving into a very financially tight year. It is estimated that the present harvest will not be sufficient to support cash flow.
- There are some loans by public banks to purchase machinery with interest rate at 15 to 19 % p.a. and 3 year loans. The issue is the cash flow of the business
- Land lease rates are expected to drop by close to 50%. In less productive land far from the ports (demand), about 400 km or farther lease rates are close to zero. Land was given to plant at no cost last season in the very marginal areas.
- There has been a strong backlash from society as to use of chemicals by farmers. Legislation is restricting the use close to urban areas (from 100 to 500 meters no spraying areas)
- Monsanto is having a hard time obtaining royalties for soybean seed sold last season. There is a discussion as to where and when to pay the royalty. Monsanto proposes as a percent of harvest, farmers at purchase of seed. Government will likely intervene in discussion.

Australian Report for IFMA June 2015

Rob Napier

Weather

Periodic drought is a given in Australia. Many parts of North West New South Wales and Queensland have been suffering serious drought conditions for several years. Much of South East Australia is enjoying a good start to the cropping season but there is the threat of an El Nino event in spring which could result in a dry finish for winter crops. In Western Australia rainfall has been below average in many parts although good soil moisture from earlier rains has sustained crops so far.

Livestock outlook

Beef cattle numbers have fallen largely due to drought conditions in the north. The national herd has dropped by at least 8 % and there has been a big sell-off of breeding cows. The reduction in supply and strong demand from export markets has led to a big increase in beef cattle prices.

Wool has had a significant recent increase in price (from a relatively low base). Markets have steadied in the last few weeks.

Sheep meat and lamb prices are strong.

The dairy industry is forecast to have increased farm gate returns in 2015-16 after a period of subdued world prices. Dairy product exports are expected to increase during the next five years due largely to demand from Asia, The Middle East and Africa. The effect on markets of the lifting of dairy quotas in the European Union will be watched with interest. Consolidation in the dairy processing sector through mergers and acquisitions continues with strong overseas investor interest especially from Asia.

Cropping outlook

Wheat prices are quite volatile and depend on yield expectations domestically and in the world's major producing countries. World grain stocks are reasonably high so it is unlikely there will be a large increase in prices in the near future. If the predicted El Nino weather conditions occur, domestic production could be below average.

Oilseed prices are subdued resulting in reduced areas planted.

There has been a strong demand especially from China for coarse grains including sorghum and barley and this has led to price increases.

There have been record yields of cotton over most of the growing areas. Global prices at around $AU500 per bale are profitable for most growers. A recent move to harvesting cotton in round bales has reduced labour costs and increased harvesting efficiency.

Currency, interest rates and the economy

Australia exports over 60% of the major agricultural products. The Australian currency has fallen against the $US from near parity to the current range around 77 cents. This is giving a boost to export competitiveness although weakness in other currencies such as the Euro is reducing this benefit.

Interest rates are very low with the official cash rate at 2%. There is a chance that rates could fall still further

The economy is slowing following a mining boom.

Other matters

A recently concluded free trade agreement with China promises to boost exports of some agricultural products (including beef and dairy) and reduce the price of some imports.

Interest in Australian farmland investment from overseas buyers (individuals, corporations and state-owned enterprises) remains strong. There is some concern that prices for some larger holdings are being inflated locking out potential domestic buyers. The concern is strongest where foreign state-owned enterprises are involved. It is likely that there will be closer scrutiny of foreign purchases of agricultural land but it is generally recognised that foreign capital is needed for agricultural development.

The Australian government is pushing for development across Northern Australia, a region with a small population, limited infrastructure and low levels of economic activity. There are various projects planned to improve infrastructure, build more water storage, encourage domestic and foreign labour and expand business activity. Development in the north has always been difficult with a string of historical 'white elephant' project failures. It remains to be seen whether this time around the challenges of isolation, monsoonal weather cycles and workforce availability can be overcome.

I have just returned from a trip through drought-stricken beef cattle producing areas of Queensland. The tragic position of many beef producing families due to prolonged drought highlights the need for major change in the capabilities of many farm families. A recent report covering beef producers in Northern Australia claims only 20% of businesses are economically sustainable in the long term. This is because many producers do not sufficiently understand finance and debt management, their key profit drivers and the management of climate risk. They are also often too slow to adopt technological advances resulting in low productivity growth. The human and economic cost of poor management is a problem in agriculture in many parts of the world. Through organisations such as IFMA we need to redouble our efforts to improve the ability of farm families to adapt and prosper in a changing world.

From Don Cameron

Rob nailed the Australian report really well. The only thing I'd add is that contrary to scaremongering by green groups in the UK and elsewhere, the Great Barrier Reef isn't in danger of dying completely within 4 weeks, but was given a reasonable bill of health by a recent enquiry. A large contributor to this slowdown or reversal of its declining status has been improved agricultural practices along the eastern seaboard in central and northern Queensland, principally by sugar cane, horticulture and beef cattle producers. We (agriculture) can't do much or anything about the risks of destruction from resources sector activities, with huge increases in shipping of coal and LNG to foreign destinations through the reef from Gladstone, but considerable emphasis by farm industry bodies and government on promoting best management practice, especially with regard to fertiliser and pesticide applications, is showing positive benefits.

So delegates can relax a little if the GBR is on their bucket list – there may be a few more years of opportunity!

Country Report: Canada June 2015

Heather Watson

Weather

Canada is currently facing drought conditions in the West, and British Columbia, Canada's furthest Western province has been battling forest fires as a result of these dry conditions. In parts of Saskatchewan, some farmers have seeded three times, and it is predicted they will not be able to get a first cut of hay. Likely, Canada will see another 'Haywest' movement whereby Eastern farmers ship their hay westward to help their fellow farmers.

On the opposite side, we have flooding conditions in Southwestern Ontario and a very late spring and summer in the Atlantic Provinces.

Central and Eastern Canada suffered very harsh winters with snow remaining in PEI well into May. Eighteen feet of snow fell on PEI in 2014. The West atypically had a somewhat mild winter, however leading to some of the current drought conditions.

The Canadian Agricultural Economy & Demographics

Agriculture and agri-food generates $103.5 billion and accounts for 6.7% of Canada's GDP. The industry provides 1 in 8 jobs, employing over 2.1 million people.

According to the last Census in 2011, there are 205,730 farms and 293,925 farmers in Canada. 'Young farmers' account for 10% of all farmers, while the average age of farm operators is 54 years old.

In Canada, food accounts for just over 10% of total household spending; the lowest percentage compared to several OECD countries. February 6 marked Food Freedom Day in 2015; the day when the average Canadian has earned enough income to pay their annual grocery bill.

With a significant decrease in global oil prices, Alberta's oil patch is laying off a number of employees. This could be good news for farms country-wide who historically lose their workers to higher paying jobs in the oil patch. In Alberta for example, some farmers are advertising general labour jobs for $25/hr and are still having trouble finding help. The trick will be to keep these workers if and when the energy sector rebounds. Governments in Alberta and Saskatchewan are cutting back on programming as a result of the decrease in oil's contribution to their economies.

The Canadian dollar has been trading historically low in 2014 and continues to fall in 2015. This is good news for export-oriented industries such as beef, pork, grains and oilseeds.

A new Census of Agriculture is set for launch in 2016. Questions will be added concerning farm diversification measures including value-added production and direct farm sales, and farm transition or succession questions to determine the demand for new entrants.

Agricultural Policy and Programs

A new agricultural policy framework 'Growing Forward 2' came into effect April 1 2013. Income support programs were drastically reduced in favour of disaster recovery programs, investment programs and support from private industry. Areas of concentration include Competitiveness, Marketing, Innovation (Research and Development), and Risk.

A number of industry groups including political parties are seeking a national agricultural policy to provide a national strategy and framework for advancing the agriculture and agri-food sector in Canada and join all of the stakeholders to a common vision and goals.

Politics

Canadians are bracing for a Federal election in October after having a majority conservative government. The current Harper government has been characterized by reduced funding to the public and non-profit sector in favour of those groups relying on private-sector support, especially for agriculture and agri-food research. Support for Supply Management remains strong. Many are predicting a Conservative minority going forward. The Liberals and NDP parties are contenders in the Federation election; both expected to increase support for the public and non-profit sectors if they win the election.

Agriculture and Agri-Food Canada underwent severe reductions in staff and programs in 2012, and it seems are now finally settling into their new roles and capacities.

On the labour front, there is a push for a federal minimum wage increase to $15/hr by 2018. Minimum wage is currently set by the provinces/territories. In 2014, Ontario increased its minimum wage from $10.25 to $11.00 and in 2015 to $11.25/hr. As you can imagine, farmers and producers with a number of employees such as the horticulture sector are struggling the most with this increase.

The Temporary Foreign Workers (TFW) program has also seen significant change in 2014. Earlier this year, the Government set a 4-year limit to TFWs – those sectors that had kept TFWs in Canada for over 4 years had to send them home in April and recruit new employees. Notably, mushroom producers were negatively affected by this change due to the intense training involved in developing specialized labour skills in that production sector.

