Supporting the land-based industries for over a century

SAC

SAC Organic Market Link Producer Survey 2007 – 08 Summary Report

Summary

The SAC Organic Market Link (OML) Producer Survey for the 2007 – 08 marketing season has been completed. The objective was to estimate Scottish production in the organic beef, lamb and grain sectors. Ninety-four per cent Scottish organic producers were accounted for in the survey which was conducted by postal questionnaire and follow up telephone calls.

The survey results indicate that between July 2007 and June 2008, Scotland's organic producers will produce about 7,000 head of finished organic cattle (an increase of 19% compared to the previous year), almost 100,000 prime organic lambs (an increase of over 10%) and just over 18,000 tonnes of organic grains and pulses not including in-conversion grain (a 14.8% decrease on the previous year). The number of store cattle (approximately 3300) is almost the same as in the previous year, but the number of store lambs (22700) has fallen by 11%.

Producers

The 2007-08 Organic Market Link Project survey was sent to 637 Scottish organic producers with the aim of estimating the production of Scottish organic beef (finished and stores), lamb (prime and stores) and grain and pulses between July 2007 and June 2008. A total of 600 producers (94.2%) were accounted for either from survey returns or through follow up phone calls and emails. Respondents could be categorised as follows:

- 135 finished beef producers
- 87 store cattle producers
- 188 prime lamb producers
- 56 store lamb producers
- 124 grain and/or pulse growers

and of these:

- 77 produce both prime lamb and grain/pulses
- 71 produce both finished beef and grain/pulses
- 100 produce both finished beef and prime lamb
- 54 produce finished beef, prime lamb and grain/pulses

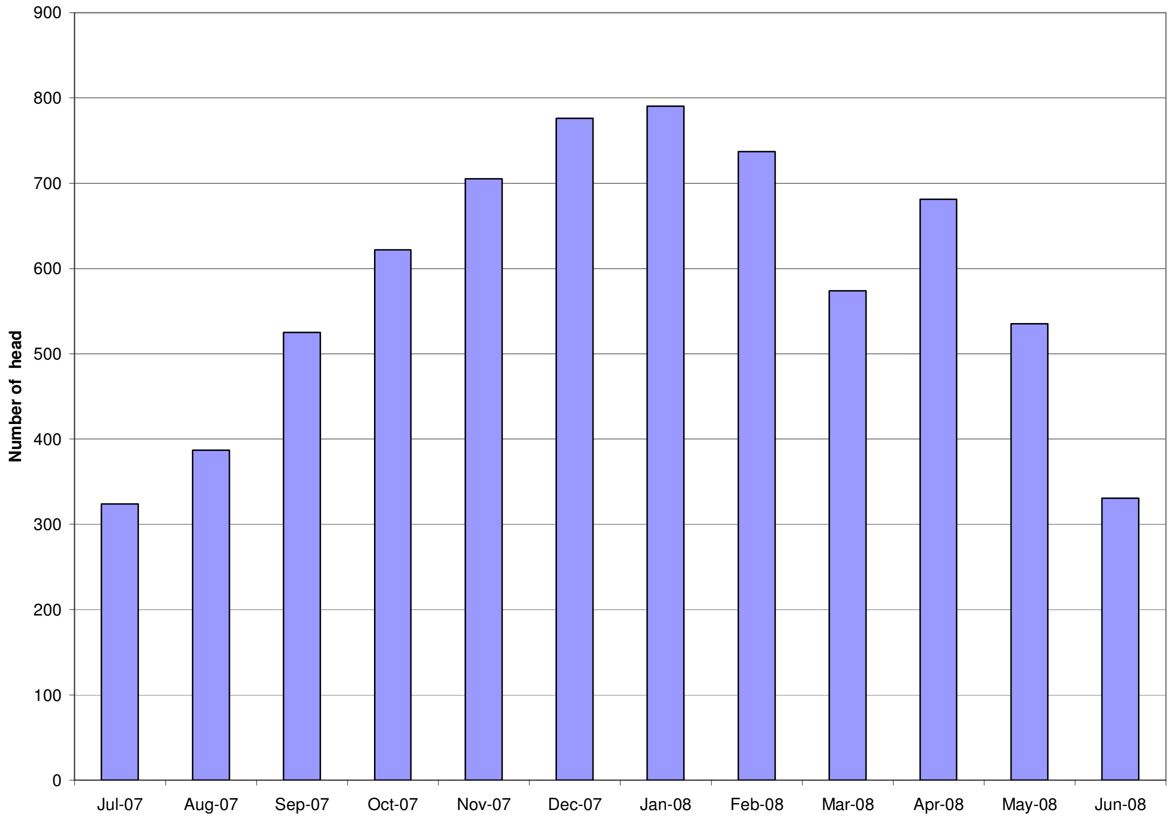
There are 600 producers (captured in the survey) and it is estimated that of 37 producers not captured, most are producing one or more commodities in the cattle, sheep and arable sectors. As in previous years some of these also produce commodities in other sectors such as dairy, poultry (table birds and eggs), pigs and vegetables. Other organic producers who responded have direct sales/box schemes or are producing fish, herbs and fruit. Several licensed producers simply let out their land or were registered with no production *per se*.

