Rebalancing the Market or Hitting the Buffers

Organic Research Centre Producer Conference

1st February 2017

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- The UK Market
- European Perspective
- US Market
- Conclusions
- Where do we go from here?

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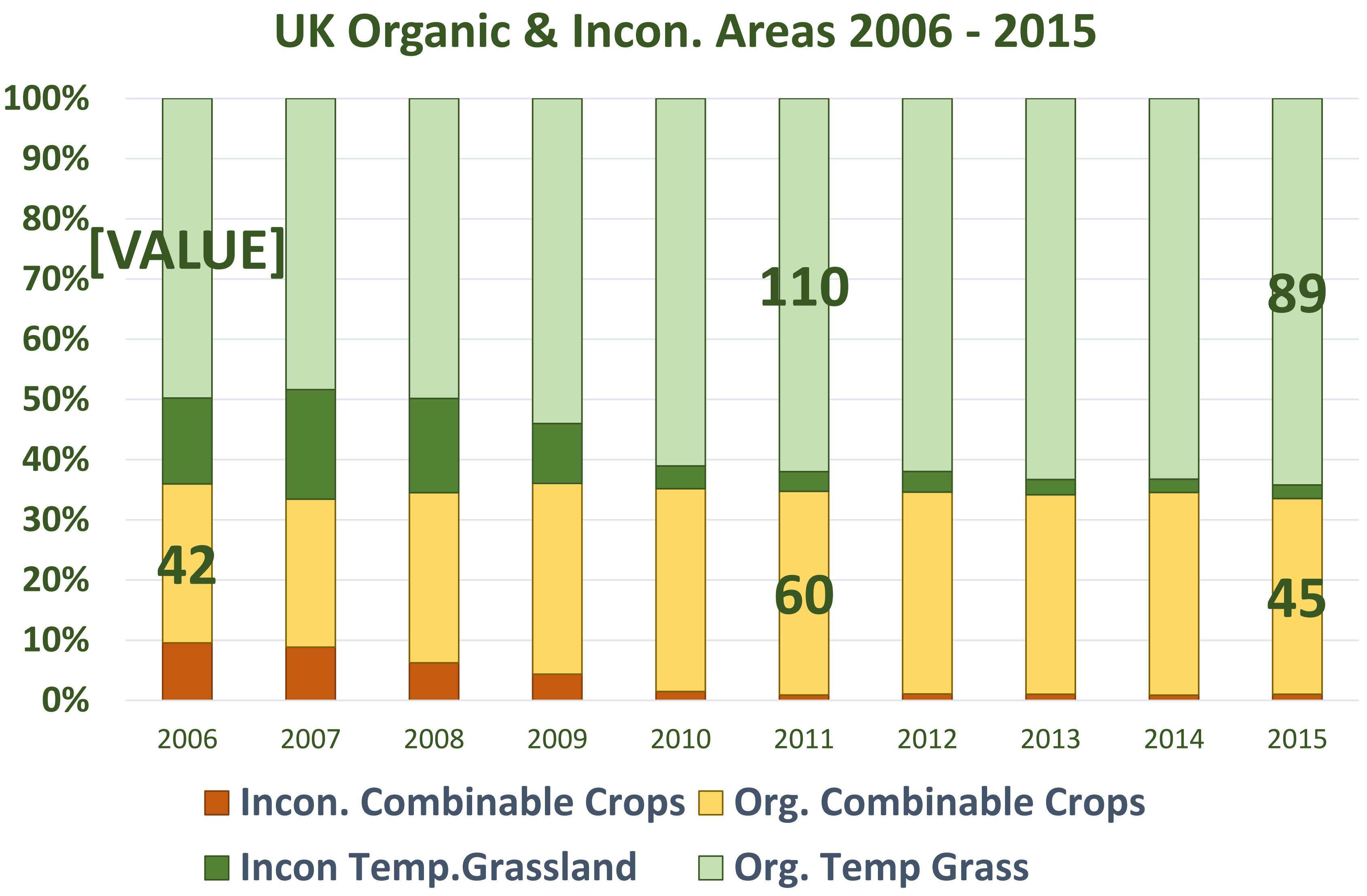
UK