Markets and Trade

The U.S. remains Canada's greatest trading partner, with substantial growth in China, and other Eastern countries, making Canada the world's 5th largest exporter. The current Ministry of Agriculture is focused on export markets above all else.

Canada has been involved in two major trade deals: Canada and European Union (EU) Comprehensive Economic and Trade Agreement (CETA) and the Trans-Pacific Partnership (TPP).

With preferential access to the EU market and duty-free tariffs on 94% of agricultural products, it is predicted that CETA will bring a 20% boost in trade and $12 billion annual increase to Canada's economy[1]. Currently Canada's agricultural exports to the EU are subject to high tariffs, averaging 13.9%.

Key agricultural components of CETA include:

- Increase Canadian beef quota export to 65,000 tonnes;
- Increase Canadian pork export allowance to 80,000 tonnes;
- For fine cheese, no-tariff rate quotas for the EU to sell in Canada will be set at 16,800 tonnes.

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[1] Foreign Affairs, Trade and Development Canada http://international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/understanding-comprendre/brief-bref.aspx?lang=eng

CETA is set for implementation in 2016. While beef and pork producers recognize the opportunity in exports, there is concern for non-tariff barriers to market access in that Canadian production techniques may not be compliant with EU regulations on imports. Further, there is much concern regarding the impact on dairy farmers and cheese producers in Canada with the increase in EU cheese allowed into Canada.

The Trans-Pacific Partnership (TPP) is a proposed trade agreement currently under negotiation by Australia, Brunei Darussalam, Chile, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam.

Canada's initial market access offer to all TPP countries is equivalent to market access concessions to the United States and Mexico under NAFTA (the North American Free Trade Agreement). The U.S. and Japan, have been negotiating market access concessions on a country-by-country basis. There is concern that this could lead to some TPP countries having preferential market access treatment over others[2]. Canada's Supply Management system, especially for dairy, has been a hot topic in negotiations as many countries seek to increase dairy imports to Canada.

Livestock

Beef and hogs have enjoyed a favourable market in 2014, with lower exchange rates to the US and demand increasing.

However, the industry suffered great losses in numbers as a result of the PED virus that killed millions of piglets.

Country of Origin Labelling (COOL) has been a hot topic for the livestock sector and Canada-U.S. trade. The rules, which came into effect in 2008, reduced meat exports to the U.S. by half. Amongst threats of trade retaliations from Canada, the World Trade Organization has just ruled for the fourth and final time that U.S. COOL rules discriminate against exports from Canada and Mexico. The Canadian government is likely to seek WTO authorization to impose retaliatory tariffs on key U.S. exports to compensate for the millions of dollars lost by Canadian beef producers.

Poultry and Eggs remain steady under the Supply Management system.

Crops

2014 was a great year for a number of bumper crops including corn, canola and soybeans. However, transportation in Canada's western provinces caused major issues in getting the product to market. 5.5 million tonnes of grain (enough to fill 60,000 rail cars) awaited delivery to customers while 40% of producers were seeking cash advances through the government to pay for feed and fertilizer. Prices for wheat ex-durum, barley, corn and lentils averaged higher while prices for oats, canola and soybeans were lower.

Production and yield is expected to be down in 2015 due to the drought conditions in the west and wet conditions in Ontario. Quebec and the eastern provinces should remain steady.

And while world grain supplies is putting pressure on prices, the weaker Canadian dollar is providing some support and will limit losses.

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[2] Canadian Federation of Agriculture http://www.cfa-fca.ca/hot-topics/trans-pacific-partnership

Challenges, Priorities and Opportunities

One critical struggle and concern for Canadian agriculture has been the increasing divide between farmers and consumers and the loss of understanding of and appreciation for agriculture – giving way to misconceptions from groups with louder, stronger voices. In Canada, we have seen the launch of the Ag More Than Ever program to celebrate agriculture and communicate its benefits to the general public. We have also seen a new government Ag Awareness programs popping up to fill the space 'from farm to fork' and many have taken to Twitter to provide an opportunity to connect with farmers through the @FarmersofCanada account that a new farmer takes control of every week to walk us through their daily farming routines, and #farm365 to connect the Twitterverse to the daily lives of farmers, started by a dairy and crop farmer, Andrew Campbell, from southwestern Ontario.

Currently, there is a significant emphasis on labour in the agriculture and agri-food sector. With the Labour Task Force, the Government is looking at labour very closely to try and resolve both the lack of succession planning on farms to transfer to the next generation, as well as creating programs for new entrants into agriculture to fill gaps in skilled labour. The processing sector is now pushing for permanent residency for TFWs to help resolve the labour shortage in agriculture. While others are looking to new pools of on-farm labour from urban cities to immigrants into Canada.

Farmland values continue to be a significant concern for Canada. Compared to 2013, farmland values increased an average of 14% in 2014. The most significant increase was in Saskatchewan, with land values increasing by 18.7%[3]. Saskatchewan has put restrictions on farmland ownership in the province, worrying deeper-pocketed investors such as foreign investors and pension funds, may be driving up farmland values. The province is currently conducting consultations to determine the path forward.

Young farmers and new entrants continue to struggle with farm ownership pathways from farm transition or succession pathways with their parents, to the start-up capital required to get into farming, especially considering the rise in farmland values and the value and limited supply of quota available.

Promoting farm business management and increasing the adoption of beneficial management practices continues to be a challenge as some farmers feel farm management only applies to larger farms, while others do not have the time to dedicate to farm management and others do not see the value. Banks, lenders, and insurers continue to base farm liability on assets and equity rather farm management practices such as having a written business plan. Commodity groups are taking an interest in providing farm business management education and training to their farmers.

[3] Farm Credit Canada 2014 Farmland Values Report https://www.fcc-fac.ca/en/about-fcc/corporate-profile/reports/farmland-values-report.html

June 2015

Country Report Denmark – IFMA 2015

Brian H. Jacobsen, Department of Food and Resource Economics (IFRO), University of Copenhagen, Denmark

Weather and price

The spring has slowed down so the early harvest which might have been expected earlier in the year, but the 2015 harvest is approaching. The crop prices are not too high 1.6 € pr. tonne. The area with oil seed rape has increased significantly this year and is now the third most grown crop after wheat and spring barley with 200,000 ha (8%).

The dairy farmers are not doing so well as the milk price keep falling from 0.43€ /litre in the spring 2014 to 0.28€ / litre now. The reduction in export to China and the Russian sanctions are partly to blame as 45% of the DK export to Russia is related to agriculture. Denmark will together with e.g. The Netherlands be some of the few EU countries which expect to produce more milk towards 2020, but the low price does make it difficult for many new farmers. The sanctions have also hit pig farmers hard and the price has been reduced. A growing number of piglets are still exported to Germany as the prices are higher due to lower cost in German slaughter houses. The organic milk production is unchanged, but the consumption increased to 8% of foods sold in supermarkets.

Income

The incomes on all type of farms are forecasted to be much lower in 2015 than in 2014 and so the income level in 2015 is on the same level as 2009 where many farms had to stop. The expected income is not able to cover the payment to the farmers and return on capital. A hot discussion is how to bail farms out as the banks are still hesitant to lend money even to very efficient farms. This restructuring is not easy.

CAP reforms

The new CAP reform coming next year will decrease the subsidy for many farms. The environmental set-a-side will be 5% of the total area in rotation and there will be a requirement of having three different crops on most farms (>30 ha) in 2015.

Environmental regulation

Many Danish farmers think that the environmental regulation with respect to water quality, ammonia, biodiversity is too strict. The implementation of the Water Framework Directive is going on and the government new focus on jobs have lifted the regulation a little (fewer riparian zones and areas with catch crops). Several court cases are now under way and the farmers hope that this will ensure that they do not need to have under optimal N-norms (-18%) and no riparian Zones. The elections are on the 18th of June and so this could be a change in how tight the regulation will be. A new target for ammonia emission in 2020 has been decided and it will allow some growth even if the ammonia requirements are to be met. A new levy on pesticide use hopes to shift the consumption towards more environmental friendly types of pesticides.

Energy

Several new biogas plants are now under way due to the new energy deal from 2012. The use of wood pellets has replaced straw in some central power plants, but initiatives to use straw for 2nd generation bio ethanol are on its way with Maabjerg Energy Concept as the flagship.

2015 IFMA COUNTRY REPORT FOR KENYA

By Philip Nyangweso

Introduction

This year's report covers the period July 2014 to June 2015. Farm and agribusiness activities continue to depict the resilience nature of a majority of the Kenyan people in handling their day to day challenges. The economic outlook has been bright with Economic growth estimated at 4.9% in 2013, 5.7% in 2014 and better projections expected in 2015. Drastic currency depreciation and rapid inflation that commenced in 2011, showed stability for both indicators in 2012, 2013 and 2014 before worsening in 2015 with the shilling dropping to a low of Kshs. 96 per US dollar. Infrastructure development across the country continues to be the driving force of most economic activities triggered by the adoption of devolved county governments. The future performance of the Kenyan agribusiness will depend heavily on the incentive structures put in place by the national and county governments as well as how the fragile security situation in the Horn of Africa is managed.