Finished Organic Beef Cattle

Information captured from the 94% of respondents indicates that 6987 finished organic beef cattle will be produced in Scotland between July 2007 and June 2008 which is an increase of 19% from the previous year. This increase is not unexpected as last year when asked about their future intentions for beef production over the next couple of years nearly half the respondents stated that they intended to increase their beef production marginally and a further nine producers stated they intended to increase production significantly. In addition, there would also be a few new entrants coming to the end of their conversion period who will now be producing fully organic beef.

In contrast to the previous three surveys which have shown a fairly consistent pattern of monthly supply over the year, the 07-08 survey data (Figure 1) shows the pattern typical of the beef sector in general, i.e. a winter peak and an early summer drop in production level. ,

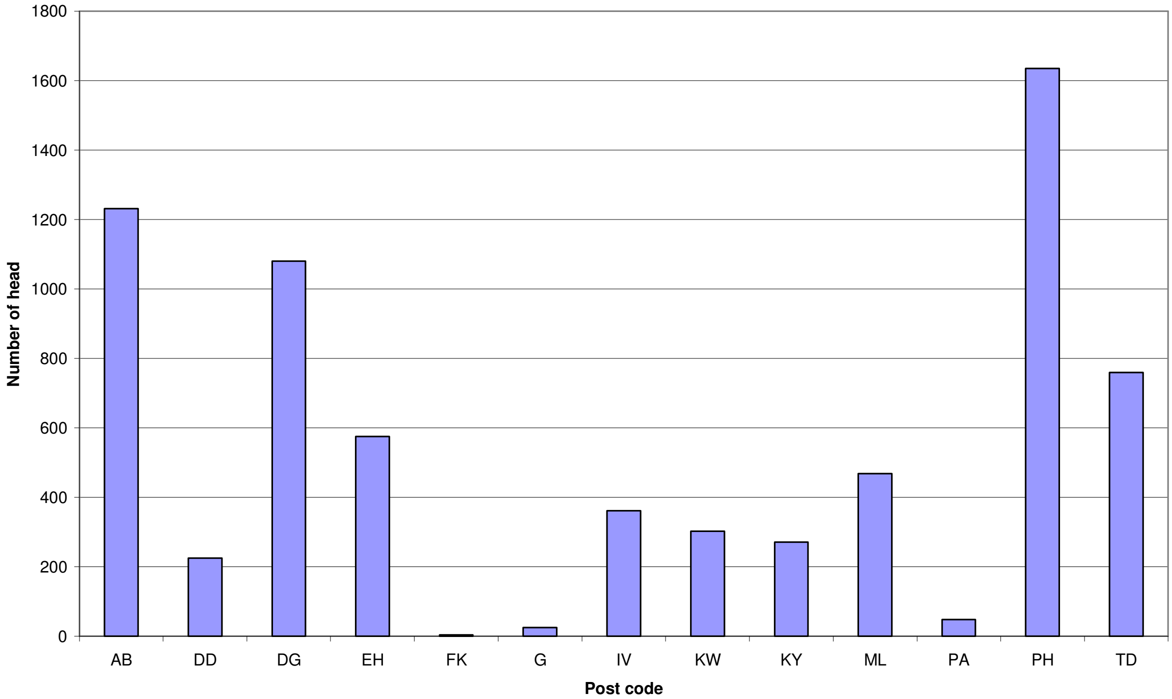
Figure 1. Monthly production pattern of finished organic beef cattle, July 2007 – June 2008



During the past two years information gathered through the OML survey has assisted three volume processors (who supply the main multiple retailers) to begin procuring organic beef in Scotland (although one has recently taken the decision to cease procuring organic beef) but there still remains two processors in Scotland who are procuring substantial volumes of beef. With the recent growth in the organic beef retail market it is anticipated that all finished organic beef produced in Scotland which meets the required specification will find a home within Scotland's organic food chain. When asked "*Have you identified market outlets for finished organic cattle?*" 82% of respondents who answered this question said yes. This is further supported with anecdotal evidence which suggests that most Scottish producers currently have more than one market outlet available to them.

