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Issues Affecting Beef Production with Suckler Cows in Poland

Workshop

Perspectives of Beef Production with Suckler Cows

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FEW FACTS ABOUT POLISH AGRICULTURE AND CATTLE PRODUCTION

Poland – country in transition

Area: 312 685 km^2

Population 38 622 660

Employed in agric.% 25%

Unemployed 18,8% 3 mln

GNP/person/year 11.500 USD (↗5,3%)

Entering EU on the 1st May, 2004

Poland brought:

- Large market
- Great agriculture production potential

But also:

- High unemployment 18%
- Partitioned farm structure 2 mil farms of average 7,5 ha
- Strong hopes of the population and specially farmers that joining EU will bring improvement of life.

Farm structure

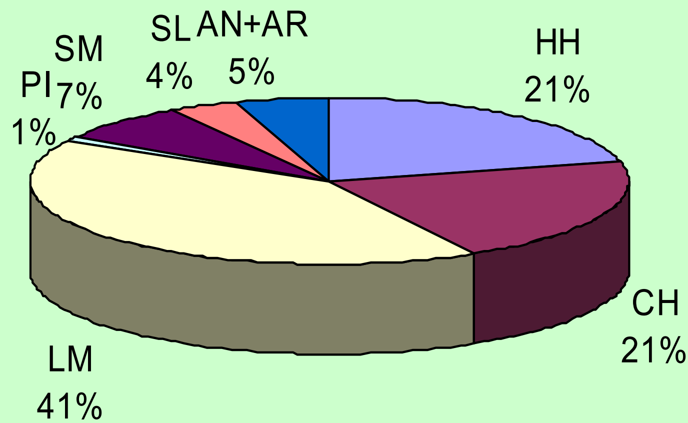
(in percent of total agric. area)

1-2 ha	26
2-5 ha	32
5-10 ha	22
10-15 ha	9
15-20 ha	5
20-50 ha	4
Over 50 ha	1

Cattle population

- **Black and white dominates**
- **Average herd 4:6 cows**
- **Average milk production 4100kg**

Breed structure of beef cattle population (2004)



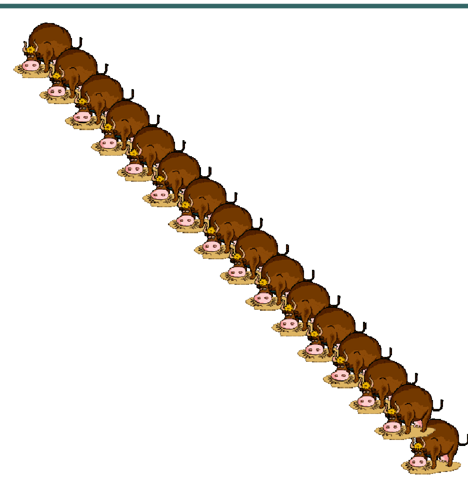
Total:25000 cows

Source: Report of PZHiPBM 2004

Cattle distribution on farms

(in percent of total population)

1-2 ha	2
2-5 ha	10
5-10 ha	20
10-15 ha	20
15-20 ha	15
20-50 ha	25
Over 50 ha	8

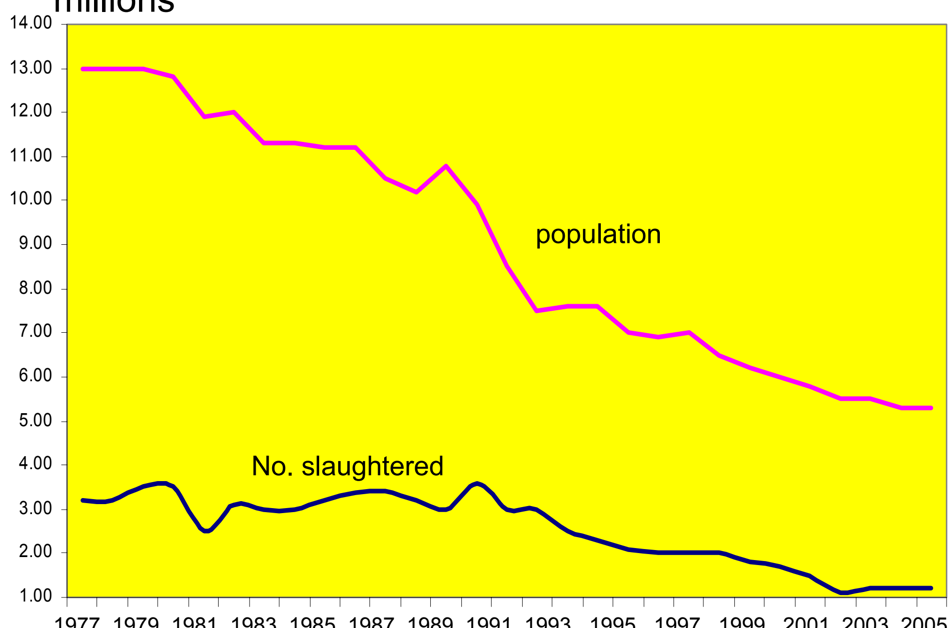


Source: Statistical Yearbook 2003

Dramatic reduction of cattle population

- 1989 – 10,7 mln
  60 per 100 ha agr. land
- 2004 - 5,4 mln
  33 per 100 ha agr. land
- Reduction continues 2 percent/year
- Problem of small dairy herds.
- Beef cattle population small (20 th.) but increases 15 percent/year