Weather:

The weather in the grain basket of Kenya has been good this year just like it was in 2014. Unlike last year the onset of rains was timely and well spread across high potential areas. Harvests of major cereals and other crop enterprises are expected to remain high this year and thus stabilize produce prices. Consequently, most rain fed exportable agricultural commodities such as tea, coffee, vegetables and cut flowers should perform strongly and reap benefits of a weakened Kenyan shilling. The strong performance is expected to be replicated in the livestock sector.

Production Inputs:

Farm inputs continue to be the key to any efforts aimed at revitalizing agricultural production. Unfortunately, the cost of inputs has continued to escalate every year denying poor farmers an opportunity to access quality inputs. In recognition of this the Kenyan government on numerous occasions has provided subsidized fertilizer to maize farmers for the last three years to improve access to fertilizer and stabilize the production of a staple crop. This initiative has been appreciated by majority of the cereal farmers. However, the subsidy sometimes arrives too late, in insufficient quantities and its coverage is also limited. Future support should consider expanding crop coverage, geographical coverage and streamline its administration to improve efficiency and cost effectiveness. Fluctuation of exchange rate and global oil prices continue to impact on farm cost in the country.

Markets:

The cereal crops of 2014 were sold at good prices since no sudden imports were reported. Prices for 2015 production are expected to stabilize due to the favorable weather and stabilized fertilizer subsidies support. While market outlook for tea and coffee look bright, horticultural commodity exporters continue to face emerging challenges for accessing the European markets. Measure should be put in place to not only to strengthen existing markets, but also diversify our horticultural export markets

Farmers:

More than 60 percent of farmers in Kenya are smallholders holding an average land size of 2.5 hectares and account for over 75 percent of the total production. Cereal and other farm product prices are expected to be relatively good for commodities that serve the domestic market just like the past two years. This should act as an incentive enough for consistent supply of the commodities in question. Large scale farmers who have also consistently invested in agribusiness activities in Kenya should also be encouraged by crafting favorable policy environment. Despite the many challenges faced Kenyan tea, coffee and horticultural crops continue to get a share of the global market. Strong Farmers' groups and compliance with international requirements are expected to drive the success of Kenyan agribusiness products in the near future.

Land:

Land continues to be a very emotive issue in Kenya and policy formulation is faced with a lot of challenges. Wrangling between the Cabinet secretary of lands and Commissioner of lands has slowed down land transactions and quite a number of business deals which is detrimental to the economy. Land prices in Kenya have continued to rise every year. Land transactions have also been riddled with corruption and resulted in too many cases of illegal land acquisition. In addition, lack of title deeds has hindered long term investment projects because of lack of security of tenure. The land ministry should clean its house and facility efficient service delivery to Kenyans to improve access to one of the most critical production resources-land. There is still room for refining Kenyan land laws with a goal of improving productive access to land.

Access to credit:

Credit is a key to expansive future investment. Risk and uncertainty of agricultural investment is the major stumbling block to access of agricultural finance. Concerted efforts are required to hedge against such risks to encourage mainstream commercial banks to put their money in the agribusiness sector**.** This presents a great opportunity for the insurance companies to consider non-traditional insurance covers. The government has used the Agricultural Finance Cooperation to ease access to credit by farmers. However, whichever option adopted to facilitate access to credit, the long term sustainability will determine its success.

The Future of Kenyan Agriculture:

The future of Kenyan agriculture is bright. Investment in irrigated agriculture is one of the key areas that will catapult Kenyan agriculture to another level. More needs to be done in translating a lot of nice policy documents that lie on the shelves to actionable documents that will in the long term transform the lives of millions of Kenyans.

Regional Report

Africa Farm Management Association held a successful 9th AFMA Congress in Cape Town South Africa on 16-20 November in 2014; The Theme of the Congress was "***Transforming African Agriculture: From Production to Markets and beyond***". African Farm Management Association is poised to hold its 10th Biennial Congress in November, 2016 Mauritius. A new AFMA Council was elected presided over by AFMA President; Prof. Philip Nyangweso in close consultation with his vice president Mr. Mfusi Mjonono who was the chairman of the local organizing committee. The new Council is composed of Mr. Mfusi Mjono(President-elect, South Africa), Shane(Vice President, Mauritius), Dr. Mark Korir(Secretary General/Treasurer,), Prof. Philip Nyangweso(Past President, Kenya), Dr. Paul Odwori(Rep, East and Central Africa, Kenya), Monaren (Rep Southern Africa, South Africa), Prof. Usman Haruna (Rep West Africa, Nigeria)

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COUNTRY REPORT FOR NEW ZEALAND

JOHN GARDNER

JUNE 2015

LIVESTOCK NUMBERS

Total sheep number just under 30 million, the lowest since 1943

Deer at 950,000 are less than one million the least since 1990

Dairy cattle at 6.7 million are the highest ever with 40% in the South island.

Dairy cows numbers are growing faster in the South Island than the North Island

Beef cattle remain at about 3.7 million

The trend to dairying & dairy support continues at the expense of sheep/beef

Deer & cropping (dairy support provides grazing for replacement heifers & cows over the dry period)

ECONOMY

- In 2014 there was a general election & a centre right government returned to power
- The economy is generally viewed as being in good shape but facing headwinds
- The budget may show a surplus for 2014/15 (June year) but actual result not known till October
- Inflation is close to zero , below the target of 2% (deflation issues)
- The Official cash rate (set by the Reserve Bank) was3.5% but lowered to 3.25% on 11 June in part due to falling dairy prices
- Further reductions in the OCR have been signalled
- Unemployment is running about 5.6%

WEATHER, DAIRY, SHEEP

- Many parts ,in particular the east coast of both islands & west coast of the lower north island experienced a dry summer although not as severe as in the previous year. Forecasts that dairy production would be less than in 2014/24 did not eventuate
- The milksolids price fell from $8.40 per kgm milksolids in 2013/14 to $4.40 in 2014/15 (current year) due to a number of factors in the world market place.
- Total farm debt is about $55billion of which $35 billion is owed by dairy farmers of whom perhaps 10-15% are heavily indebted & perhaps one third of all will make a loss this year.
- The 2015/16 year is likely to be more difficult than 2014/15 because in part some of the good returns in 2013/14 flowed through to 2014/15. There will be no such flow through from 2014/15 to 2015/16. Indeed in August 2015 for the first time since Fonterra was formed (2001) there will be no milk income

- Fonterra announced earlier this week that “hundreds” of employees would be made redundant
- Times are tough & some businesses will fail but perhaps not as many as some believe. The resolve of farmers should never be underestimated
- There is no evidence to date of dairy land values falling.
- In the sheep and beef sector fortunes are mixed. Early in the seasons lambs were making around $100 but a combination of factors including difficulties in China & increased production lowered prices leaving the overall price for the season likely to be about $94. The market for beef has been strong providing a welcome boost to not only sheep/beef farmers but also dairy farmers from the sale of surplus dairy animals Wool has been volatile but is currently selling wool
- The processing side of the sheep/beef sector is again under the spotlight. The reality is that any change needs to be commercially driven & those in the sector are not at the stage where this needs to happen. The two largest processors are co-operatives but although some are calling for a merger there is no sign of this happening at the moment

GENERAL

- The primary sector continues to face increasing scrutiny around environmental issues (water , nitrogen & climate change). Changes to the Animal Welfare Act impose new obligations on farmers. For example dairy farmers are no longer able to induce calving.
- Farmers health & safety has attracted much publicity. Deaths from ATV”s, Tractors & animals have been well documented but only recently has it found that the leading cause of farmer deaths is suicide. Programmes have been developed to help farmers cope with depression & farmers have been encouraged to keep an eye on their neighbours
- Enrolments at Massey in Agriculture are at their highest ever possibly in part due forecasts showing the primary sector, in the widest sense, could need as many as 50,000 more people. It is believed many of these jobs will require a tertiary qualification. Increased support for tertiary study has helped
- An increasing number of schools are introducing agriculture in to the curriculum. This is designed to make students aware of where food comes from & the importance of agriculture in the NZ economy
- Many farmers believe that their sector is unnecessarily regulated. There is however no sign of this changing. Indeed farmers will have to cope with more regulations in future

COUNTRY / REGIONAL REPORT WEST AND CENTRAL AFRICA

Dr. (Mrs.) Grace Evbuomwan (Nigeria)

INTRODUCTION

It is important to remember that Africa is made up of 54 countries distributed into five regions; North Africa, South Africa, West Africa, East Africa and Central Africa. Therefore, Africa is not a single monolithic whole. In general however, the agriculture sector is still a major employer of the majority of the labour force while productivity in the agriculture sector is still relatively low. Among the four stages used to categorise the state of development in agriculture, i. e. the "beginning'', "agricultural surplus'', "integration'', and "industrialisation'', most African countries are at the beginning phase and only a few in the agricultural surplus phase.

Thirty-four (34) of the 54 countries in Africa are classified as Least Developed Countries (LDCs) representing a disproportionate share of Low Income Countries (LICs). However, evidence suggests that countries that have increased productivity across the globe benefitted from economic growth sustained by agricultural transformation. Africans have an opportunity, now more than at any time before, to change their lives through increased agricultural productivity and enhanced agribusiness that connects smallholders to national, regional and global value chains.