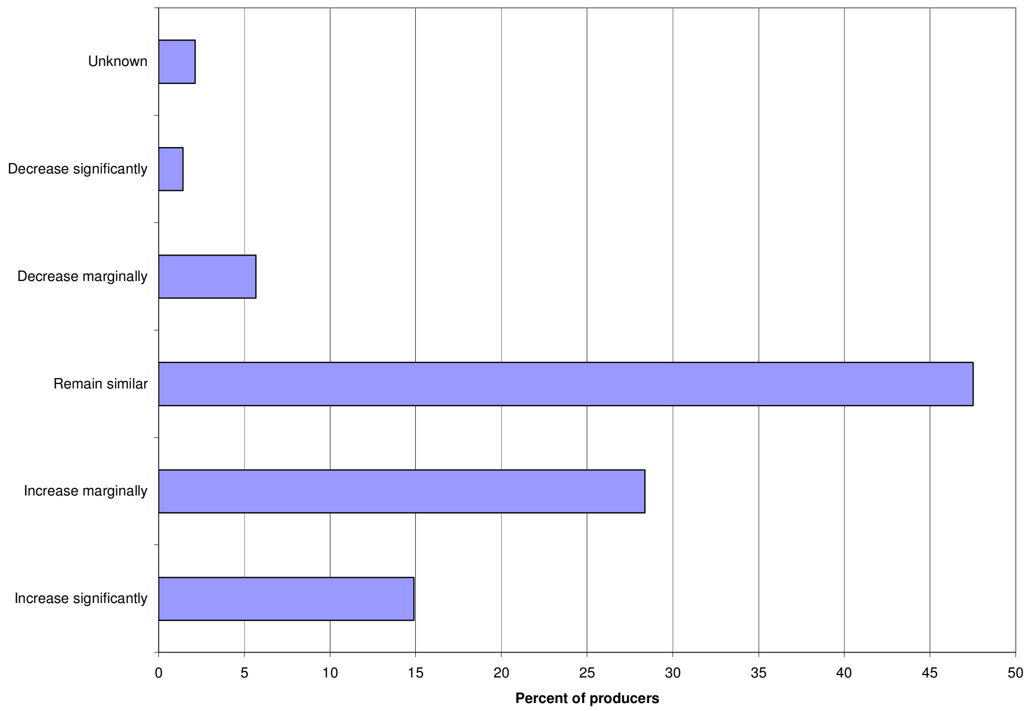
The areas in Scotland where organic beef production is most concentrated during this survey period are the same as the previous year; Perthshire, Aberdeenshire, Dumfries & Galloway and Borders (see Figure 2).

Figure 2. Finished organic beef cattle July 2007 – June 2008 by postcode area



Future intentions of Scottish organic beef producers over the next two years (if all things remain equal) are shown below in Figure 3.