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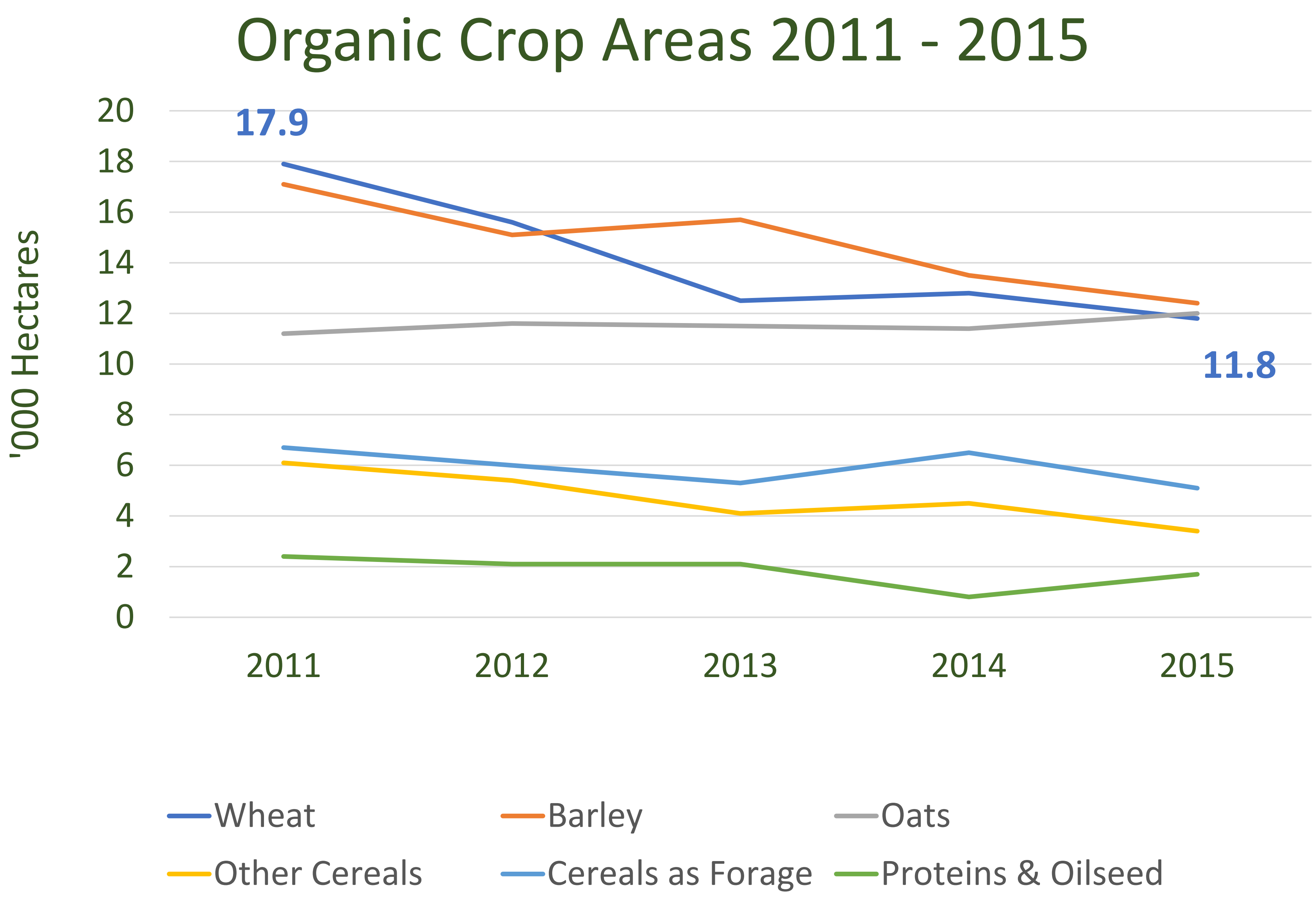
UK