African Leaders have committed to raise the share of national budgets allocated to agriculture to at least 10 per cent and work towards agricultural GDP growth rates of at least 6 per cent. Both were reaffirmed in the 2014 Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods. Leaders further committed to at least double agricultural productivity levels by 2025 and mobilise private and public investment by (i) improving policy and conditions to facilitate private investment in agriculture, agri-business and agro-industries; and (ii) fast-tracking the African Investment Bank to mobilise finance for priority agricultural projects.

On May 28, 2015, the former Nigeria Minister of Agriculture and Rural Development, Dr. Akinwumi A. Adesina was elected President of the African Development Bank (AfDB). He succeeds Donald Kaberuka (Rwanda), whose second term as President of the Bank ends on August 31, 2015. Dr. Akinwumi Adesina has said that energy sufficiency will top his agenda for Africa when he assumes office in September, 2015. He said the power challenges in Africa are unacceptable because without power, there can be no industrialisation, inclusive growth, private sector growth or agro-processing. As the Nigeria Minister for Agriculture, Dr. Akinwumi Adesina was applauded both nationally and internationally for the various innovations he introduced which revived the nation's agriculture.

NIGERIA COUNTRY REPORT

In Nigeria, agriculture is made up of four sub-activities namely: crop production, livestock, forestry and fishing. Within the sector, crop and livestock production sub-sectors are the drivers of the agricultural sector. Real agricultural GDP growth in the first quarter of 2015 stood at 4.70 per cent (year-on-year), a decrease of 0.83 percentage points from the corresponding period of 2014 which recorded a growth rate of 5.53 per cent. The 2015 first quarter figure indicated an increase of 1.06 percentage points from 3.64 per cent reported for fourth quarter 2014. Crop production was the main driver of growth in the agricultural sector in the first quarter of 2015 with a growth share of 82.57 per cent. Favourable rains benefitted crop development in the major producing states of the country. The contribution of agriculture to GDP in real terms was 19.79 per cent in the first quarter of 2015, compared to 19.65 per cent in the first quarter of 2014 and 23.86 per cent in the fourth quarter of 2014.

In March, 2015 Nigeria successfully elected a new President who was sworn in on May 29, 2015. The new President (President Buhari) has reiterated that the agricultural sector is one of his top priorities as was the last administration led by President Goodluck Jonathan under whom the President elect of the AfDB, Dr. Akinwumi Adesina served as the Minister of Agriculture and piloted the Agricultural Transformation Agenda (ATA) which was launched in 2012.

The ATA aims to reduce the country's reliance on food imports by increasing production of the five key crops, including rice, sorghum and cassava. A number of import-substitution measures were introduced to support domestic production. For example, the mandatory inclusion of 10 per cent of cassava flour in bread was implemented as of 2012, with the rate of substitution expected to reach 40 percent by 2015. ATA also aims to make Nigeria self-sufficient in rice by 2015, when imports will be banned.

In the face of dwindling oil prices (currently $65.14 per barrel compared with $110.29 per barrel in June 2013), which has adversely affected the nation's foreign earnings and fiscal profile, the agricultural sector remains a very important sector in Nigeria. Agriculture remains a critical sector that can be targeted to create jobs for our teeming youths. The National Bureau of Statistics 2012 baseline survey revealed that currently, 37.0 percent of youths are engaged in agriculture, spread through the various sub-sectors, crops, livestock, fishing and forestry. Distribution of youth's annual turnover from agricultural business by type of activity revealed that; crop farming activity contributed the sum of four trillion Naira, livestock contributed two trillion Naira, poultry contributed twenty billion Naira, fishing also contributed twenty billion Naira, while forestry contributed one billion Naira.

From the foregoing, if adequate strategies are put in place by the new administration, more youths can earn their living from the agricultural sector and contribute to the growth in Nigeria's gross domestic product, and assure food security in the country.

COUNTRY REPORT FROM POLAND 2014/2015

Edward Majewski, June 2015

Weather

After having adverse weather conditions in a period of several years affecting selected parts of the country (mainly droughts), weather in 2014 was exceptionally good for agriculture, with a relatively good rainfall distribution and lack of catastrophic events. 2015 so far is less favorable – as a result of very mild winter and small amounts of snow there was not enough water in the soil during spring time. There were also signs of drought observed in some areas in June, that may very likely affect the 2015 yields of canola and cereals.

Agricultural production - crops

2014 yields of main crops were very good, compared to the previous year or the 2006-2010 average. The yield increases of main crops in 2014 in relation to the 2013 were as follows:

- Cereals - about +15% (harvest – 32 mln tons, historical highest);
- Canola – +18% (27% above 5 years average);
- Potatoes - +30% (48% above 5 years average);
- Vegetables - +15%
- Apples - +3,7% (about 50% above five years average, harvest - 3,2 mln tons, historic highest).

Good 2014 harvest resulted to some extent from favorable weather conditions, but can be attributed strongly to structural changes in Polish agriculture, modernization processes and technological improvements.

Outlook for 2015 is less optimistic. Yields of canola and cereals will be most likely 5-10% lower than in the year 2014, mainly because of dry June.

Agricultural production – animal sector

Cattle

The total number of cattle is relatively stable in recent years, although a long term trend shows reduction in number of dairy cows (about 10-11% in 2014 compared to 2005). In the milk production sector diminishing number of cows is compensated by a slow, but continuous milk yield increase.

As a result of on-going concentration and specialization processes the average herd size of dairy cows has reached 35 cows in 2014 (about 50-60 in specialized dairy farms).

Pigs

For a number of reasons, such as high prices of cereals and concentrates for pigs, diminishing demand for pig meat, relatively poor feed conversion ratio in many farms and low profitability of production, as well as imports of live pigs and pig meat, the number of pigs in Poland has fallen from 18 mln heads in 2007 to about 12 mln pigs in 2014, stabilizing at this level in the years 2013-2015.

Poultry

In the year 2014 Poland became probably the leader in poultry meat production in Europe after the increase of production by 10% compared to the year 2013. This trend is expected to continue in 2015, although at a lower rate. About 40% of poultry meat was exported in 2014 (30% in 2013).

CAP Reforms

In the year 2014, two major Common Agricultural Policy changes have been introduced: abandoning of the milk quota (1 April 2015) and implementing the so called greening of the CAP.
Having prospects of the removal of milk quota dairy, farmers in Poland have already increased production in 2014 by about 600 mln kg. As a consequence, a penalty for exceeding production above limits of the quota has to be paid of about 40-50 mln Euro. It is expected that Polish production of milk will increase in 2015. Processes of concentration of milk production in larger herds (small scale farmers resign continuously from keeping animals) and regionally (at present milk production in Poland concentrates in 2 administrative regions podlaskie and mazowieckie) will continue.

Regarding greening of the CAP, there are 3 key requirements: diversification of cropping structure (minimum 2 or 3 crops, depending on farm size), maintaining amount of permanent grassland and establishing 5% of the Environmental Focus Area (EFA) on arable land. Meeting the greening is a condition for receiving the full amount of eligible direct payments. The smallest farms (below 15 ha of arable land), also organic, are exempted from this regulation. Since Polish farms are strongly diversified (majority are mixed farms) a relatively small percentage of farms (mainly large, arable) will be affected by the greening due to the need of withdrawing some of the arable land from production in order to establish required EFA. Analyses show that introducing the greening will have no impact in Poland, both on production and economic results in the farming sector.