Cattle population and number of animals slaughtered in millions



Beef production

	1989	2004
No. of animals slaughtered (mln)	3,30	1,37
Beef production (live weight mln ton)	1,25	0,59

Out of 2,2 mln calves born annually 1 mln are slaughtered or exported live in age of few weeks

Crossing very important

- In 4 AI centers 102 beef bulls (65 SM, 22 LM)
- 614 thousand dairy cows inseminated
- 8,5% increase last year

Production systems

- Dairy herds are main beef resources
- Slaughtering of old called cows dominates
- Practically no feedlots exist now. In the past feedlots produced bulls up to 350kg l.w for export to EU.
- No ranches exist
- Practically no nursing cows in mass production
- Majority of young male calves exported live
- Strong influence of EU international trade policy during last decades
- Will our membership in EU change this situation?

Export - Import

Export (th. tons carcass equivalent)

	2001	2003
as meat	32,1	49,2
as live animals	25,3	37,7
Total	57,4	86,9

Import is neglecktable

WHAT STRATEGY FOR THE FUTURE ?

The answer depends on the approuch: national, regional or global

NATIONAL APPROACH

From the national point of view the answer is rather simple. Natural production resources and market potential show that we could rebuilt the cattle sector at least to the level of 1989. We have enough land, labor and consumers to aim at such target.

During the last 15 years the production of beef dropped by half and internal annual consumption per caput went down to one third and the beef export dropped. If we add to that the fact that EU-15 became recently net importer of beef and that this import grows when the production has the tendency to go down it is clear that there are good reasons to aim at increasing beef production in Poland.

Regional (EU) Approach

Lower payments for our farmers

and

Decoupling

are the problems for us

It should be stated that decoupling means something different for the countries of EU-15 where agriculture was subsidized since decades and where the modern highly productive agriculture already exists and something different for such countries like Poland where recently due to the restructurisation for example cattle population and beef production has been reduced by more than a half.

Decoupling → stabilization of the level of production

- Different meaning for different countries
- Example of Poland and Italy

	POLAND	ITALY
Cattle population mln.	5.4	6.8
Arable land mln. ha	16.8	15.6
Beef carcass prod. th. t.	320	1128

From the milk production point of view the situation looks not bad , farmers have production targets, stable market and reasonable prices are assured at least for so long as CAP is respected and maintained

The situation looks however completely different if we consider beef production sector.

As it is well known beef production was a most subsidized sector of EU-15 agriculture. However last CAP reform introduced the policy of decoupling and lamp sum premiums per farm based on the previous subsidies level. This however has not been accepted by all “old” member countries and exceptions have been approved at least up to 2007.

- Continuation of payments for nursing cows and bulls in some countries harms our competition possibilities
- Should be change our till now increasing trend of exporting mainly calves?

FACING GLOBALISATION PROCESSES

Globalization means no borders for flow of capital, commodities, labour and services. Its supporters attack all state market interventions. The instruments of regional integration like for example CAP of EU are strongly criticized by supporters of trade liberalization.

However

let us to quote the unanimous opinion of leading economists “ non of European agriculture is able to compete on the world free market and accept world prices “

If globalization and trade liberalization is the future economic and political environment of European farmers the main problem which they will have to face is **competition ability** where quality of products and costs of their production will be the main factors .

Beef production cost in different counties (euro per 100 kg of carcass weight)

EU-15	400
CEE	300
BRASIL	200

SOURCE: Agrifuture 2/04

So the hope of European farmers is the **continuation** of the main principals **of The Common Agriculture Policy** of EU. Last developments show that European farmers and the whole European society should fight for it if they do want to enjoy food security and alive rural areas .

Summing up
Our market perpectives are

National

- Great possibilities for increasing beef consumption

Internal EU

- Since the EU-15 beef production is decreasing and import increases
- Since the EU-15 became net beef importer
- The export of beef from Poland should have good perspectives

International

- The posibilities for export seem limited due to domination of countries with underutilised production capacity and low cost of production like Brazil, Argentina, Australia ect.
- However, the vicinity of Russia may create good opportunity for beef export from Poland

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Our advise to the young Polish farmers .

is

“think globally but act locally”

Thank you for your kind attention