Figure 3. Future production intentions of Scottish organic beef producers

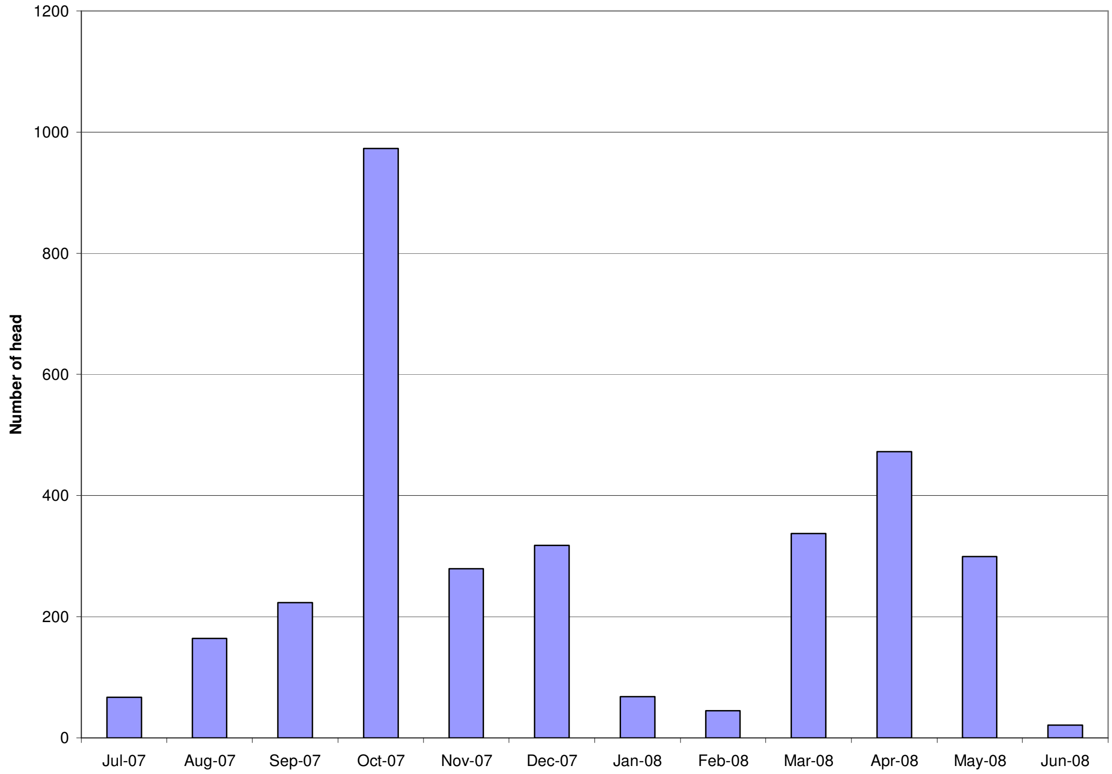


Ninety-one percent of producers intend either to remain at the same level of production (48%) or to increase production (43%). Therefore it is expected that the numbers of finished organic beef cattle produced in Scotland will once again increase over the next couple of years, which is a desirable trend given the projected increase in demand for organic beef.

Organic Store Cattle

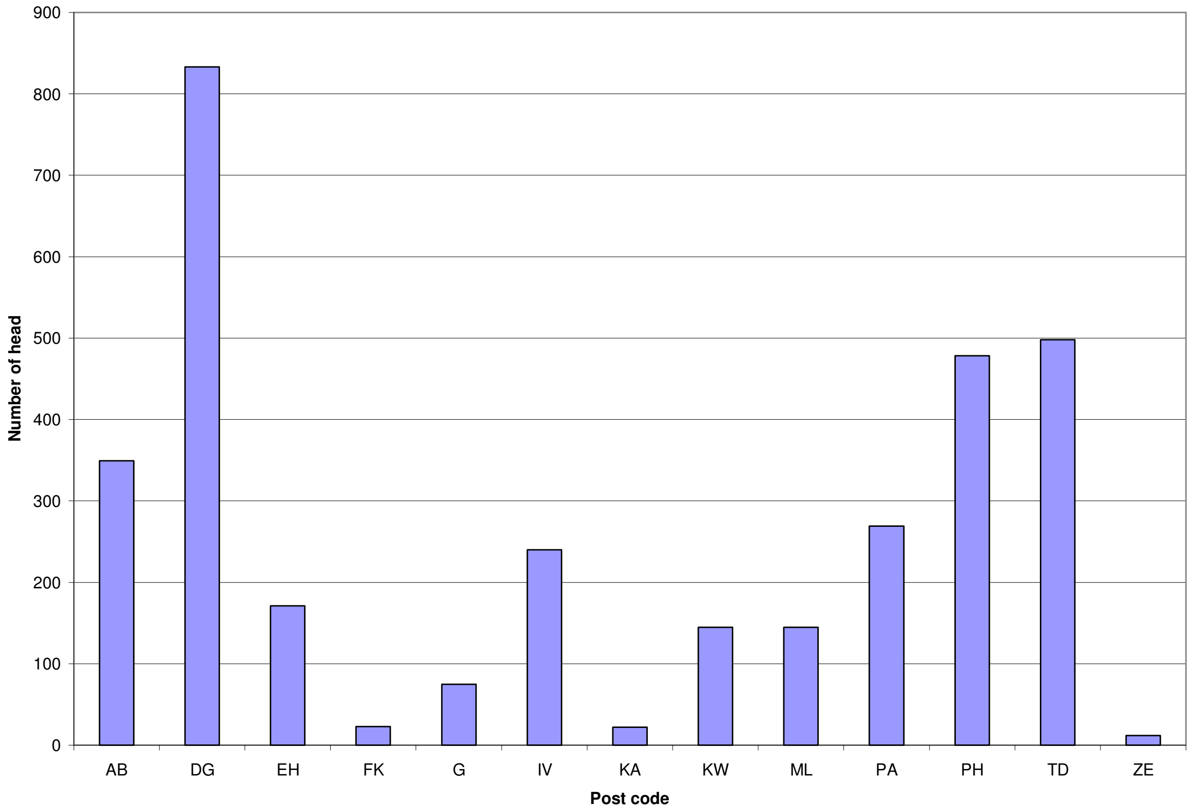
Information regarding store cattle production in Scotland was gathered for the third year for the twelve month period between July 2007 and June 2008. It suggests that 3266 head of store cattle is available for sale during this time, about 100 cattle fewer than in the previous survey. However, some of these cattle will already be accounted for in the finished cattle numbers illustrated above. Figure 4 below illustrates that, as expected, the majority of store cattle are available for sale at housing time in autumn 2007 and again at turnout time between March and May 2008.