Russian embargo

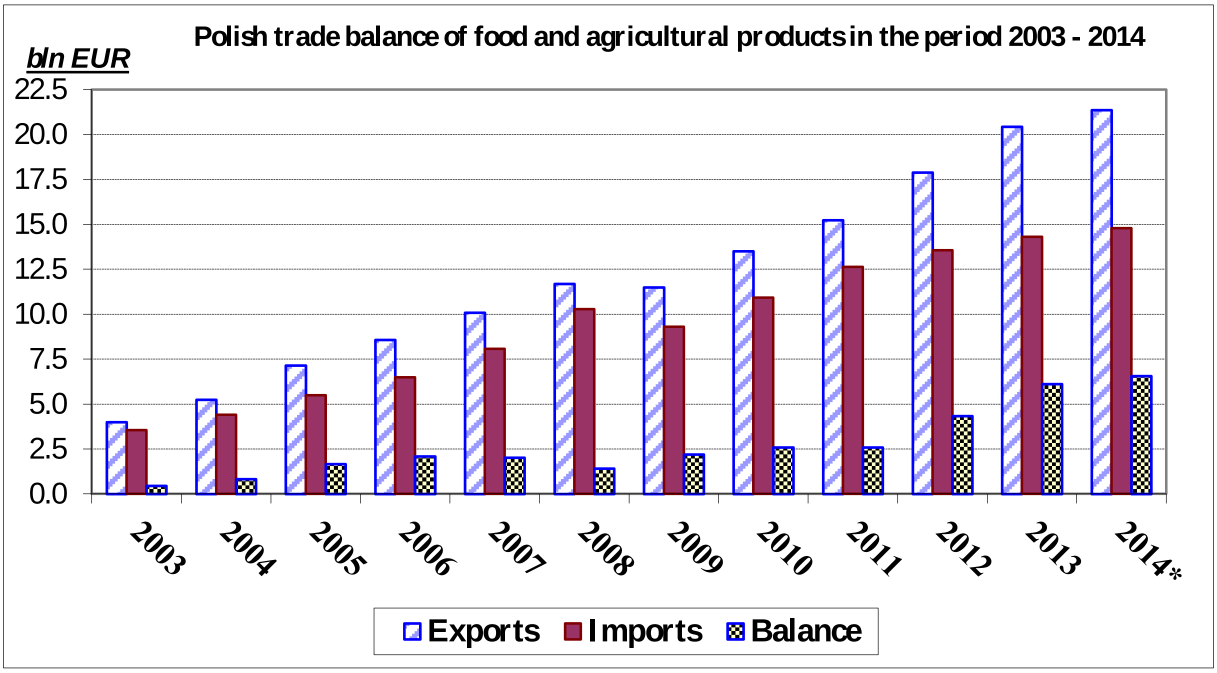
In 2014 Russia imposed an embargo on imports of several products in response to the sanctions imposed on Russia after the events in the Ukraine. Initially it was a shock to the Polish Agri-food sector. Russia has announced a ban on imports of meat and meat products, milk and dairy products and fresh and processed fruits and vegetables, constituting an important share in Polish exports to this country. So far consequences of the embargo for Polish food producers are much milder than expected. There are still some exports “trafficking” to Russia through former Soviet republics. Polish producers also diversify their exports by finding new trading partners in other countries worldwide.

Prices of agricultural products and Farm Incomes

Because of high yields, historic records in harvests of some crops and increases in the volume of animal sector production 2014 prices went down in relation to the 2013 levels – e.g. wheat by about 25%, canola – similarly, milk – about 20%. It should be emphasized, however that 2013 prices were exceptionally high. Due to a good harvest and an increase in the value of direct payments farmer incomes stayed approximately at the 2013 level.

Trade Balance

Despite the Russian embargo Polish exports of agricultural and food products have increased in 2014. Once again in the period of last 11 years the trade balance has improved (fig. 1).



Country Report – South Africa – June 2015

Frikkie Maré

Economy

- Economic growth (Gross Domestic Product) is remains under pressure at 2.1% (Year-on-Year) for the first quarter of 2015. It is however above 2% for the first time since the end of 2013 and we hope that it will increase further.
- The inflation rate (Consumer Price Index) is currently at around 4% (Year-on-Year) and thus within the target of between 3% and 6%.
- The increase in the GDP and more stable inflation kept the interest rate (Prime lending rate) constant at 9.25% since July 2014.
- The Rand remains weak against the major currencies and an US Dollar, Euro and British Pound cost respectively R12.12, R13.56 and R19.03.
- Unemployment increased and is currently 26.4% (Strict Definition), the highest since 2008. Unemployment remains a big problem in SA and is unfortunately overshadowed by other political fights.

Politics

- Although the economic situation is relative stable it seems as if the peoples trust in the President is declining.
- Land reform remains a hot debated topic in parliament with different views and opinions on the subject. The current proposition by government is to put a cap on the amount of farmland that may be owned. The proposed sizes are 5000 ha for a large farm, 2000 ha for a medium farm and 1000 ha for a small farm. This was however not thought through properly as the minimum economic viable unit differs between areas and may be smaller than 20 ha in some areas and larger than 12 000 ha in other areas, depending on the type of production on the farm.

Weather

- 2014 was again a relative dry year.
- The summer rains from the previous season was not enough to build sufficient ground water reserves and the little rain in the summer of 2014/15 lead to a smaller summer production crop.

Markets

- The price data for selected agricultural products for the first and fourth quarters of 2014 and the first quarter of 2015 are presented in the tables. For each product the average monthly price, for the months in the quarter, as well as the average quarterly price is calculated. The percentage change in the last column of each table gives the change in the average quarterly price from the corresponding quarter to the first quarter of 2015. The overall price performance in the livestock markets was very positive in the first quarter of 2015 if prices are compared with the same quarter of 2014, however, almost all the grain, oilseed and fresh produce prices were lower in the same time period. The quarter-on-quarter price differences of some of the commodities may seams strange in comparison with the year-on-year price comparisons, but the seasonality of the products must be kept in mind.

Livestock

Beef - Grade A2 - (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R29.82	R29.91	R32.47	**R30.73**	**8.72%***
Q4 2014	R33.26	R33.97	R33.41	**R33.55**	**-0.42%****
Q1 2015	R33.45	R32.83	R33.96	**R33.41**	

Lamb - Grade A2 - (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R49.04	R49.12	R47.33	**R48.50**	**10.72%***
Q4 2014	R53.77	R54.16	R57.87	**R55.27**	**-2.84%****
Q1 2015	R55.86	R52.94	R52.31	**R53.70**	

Pork - Grade BO - (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R22.04	R21.89	R21.59	**R21.84**	**7.86%***
Q4 2014	R21.81	R23.31	R24.01	**R23.04**	**2.23%****
Q1 2015	R23.53	R23.51	R23.63	**R23.56**	

Skins (R/skin) & Feedlot Hides (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014: Dorper	R79.75	R89.69	R84.15	**R84.53**	**11.78%***
Q1 2014: Merino	R113.68	R103.57	R92.07	**R103.11**	**-36.15%***
Q1 2014: Hide	R16.64	R17.15	R17.73	**R17.17**	**6.23%***
Q4 2014: Dorper	R84.20	R91.54	R92.63	**R89.46**	**5.62%****
Q4 2014: Merino	R65.60	R66.79	R69.38	**R67.26**	**-2.12%****
Q4 2014: Hide	R18.77	R18.82	R18.59	**R18.73**	**-2.58%****
Q1 2015: Dorper	R94.20	R95.13	R94.13	**R94.49**	
Q1 2015: Merino	R64.77	65.42	R67.31	**R65.83**	
Q1 2015: Hide	R18.21	R18.22	R18.30	**R18.24**	

Fiber

Wool - Market Indicator - (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R118.05	R116.39	R112.75	**R115.73**	**-4.44%***
Q4 2014	R113.27	R111.33	R110.01	**R111.54**	**-0.85%****
Q1 2015	R109.68	R110.56	R111.53	**R110.59**	

Mohair - Market Indicator - (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014		R132.13	R145.19	**R138.66**	**38.85%***
Q4 2014	R178.30	R185.62	R188.34	**R184.09**	**4.58%****
Q1 2015		R195.77	R190.92	**R192.53**	

Grain

Yellow Maize - Spot Market - (R/ton)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R3 165	R3 180	R3 233	**R3 193**	**-29.16%***
Q4 2014	R1 902	R2 010	R2 121	**R2 011**	**12.48%****
Q1 2015	R2 021	R2 317	R2 449	**R2 262**	

Wheat - Spot Market - (R/ton)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R3 778	R3 830	R4 037	**R3 882**	-0.15%*
Q4 2014	R3 606	R3 656	R3 838	**R3 700**	4.76%**
Q1 2015	R3 909	R3 844	R3 875	**R3 876**	

Oilseed

Soybean - Spot Market - (R/ton)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R6 391	R6 549	R6 431	**R6 451**	-17.49%*
Q4 2014	R5 183	R5 490	R4 901	**R5 191**	2.54%**
Q1 2015	R5 670	R5 293	R5 006	**R5 323**	

Sunflower - Spot Market - (R/ton)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R6 001	R5 536	R5 299	**R5 612**	-10.42%*
Q4 2014	R4 666	R4 940	R4 963	**R4 856**	3.51%**
Q1 2015	R5 005	R5 077	R4 999	**R5 027**	

Fruit

Apples - All Grades and Volumes - (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R7.78	R8.43	R6.84	**R7.68**	-5.60%*
Q4 2014	R6.70	R7.22	R7.30	**R7.07**	2.54%**
Q1 2015	R7.82	R7.46	R6.48	**R7.25**	

Bananas - All Grades and Volumes - (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R3.90	R3.76	R4.18	**R3.95**	7.85%*
Q4 2014	R4.20	R5.76	R5.39	**R5.12**	-16.81%**
Q1 2015	R3.51	R4.03	R5.23	**R4.26**	

Pears - All Grades and Volumes - (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R7.82	R5.58	R5.01	**R6.14**	-6.95%*
Q4 2014	R8.81	R10.92	R10.84	**R10.19**	-43.96%**
Q1 2015	R6.25	R5.39	R5.49	**R5.71**	

Vegetables

Cabbage - All Grades and Volumes - (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R7.85	R8.03	R6.40	**R7.43**	-19.88%*
Q4 2014	R6.10	R5.19	R5.80	**R5.70**	4.45%**
Q1 2015	R4.73	R5.75	R7.37	**R5.95**	

Carrots - All Grades and Volumes - (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R4.45	R3.90	R4.57	**R4.31**	-48.61%*
Q4 2014	R1.73	R1.88	R1.89	**R1.83**	20.73%**
Q1 2015	R1.60	R1.73	R3.31	**R2.21**	