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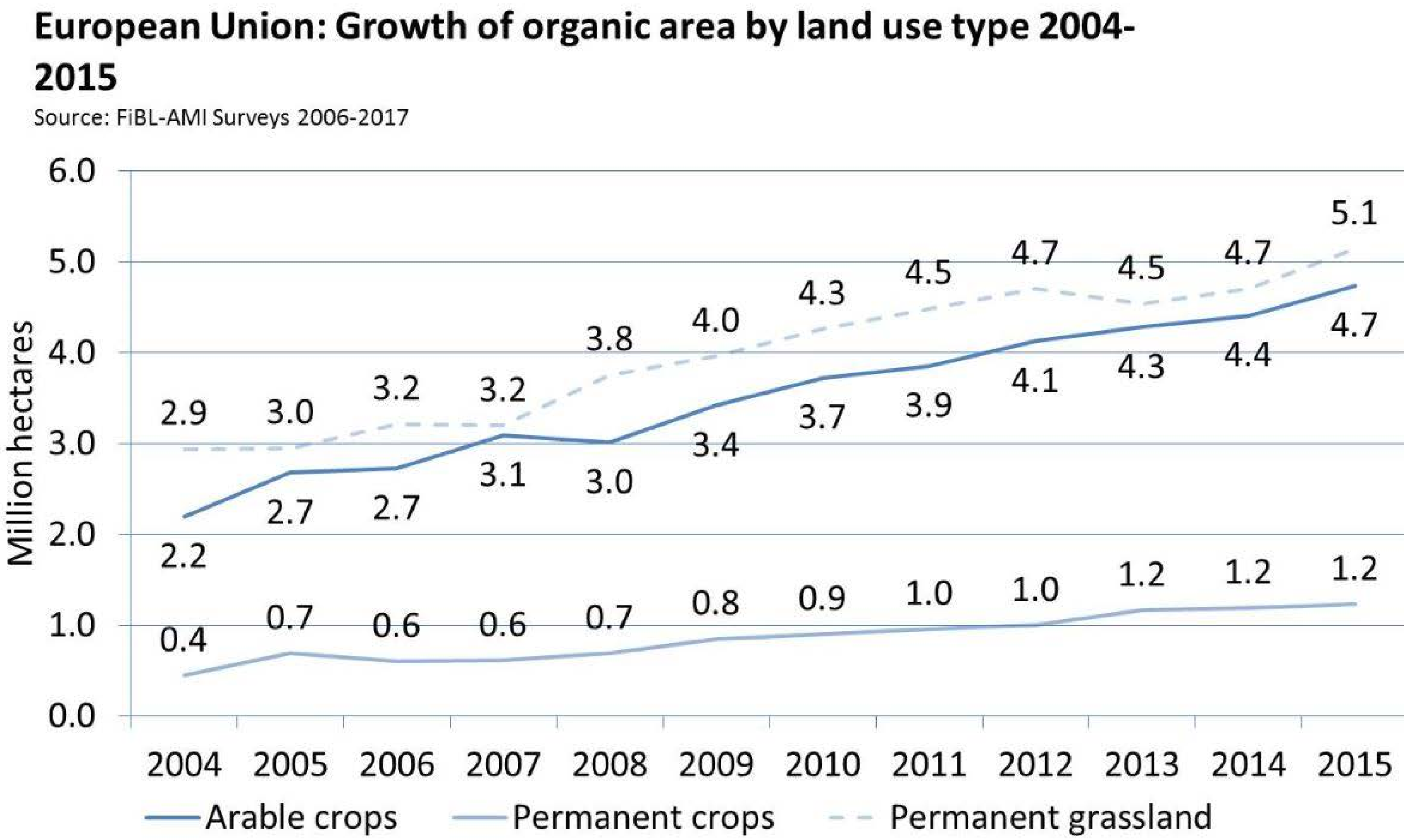
Europe



FiBL Statistics
FiBL Statistics @FiBLStatistics · Jan 13
Increase of organic arable land in the EU 2015. For more see the #WorldofOrganic, to be launche @BioFachVivaness organic-world.net/index/news-org...
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Europe

EU Organic Arable Area 2014						
	Total Arable Land	Cereals	Industrial crops	Green Fodder	Fresh vegetables	Other arable land crops
EU-28	4,767,294	1,691,451	273,087	1,869,424	145,639	84,487
Germany	445,244	231,335	12,437	133,126	11,190	3,229
Italy	702,533	226,043	22,810	281,907	29,487	20,372
Spain	452,203	209,001	16,038	21,186	13,578	900
France	732,194	186,829	55,332	352,949	16,832	28,848
Turkey	319,930	172,477	16,612	109,448	3,806	172
Poland	376,939	101,436	6,488	206,171	41,819	6,054
Austria	193,781	95,742	24,063	50,609	3,124	1,131
Sweden	398,001	95,286	5,145	261,790	1,828	3,371
Lithuania	143,445	89,906	11,394	5,880	268	0
Romania	158,953	81,439	52,583	13,636	1,210	356
Denmark	132,002	52,064	1,717	64,140	2,670	2,808
U K	144,800	39,549	78	83,268	7,204	9,608
Source:	Eurostat					

