



Investments and Marketing

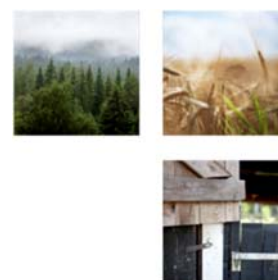
22 March 2012

JURMALA

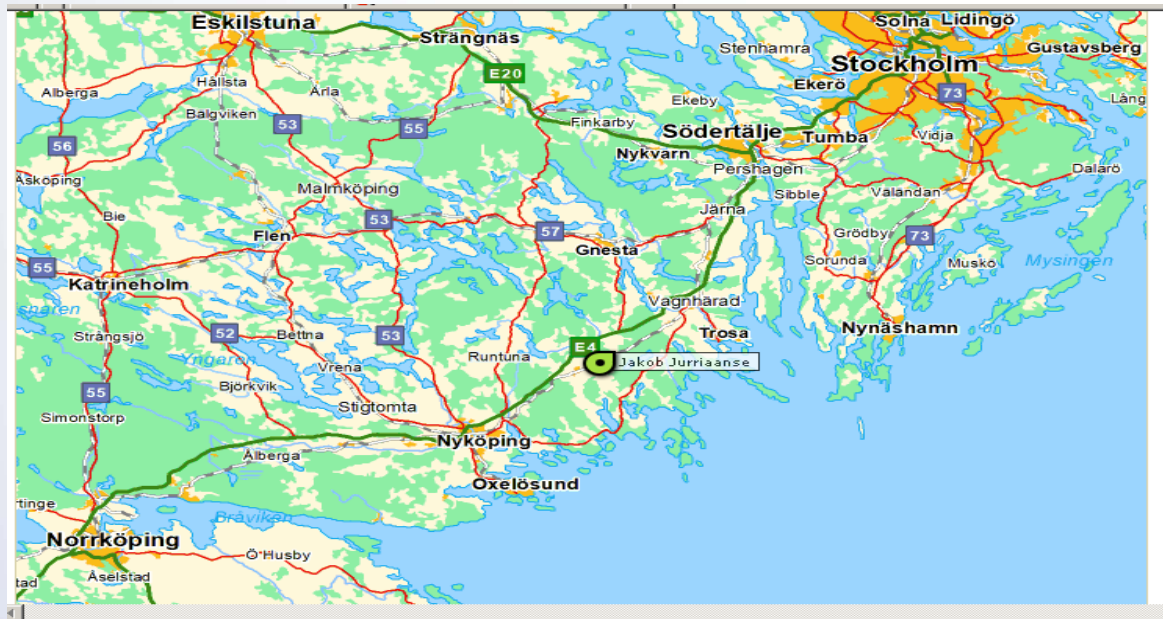


Who are we?

- Helle Reeder
 - Farm business adviser
 - LRF Konsult Nyköping
 - LRF = Federation of Swedish Farmers
-
- Jakob Jurriaanse
 - Dairy farmer
 - Stora Elghammar
 - 30 km outside Nyköping



Where?



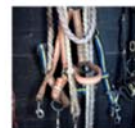
Why?

We have been invited to talk about our ongoing project



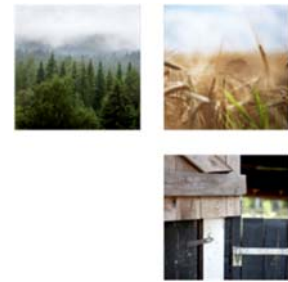
What do we hope to achieve?

- Raise awareness of why we should stand up for local farming and local dairy farms
- Sustainable farming can be successful
- Medium sized farms can be competitive



Object of the project

- To study how farm economy is affected during the conversion period
- Conversion period = The period when production is reorganized from conventional to organic farming
- Normally two years



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Risk

To convert means to leave a established farming method and take a step into the unknown.

The farmer has to think outside the box and take on an entirely new production method

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Risk

Support for organic farming,
both for crops and for
livestock.

Five-year agreements

Strict regulations

Certification authorities

New approach

There are no studies that show what happens with cash flow and profitability during the conversion period.

Project support from the Swedish Board of Agriculture for two years.