Onions - All Grades and Volumes - (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R3.02	R4.04	R4.45	**R3.84**	**-23.98%***
Q4 2014	R3.09	R2.86	R3.49	**R3.15**	**-7.31%****
Q1 2015	R2.73	R2.68	3.34	**R2.92**	

Potatoes - All Grades and Volumes - (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R2.47	R2.71	R2.80	**R2.66**	**-18.17%***
Q4 2014	R3.57	R3.00	R2.81	**R3.13**	**-30.38%****
Q1 2015	R1.88	R2.11	2.54	**R2.18**	

Tomatoes - All Grades and Volumes - (R/kg)					
	Jan/Oct	Feb/Nov	Mar/Dec	Average	Change
Q1 2014	R9.42	R10.87	R11.25	**R10.51**	**-34.46%***
Q4 2014	R4.47	R4.26	R4.27	**R4.33**	**59.00%****
Q1 2015	R4.27	R8.12	R8.28	**R6.89**	

*** Percentage change Year-on-Year from Q1 2014 to Q1 2015**
**** Percentage change Quarter-on-Quarter from Q4 2014 to Q1 2015**

Country Report: Europe and The Netherlands

Abele Kuipers - June 2015

Agriculture in Europe is much diversified. Western European countries are most times more industrialized while Central and Eastern Europe is still agricultural oriented (see Table 1). The EU policies were traditionally very much focused at agriculture. This is shifting gradually, but continuously towards other sectors and topics.

Table 1: Importance of agricultural production in some EU countries (data 2011/2012).

National indicator	Netherlands	Poland	Lithuania	Slovenia	Serbia associated country
Agricultural GDP as % of national GDP	2,6	3,6	3,5	4,9	9,2
Labour force in agriculture as % of overall labour force	2,0	12,9	7,7	8,6	24,4
Gross agricultural output (%)					
animal production	47	44	35	46	30
- milk production	21,4	15	20	15	15
- beef production	6,5	5	5	14	14
arable, horticulture, fisheries, forestry	53	56	65	54	70

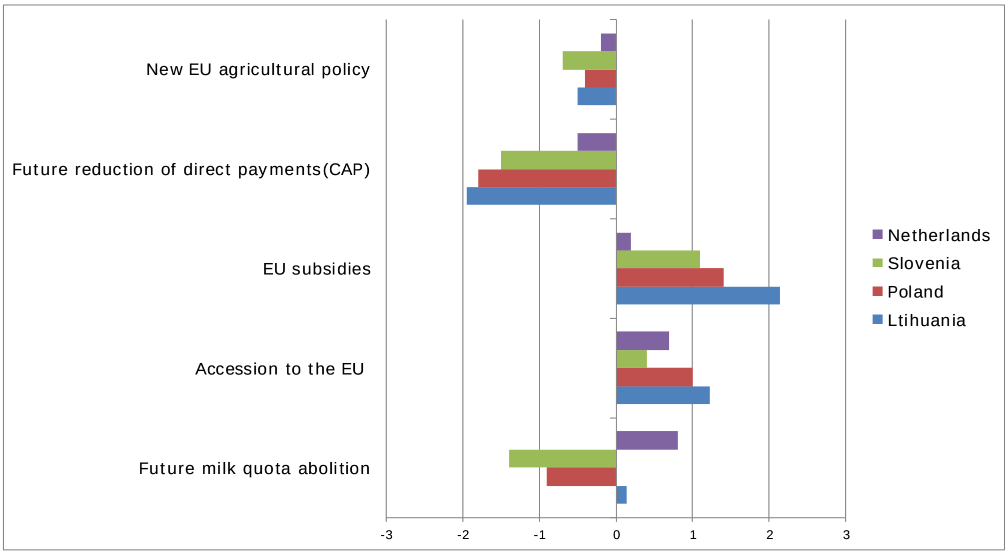
This year 2015, new EU policies were introduced. Prominent in this respect were the cancellation of the quota systems for milk and for sugar beet. The milk quota finished at April 1. The milk quota system came into operation at 1 April 1984 to deal with the surplus dairy situation in Europe. Because several countries, especially in Eastern Europe, but also countries like France produced below the national quota, the expectation last years was that production would not rise strongly without quota system. This together with free market ideas led to pressure on the EU organization to abolish the quota system. This also meant that the market value of quota was gone this year. How to continue? Countries like Ireland, The Netherlands and Poland are expected to be most expansive in milk production. Ireland has the intention to double the production by year 2020. Studies in The Netherlands prognoses a 17% increase by 2020. However, already this year a 15% increase is expected in The Netherlands because farmers were anticipating at the new policy. The number of young stock at farms increased quickly last two years. So 3 months after the abolition of quota, discussions already start in media and meetings about the growth of the sector and environmental limitations approaching in the near future (this year).

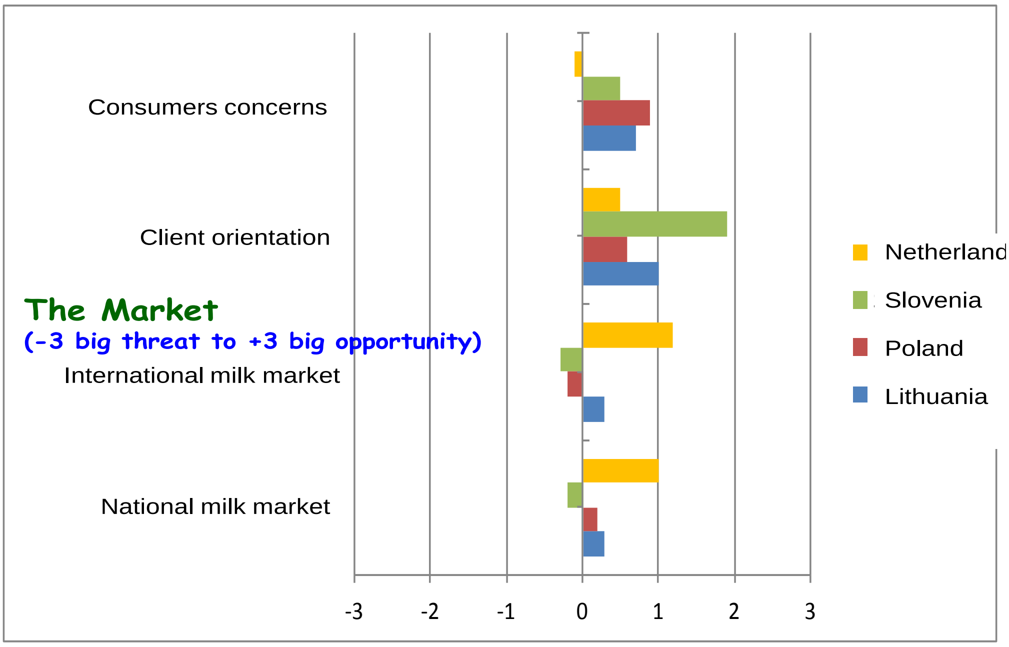
In The Netherlands in one year time milk price dropped from 40 eurocents to 30 eurocents just now. In some other countries the milk price is lower (till 20 cents). This is probably not directly associated to the abolition of quota. The Russian boycott hurts our agriculture in general, while also the higher milk production in New-Zealand and less dairy export to Asia than was expected affects the dairy situation.

The European countries have a different look at the EU and the market. A study we performed provides some insight in that (see Figures 1 and 2). About 350 dairy farmers per country were questioned about their outlook on EU policies and on the market. Farmers in The Netherlands were somewhat less interested in EU subsidies and much more hopeful about the market than farmers in Poland, Lithuania and Slovenia. Farmers in Poland and Slovenia saw the abolishment of the quota system more as a threat while farmers in The Netherlands considered this as an opportunity (Figure 1). Farmers in Slovenia and Lithuania appeared to be more consumer and client oriented. In The Netherlands farmers worry about consumers' their concerns related to food safety and animal welfare, while in the other countries consumer concerns are,oppositely, seen as an opportunity to deal with(Figure 2).

Figure 1 and 2: The EU and the Market

-3 big threat to + 3 big opportunity





Discussion points in The Netherlands these days:

1. Land tied or not

The pig and poultry sectors are considered as intensive sectors, which need strict environmental and animal welfare rules to control sustainability of these businesses. The dairy sector is urged to stay land tied. Regulations (the dairy law) come into action to link the number of cows (actually the amount of manure- P- produced) to the total acreage of the farm.

2. Enlargement

All major newspapers report over the farm enlargement that is expected in the dairy sector. A farm with more than 250 cows is called a mega farm. Together with continuing concern in this field for the intensive animal sectors (pig and poultry farms), this discussion is hardening.

3. Grazing

A Memorandum of Understanding is signed between the Government, Farmers organizations and several NGO's to stimulate grazing of cattle. About 60% of farms graze the cattle. But this is decreasing because of the increase in size of the herds, which makes grazing more difficult to organize. This tendency needs to be stopped according to above mentioned organizations. Especially the public and NGO's are very strongly advocating this management practice. Dairy processing companies pay since a few years 1 eurocent/kg more for cow grazed milk.