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Commission européenne/Europese Commissie, 1049 Bruxelles/Brussel, BELGIQUE/BELGIË - Tel. +32 22991111

EUROPEAN COMMISSION DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate B. Multilateral relations, quality policy B.4. Organics

Guidelines on additional official controls on organic products imported from Ukraine, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Uzbekistan and Russian Federation

Applicable from 01/01/2016 until 31/12/2016

European Commission

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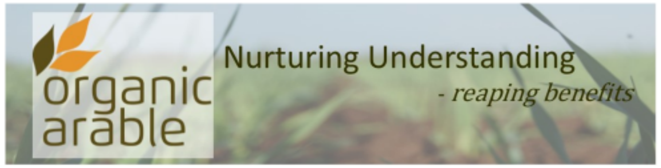

Sheepdrove Eco-conference Centre
18th March 2015

SMITHSGORE

Event supported by CGA Landskills

Chickens That Lay Organic Eggs Eat Imported Food, And It's Pricey

FEBRUARY 27, 2014 4:38 PM ET

DAN CHARLES

A few years ago, Rivest bought organic wheat from Western Canada at $8 a bu.

"Now I phone them up and offer them $28," he said, adding that farmers often counter offer requesting more.

"The market is at a point where it's going to buck that."

Instead of paying excessive premiums, he's turning to India and Ukraine for organic corn, soybeans and wheat.

"It's going to put a ceiling on the price. (Imports) have already brought the price of feed beans down from $30 (per bu.) to $24."

robert.arnason@producer.com

www.producer.com/2015/02/organic-prices-expected-to-remain-high-for-years/

...ying excessive premiums, he's turning to India and Ukraine for organic ...ns and wheat.

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USA, USA, USA

- 43% of the global market
- 11.3% increase in sales to £24.3 billion
- 7% of the global organic land area 2.2 M ha (Europe 11.6 M Ha)
- Little domestic increase in supply

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USA

US Organic Cereal Area 2011 & 2016			
	2011	2016	% + / -
	Ha	Ha	
Cropland	1,248,478	1,659,247	32
Alalfa	318,078	323,756	1
Wheat	135,908	195,063	43
Corn	94,889	118,171	24
Soya	53,465	60,704	13
Oats	25,097	44,112	75
Source	USDA	Mercaris	