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Perfect farm and farmer for case study



- Access to all farm data
- Farm records and data in the past from former farmer
- Close to my office

Perfect farm and farmer for case study



- Access to Jakob by phone, e-mail, sms and blogg
- Always there

Elghammar Dairy Farm



- Arable land 160 ha
- Natural pasture land 22 ha
- Milking cows 72
- Young stock 65

Dairy production



- Loose house system
- Milking robot
- Milk 10 300 kg
- Free access to silage

Dairy production



Jakob delivers milk to Arla Foods

On their home page you can read:

"Arla Foods is a global dairy company and a co-operative owned by Danish, Swedish and German dairy farmers. We have production facilities in 14 countries and sales offices in a further 20, with a total of more than 16,000 employees."



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Premium price

The policy of Arla Foods has been to pay a premium price for certified organic milk from the time livestock enters conversion period.

Crop production



Crop rotation

- Ley I
- Ley II
- Ley III
- Winterwheat
- Field bean
- Oats/barely with re-seed

Conversion of Elghammar

- Start in March 2011
- Spring cultivation - according to organic methods
- Silage and grain harvest in autumn - conversion feed
- 2012 - Spring cultivation - organic methods
- Silage and grain harvest in autumn 2012 - organic feed

Livestock conversion starts six months before the end of conversion

Conversion of livestock starts
when grazing period starts
2012





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Everything is connected...

Whatever happens on a farm affects its economic performance in one way or another

On a dairy farm plant cultivation and milk production is closely linked together

In order to find relevant explanations to the economic outcome it is necessary to look at the farm as a unit

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As the project developed

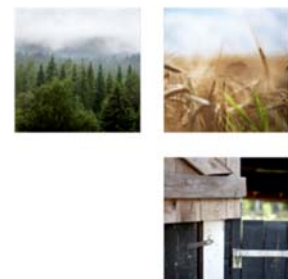
Other advisers became involved and Jakob is now surrounded by a team of advisers who are experts in:

Plant cultivation

Feed strategy

Economy

Energy



It seemed natural to broaden the project

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Important with dialogue

Milk production is a complex activity .
Plants, livestock, machinery,
buildings, capital and humans interact

Dialogue gives maximum benefit to
the farmer.



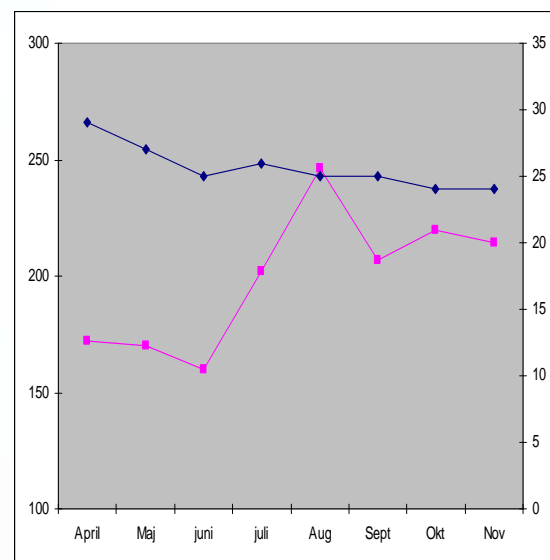
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The project has grown

Our ambition is

- to have focus on and analyse the economy
- document how plant production and milk production is affected
- keep track on other significant events that have impact on the process
- Inspire other farmers to take the step into organics, give them overall guidelines

Such as...



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The base in organic milk production is silage



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and grazing



Basic

So if you are thinking of converting to organic milk production you must love making high quality silage and have a smart grazing strategy



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How can young people start up farming?

Ageing farming society in Sweden and Europe

We need a shift of generation on farms

We need young farmers and young milk producers

To establish a milk production requires big money

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Support

Sweden has two support programmes

Start up support, <40 years,
€ 28 000

Investment subsidy, 30 % of
investment cost,
max €115 000.

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Situation today

Jakob converted in March 2011 with a view to start delivering certified organic milk in December 2012.