4. Animal / plant production

Because of production efficiency reasons related to climate change, the tendency is to discourage red meat (beef) production in favor of plant food. In this context a lot of research is initiated to look for meat replacers.

Country Report – United Kingdom – June 2015

Trevor Atkinson

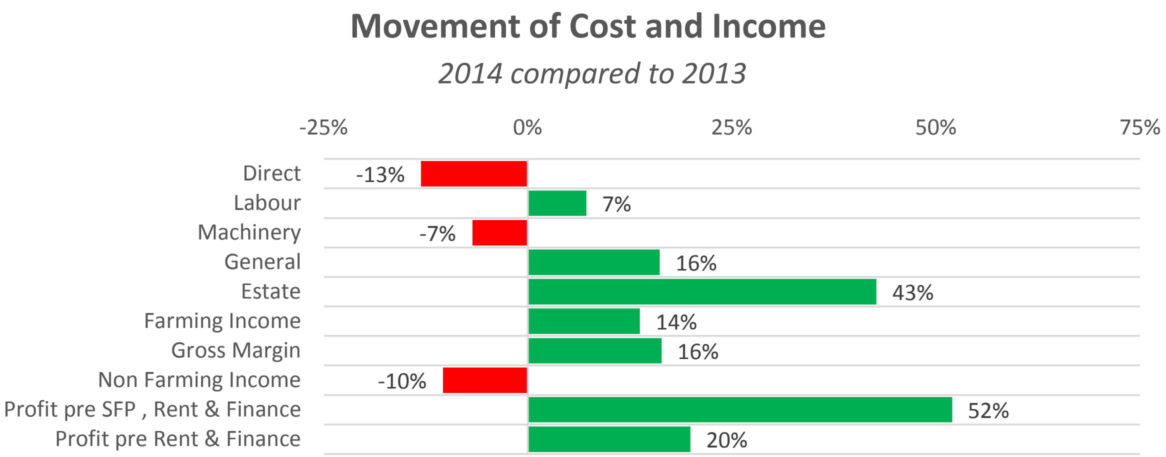
Farm Profitability

From a production point of view, 2014 harvest was record breaking on many farms with yields up between 10 & 20% on most crops. Unfortunately prices have been down similarly. Sugar beet has been the star performer with both yield and price up on previous years. Overall, gross margin from 2014 harvest crop is up by 16%

Non farming Income has dropped by 10% with reductions in income from farm buildings and also from environmental schemes.

Profit pre rent and finance profit has increased to £447 /ha (20% year on year). However open market rent values for relatively short term FBT's are in the region of £457 /ha leaving a negative return on investment. Many of the larger operators are now walking away from high rent land.

Direct costs across all the farms have increased by 13%. Seed is up 5.1%, Fertiliser up 7.4% and Agrochemicals up by 35.2%. This increased spend reflects a higher yield potential of the 2014 harvested crop through the growing season when compared to that of 2013.



Fixed Costs are down by 4% overall with savings on Labour, General and Estate costs. Machinery costs are however up 7% mainly due to increased use of third party contractors which has offset a fall in fuel price. Investment in machinery has also come down to £259/ha from £286/ha

Marketing Outlook

Weather conditions are currently variable with certain regions in the UK reporting very dry conditions, due to an unusually windy season, whilst others have plenty of moisture. However overall, 2015 crops are currently looking good as we approach harvest and we anticipate yields to be at budget or above. Hopefully they may again be higher than budget.

Strategic purchasing of inputs and marketing of outputs has become increasingly important as prices decline to levels below the cost of production. Taking opportunities to 'lock into a margin' is increasingly talked about by those who thought prices would keep rising. Current spot prices for wheat are around £110/t. These levels were last seen in 2008 when cost structures were some 54% lower. Most farmers who trade spot will make a loss if current prices remain.

Crop	Cost of Production 2014	Sale Price 2014
Wheat	£126/tn	£130/tn
Oilseed Rape	£301/tn	£290/tn
Sugar Beet	£22/tn	£30/tn
W Barley	£150/tn	£128/tn
S Barley	£151/tn	£140/tn
Beans	£215/tn	£212/tn

Farmers are increasingly looking to move away from short term, 2 crop rotations which have historically been very profitable, but also resulted in increasingly difficult and therefore expensive, weed and disease burdens. Lower performing producers with 'negative operational margin crops' may well introduce annual cover crops or even fallow into their rotations. There hope is that a non cash crop break will allow them to operate with reduced inputs on the remaining cash crops and therefore produce a comparable rotational margin.

Common Agricultural Policy

New EU CAP regulations negotiated last year mean that farmers must ensure a minimum of 5% of eligible land is goes into Ecological Focused Areas (EFAs) in order to receive their full payment under the Basic Payment Scheme. Greening regulations cover three areas: EFAs, crop diversification and maintenance of permanent grassland.

There has been considerable discontent amongst farmers with the claim process for subsidies. Changes to the information required to support claims has increased considerably and to a point where the software could not cope. In England, forms have had to be submitted on paper, a considerable step back from the online process we had got used to.

Technology & Renewable Energy

Uptake of new technology continues with GPS guidance systems now commonly used on most farms. Variable rate applications are also increasingly common both with fertiliser and seed. Use of telematics to remotely view machine performance, is starting to be more common with the larger operator. It is hoped that this technology will ultimately move to allow greater preventative maintenance of equipment, so as to further reduce downtime

Growing feedstock for anaerobic digesters is increasingly impacting on local cropping with Maize, Forage Rye and Sugar Beet now frequently grown on very favourable local supply contracts. Additionally, fields full of solar panels are starting to appear in the countryside.

People

As increased financial pressure hits the industry, the value in strong management and skill sets becomes ever more crucial. The 'Belt and Braces Blueprints' are not dead; but flexibility in decision making to respond to circumstance is increasingly the difference between profit and loss. This requires greater understanding of the business as well as skills to interpret and use the information it generates. Consequently farmers and managers alike are turning to discussion formats to share problems and seek answers in search of profitability.

John Alliston

Universities in the UK are having to adapt to budget cuts as the government reduce the amount of Government expenditure. Although Universities are now charging £9000 per student and student numbers in the agricultural sector are increasing, it still means that education is under financial pressure.Research is judged as very important by government but it is expensive to undertake. It is therefore essential that international research partnerships work together and what better way to meet and discuss opportunities than at IFMA congress.

Country Reports U.S.A – June 2015

Damona Doye

Weather

The drought has finally broken in Oklahoma. For the first time in 4 years, no part of the state is in drought. In fact, rainfall for May was at a historic high and is continuing in June so now we're dealing with flooding and delayed wheat harvest plus a bit of wheat sprouting in the head. Lakes in western Oklahoma that were at 10% capacity last fall are almost back to normal; in another area of Oklahoma, catastrophic flood depths of 23 feet or more are wreaking havoc today with homesteads flooded and more than 10 thousand acres of agricultural lands covered. Major highways and railroads are threatened.

California has not been so fortunate with respect to drought recovery. Long-term moisture deficits across California remain at near-record levels with most of the state in exceptional drought (D4 on the U.S. Drought Monitor). Because California is a major producer of fruits, vegetables, tree nuts, and dairy, the drought has potential implications for U.S. supplies and prices of affected products this year and beyond. California producers account for a large share of U.S. production of fruit, tree nuts, and vegetables (70 percent of total U.S. fruit and tree nut farm value and 55 percent of vegetable farm value). California also contributes significantly to U.S. livestock and livestock products, just under 7 percent of total U.S. livestock cash receipts, mostly dairy, cattle and calf, chicken, and egg production.

Crop outlook

Rain continues to plague the 2015 hard red winter wheat harvest in Texas, Oklahoma and Kansas. Very little harvest progress has been made over the last week due to muddy fields and very high humidity. Yield is expected to be above recent drought years but freeze damage prior to the farins and flooding mean it will not be a record harvest. Average protein has thus far been better than expected at 12.2%. The USDA June World Agricultural Suppy and Demand Estimates (WASDE) for the 2015/16 wheat marketing year average price was $4.90 (mid-range). The 2015/16 wheat ending stocks are estimated to be 814 million bushels (mb). I'll let Jay comment on corn and soybeans.

Pasture outlook

Nationwide spring/summer pasture and range conditions have started off very well, with the notable exception of California. Overall, U.S. pasture and range conditions are better than when 2014 started, with only 12% of U.S. rangeland being rated in the two worst categories, poor and very poor to start off 2015. Last year, 23% was rated in these two categories and the prior 5-year average (2009 through 2013) was 20%.

Livestock outlook

After enjoying record high profits in 2014, cow-calf operators continue to benefit from very high calf and cull breeding stock prices. Profitability continues this year with an extended optimistic outlook as the U.S. continues to slowly rebuild the cowherd nationally from historic lows. Despite lower corn prices, feedlots are experiencing significant losses. While some are making money, the average feed yard is in the red with projected losses going ahead.

The poultry industry has been battling avian flu, the worst outbreak in U.S. history, with 222 confirmed cases and more than 47 million birds affected across 15 states. USDA expects the outbreak to plateau near 50 million birds later this summer. The impacts have primarily been in disruptions in the supply of eggs with localized interruptions in turkey production. The broiler population has been spared thus far but concerns remain about transmission through migratory birds if biosecurity measures fail.