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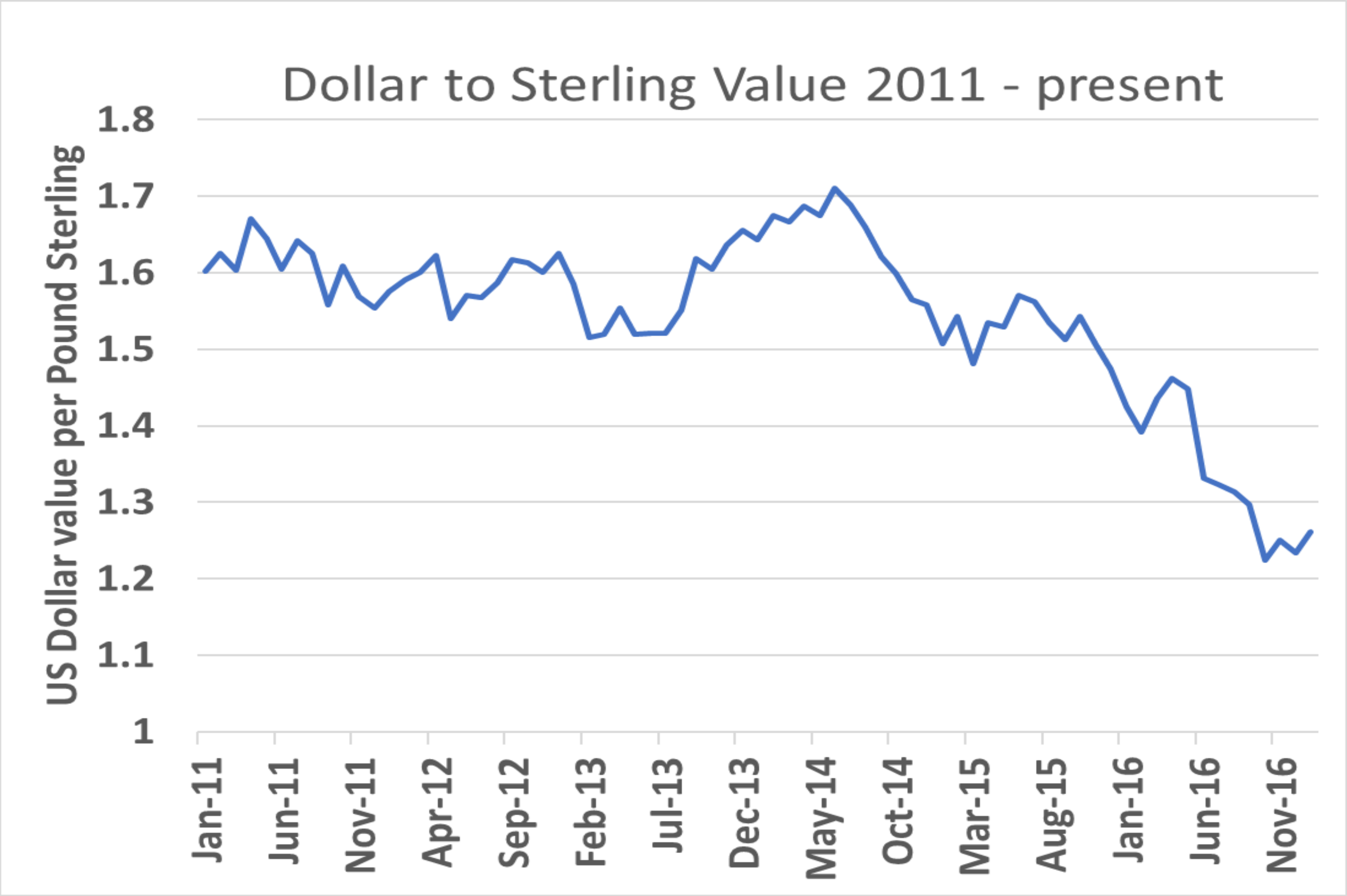
USA



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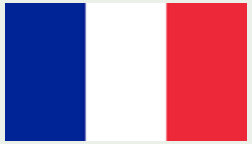
Global

Country	Market Value (£ Billion)	Market Value Growth (%)	2014 Net Exports (t)	2016 Net Imports (t)	Outlook
	£2	6%	5000	100,000 - 120,000	Very little arable conversion
	£2.5	15%	60,000	50,000	Current conversion will be used domestically. Forward prices will be £270 ex farm
	£1.9	18%	Nil	100,000	Continued import requirement
	£5.9	20%	20,000	Higher than previous years	Will be net importer as dairy conversion high
	£24	11%	?	200,000?	Conversion slowed due to cheap imports

Outlook

- We have a global shortage of grain
- Livestock and arable sectors are hugely imbalanced and recent losses in supply have/will worsen the situation
- Sterling devaluation makes export markets move attractive
- Greater likelihood of supply shocks
- Consumer markets are continuing to grow. Can this continue with insufficient grain available?

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Where do we go from here?

- Understand where your grain is coming from and take responsibility for your downstream supply chains
- Consider how robust this supply base may be?
- Imperfect knowledge reduces trust – therefore work with known and transparent supply chains. Price transparency is cheap.
- Expect to see higher prices – you are competing for a scarce product
- Question cheap supplies. They may not be fraudulent but are certainly discouraging further conversion
- Develop long term partnerships
- Arable producers need to engage too!

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	Integrity	Reliability	Nutritional Quality	Transparency	Provenence
Waitrose	✓	✓			✓
Large Volume		✓ ✓		✓ ✓	
Poultry		✓	✓ ✓		
Own Brand	✓ ✓	✓		✓	✓ ✓

Questions?