Overproduction

Financial crisis

Market stands still

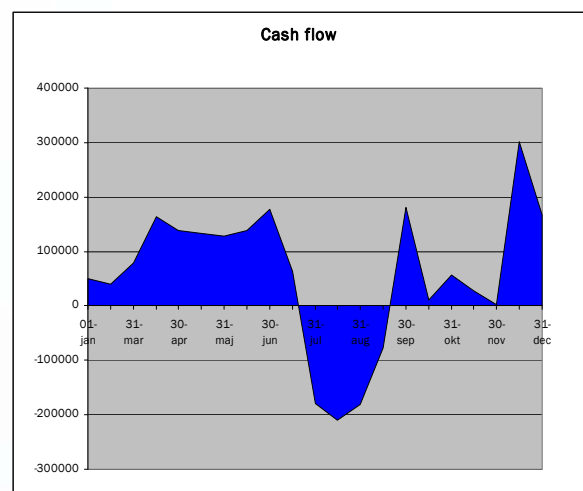


Situation today

- Arla Foods does not accept any more organic producers for this year and probably also not for 2013.
- Jakob will have a long period of conversion...

What next?

How to manage economically now that plant production is converted with all the extra costs but no premium price for the milk?





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Global - Local

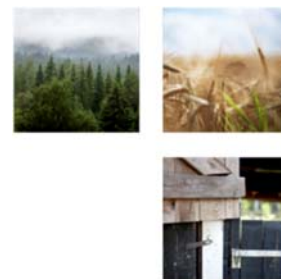
No matter how excellent your produce are – no profit if there are no customers

Make sure there is a market for your produce before start up

Always go in for quality

Outlook

- In Sweden half of all food consumed is imported
- Milk production is decreasing
- Number of dairy farms have fallen by half during the last ten years



Great change

Many consequent effects

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One consequence

- The distance between the producer and consumer is growing
- There is no understanding of modern farming, what it means to be a farmer and what the conditions of farming is.

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Another consequence

When livestock disappears our landscape changes

It will become dark and bushwood and shrubbery will capture our pasture lands.

The country side will be less attractive



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Challenge

The great challenge is to make consumers understand why they should buy domestic/locally produced food.

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Communication of results



- "What is not visible does not exist"

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Communication of results

Home page - under construction

One part is intended for farmers

One part is intended for consumers

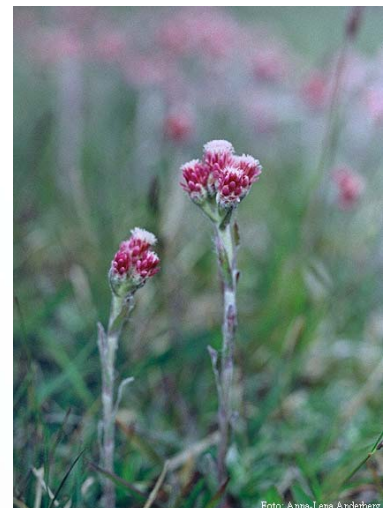
Grant from WWF

Communication of results

The aim of the home page is two folded

To inform

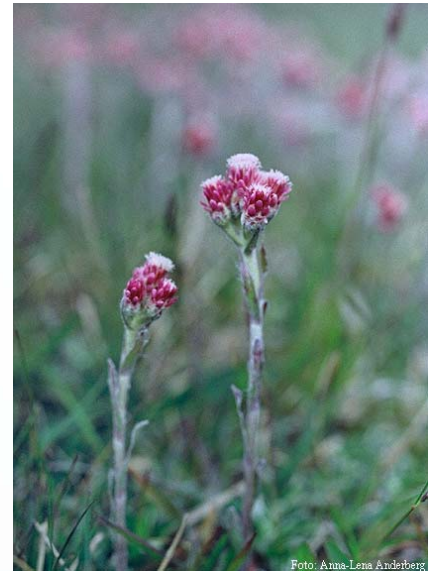
- farmers about organic production and how farm economy is affected



Communication of results

To inform consumers

- about organic production and that their choice in the supermarket has an impact on the Swedish dairy production, on our environment, on our biodiversity and openness of our landscape



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Välkommen till TANK OM

Är du producent?



Är du konsument?



Omnis pecuniae pecus fundamentum

The cow is the origin of all
our prosperity

Thank you for your attention