Federal Government Policy

A number of policy changes which have been in the works for years are being implemented or changed this year and bear highlighting, namely the Farm Bill, WOTUS, RFS standards and country of origin labeling (COOL). Ohers such as trade promotion authority are currently being debated.

New programs established by the 2014 Farm Bill (www.usda.gov/farmbill) offer financial protection for agricultural producers triggered by substantial drops in crop prices or revenues. Nationwide, 96 percent of soybean farms, 91 percent of corn farms, and 66 percent of wheat farms elected Agricultural Risk Coverage (ARC). 99 percent of long grain rice farms, 99 percent of peanut farms, and 94 percent of medium grain rice farms elected Price Loss Coverage (PLC). Producers were able to reallocate base acres and update yields (in places like Oklahoma with 4 consecutive years of drought, this was of no benefit to many producers). Formal enrollment began June 17.

The U.S. Environmental Protection Agency (EPA) released their final version of the Waters of the U.S. rule (WOTUS) in late May. Agricultural groups remain concerned about what it will mean. Activities such as plowing, harvesting, and moving livestock across a stream have always been exempt from federal clean water regulations but changes include:

- New protections for specific water features such as prairie potholes, Texas coastal prairie wetlands, and western vernal pools in California.
- A more specific definition of tributaries, which are protected waters under the rule due to their relationship with downstream waters. Under the new rule, “a tributary must show physical features of flowing water—a bed, bank, and ordinary high water mark—to warrant protection.” Some ditches may qualify as protected waters if they look, act, and function like a tributary with the potential to carry pollution downstream.
- New and defined protections for waters located near rivers, lakes, and tributaries.
- New exemptions for artificial lakes and ponds, grass swales, and “water-filled depressions from construction.”

EPA is also responsible for developing and implementing regulations to ensure that transportation fuel sold in the US contains a minimum volume of renewable fuel. The agency released their long-awaited preliminary proposal for 2014-2016 RFS standards in late May. The renewable (ethanol) mandates proposed by the EPA, while lower than statutory levels, are believed to still be high enough to provide a "push" for biofuels use beyond the E10 blend wall (source: farmdoc).

Under threat of trade retaliation from Canada and Mexico, the House has voted to repeal a law requiring country-of-origin labels on packages of beef, pork and poultry; the Senate has not yet acted. The World Trade Organization rejected a U.S. appeal, ruling that the labels that say where animals were born, raised and slaughtered are discriminatory against the two U.S. border countries. Both countries plan to ask the WTO for permission to impose tariffs on American goods. Also, in labeling news, the House Energy and Commerce Health subcommittee is holding hearings on a *Safe and Accurate Food Labeling Act* to help establish uniform, science-based food labeling standards.

Ag groups are advocating for passage of the Trade Promotion Authority Bill giving the US President more authority to negotiate trade deals. The House approved the TPA bill this week following days of negotiations; the Senate could have a final vote on the measure next week, putting what is called Fast Track authorization itself on a fast track to completion.

Interest rates

The Federal Reserve Bank signaled this week that it is moving toward interest rate increases later this year, but emphasized they will move even more cautiously than expected earlier. One increase of perhaps a quarter percentage point is the expectation as the economy stabilizes following a winter slump. The Fed expects its benchmark short-term interest rate to remain below 3% through December 2017.

Other Oklahoma notes

In Oklahoma, a huge increase in wastewater injection from oil and gas exploration has triggered a sharp rise in earthquakes in the state. Before 2008, Oklahoma averaged one or two magnitude-4.0 or greater earthquakes per decade. But the state had 24 of those earthquakes in 2014. The new office “game” is to see if you can guess the magnitude of the one that you just felt.

The downturn in oil prices hurts the overall Oklahoma economy. Tax revenues have declined as has employment. Employment declines are greatest in non-metro areas (more loss of jobs on rigs than in headquarter jobs). The Federal Reserve Bank's energy survey suggests that though employment may continue to decline, it will do so at a slower rate. Given the size of the energy economy in Oklahoma, downturns have spillover effects in manufacturing, transportation and business services.

See next page for Report from Jay Lee Smith, Indiana Farmer.

USA Agriculture Report by Indiana Farmer

Jay Lee Smith as of June 27, 2015

Weather:

Very cool and wet Spring with our corn planting commencing on April 16 and completion on May 24 and our soybean planting commencing on May 4 and completion on May 25. Our planting was compromised with probably 5% planted in the mud and 20% planted in very heavy soil creating much compaction. It continued to rain too much and keeps the soil with off and on ponding and very few days able to do any field work.

Today, June 27, our corn and soybean crops are the most compromised from continuously too much water and with today's rainfall of 3 inches further compromising the crops with the worst flooding of the Spring. Indiana will have low production very similar to a severe drought year. Some fields have not been planted and most of these will not be planted. Many fields do not have on any herbicide, fungicide and Nitrogen. I predict that my corn production will be down 24% from my 5 year average. It appears now that several states are compromised with too much water all Spring. The National corn and soybean crops are compromised and I suspect that a burdensome supply will not be produced.

Commodity Prices:

It now appears that the National Corn, Soybean and Wheat crops will be compromised and thus the prices will rise. Hopefully the prices will raise enough to compensate for low yields to make this at least a breakeven year.

Land Prices:

With the poor Corn, Soybean and Wheat crops in our area and other areas in the USA I now expect that farmer desire to purchase more land will diminish. With the expected lack of profit in 2015 and all of the difficulties with this year's production the attitudes will be in the negative direction to purchasing land. I suspect that the land price for our Central Indiana area will decrease by 10% this year.

Smith Farms:

We continue to implement our long term strategy with continuing land purchases as the correct situation arises. Continuing to build more grain storage as needed and work as always to maximize our yields with improving tile drainage, fertility program, herbicides, fungicides and very careful selection of the seeds that we plant. We continue our dedication to our research and yield test plots. We dedicate significant time to marketing our production and to the purchasing of our inputs. With all of our grain storage we work to market as an elevator to obtain storage returns and as a speculator to enhance our sales price and profitability.

Local Economy:

There are many empty houses in the countryside, villages and cities. Our local village of 800 has 46 empty houses for sale. The high income General Motors or Ford Motors types of jobs have left the area over the past 20 years. The available jobs in the area are in the lower end of the labor market wages. Many have moved away to secure work and hopefully a higher standard of living. Our area needs some real manufacturing jobs to come back into our area.

INTERNATIONAL JOURNAL OF AGRICULTURAL MANAGEMENT

REPORT by JOHN GARDNER - JUNE 2015

The journal had its first issue about October 2011. There are four issues per year & the next issue will complete the fourth volume & sixteenth issue.

The founding editor Martyn Warren has stepped down half way through the fourth year. Martyn has made an outstanding contribution given that he had the job of setting it up, attracting contributors, assembling an editorial team & finding reviewers. We have now a very high quality journal of which IFMA can be very proud.

Most importantly of course Martyn has left the journal in excellent shape for his successor Dr Matt Lobley Co-Director of the Centre for Rural Policy Research at the University of Exeter. Matt is a foundation member of the Editorial Board since its inauguration, a reviewer & author of a refereed paper for the journal.

The Editorial Board now consists of 27 people from around the world whose primary purpose is review papers submitted for publication

IFMA is a professional body & it is appropriate that we support a high quality academic journal where peer reviewed research can be reported. It is also important that suitable papers can be published in the Journal by those who wish to write but who do not wish to undergo the refereeing process.

I believe we should formally record the contribution Martyn has made to the Journal

See Next Page for the Editor's Report

International Journal of Agricultural Management

Editorial Board

Editor's Report, JUNE 2015

1. Following a brief transitional phase the Journal has been in the hands of the new Editor following the publication of the January issue.

2. Submissions to the Journal have declined slightly compared to the previous two years but nevertheless remain healthy. The following table shows submissions and solicited articles from 29 May 2013-22 June 2015:

	Submitted articles	Solicited articles		
		Conference papers	Other articles	Book reviews
Received	67			
Rejected before review	23			
Sent for review	44			
Published or accepted	**44**	**1**	**8**	**6**
Under revision	2			
Under review	5			
Rejected after review	9			
Withdrawn after review	2			

3. Given that I have taken over so recently there is not much else I can add about the last couple of years. I can however, outline my thoughts for the future. My plan is to build on the excellent foundation laid by Martyn and further extend the readership of the Journal and its reputation. In doing this I plan to recruit new Assistant Editors who will play a much more 'hands on' role from paper submission through to publication. Linked to this I am exploring options for the use of professional journal software which will greatly aid the submission and review process and the work of the editors.

4. In the medium term, my plan is to attract a professional publisher which will help launch the Journal to its next stage. An initial conversation with a publisher suggests interest but we will be in a stronger position once readership, subscriptions and submissions have increased whilst maintaining the quality standards established by Martyn.

This is an interesting time for agriculture and I am sure that the Journal has a bright future.

Matt Lobley - 26 June 2016