Figure 4. Monthly pattern of production of organic store cattle, July 2007 – June 2008



As with last year, the four areas in Scotland where organic store production is most concentrated are: Dumfries & Galloway, Perthshire, the Borders and Aberdeenshire (see Figure 5).

Figure 5. Organic store cattle July 2007 – June 2008 by postcode area



Prime Organic Lamb

It is estimated that 99951 head of organic prime lamb will be available for marketing in Scotland between July 2007 and June 2008, an increase of 10.5% over the previous year's figure (see Figure 6). When asked "*Have you identified market outlets for prime organic lamb?*" 81% of respondents who answered this question said yes, almost the same as the previous year.

Despite the slight growth in annual supply, the recent FMD backlog difficulties and the pronounced seasonal pattern of production, the growth in the organic market has been such that most prime organic lamb produced in Scotland which meets the required specification will once again find a home within the UK's organic food chain. In fact the survey results have again this year indicated a slight but significant shift in the production pattern. Only 45% of prime lamb was marketed in the peak months of the season between September and December 2007 (compared with 48% in the 2006-07 and 58% in the 2005-06 survey). It is predicted that 32% of the annual supply of prime organic lamb will be marketed in the four months January – April 2008 (which was a large increase compared with only 20% in the 2005-06 survey). Producers are, therefore, making a determined effort to avoid the glut period in the back end of the year and instead to target the period of shortage in late winter-early spring. This will be beneficial to all parties concerned as it means there will be a more consistent year round supply of home produced lambs available, hopefully leading to less need for imports of organic lamb during the spring and early summer months.

Figure 6. Monthly production pattern of prime Organic Lamb, 2005/2006, 2006/2007 and 2007/2008

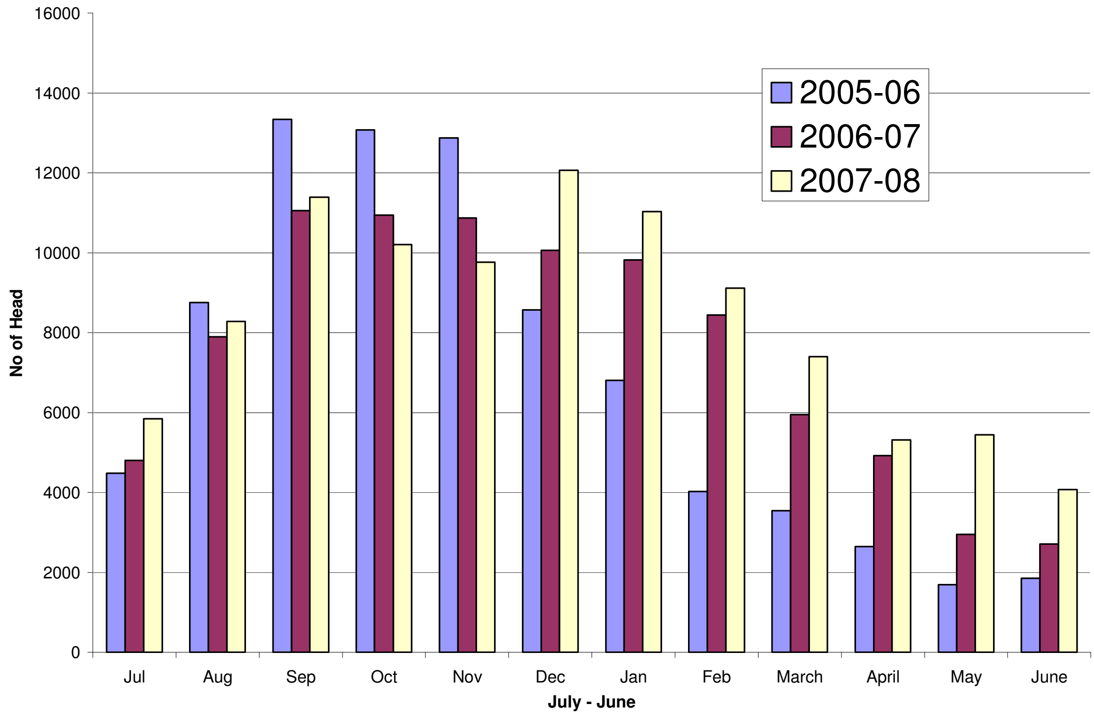
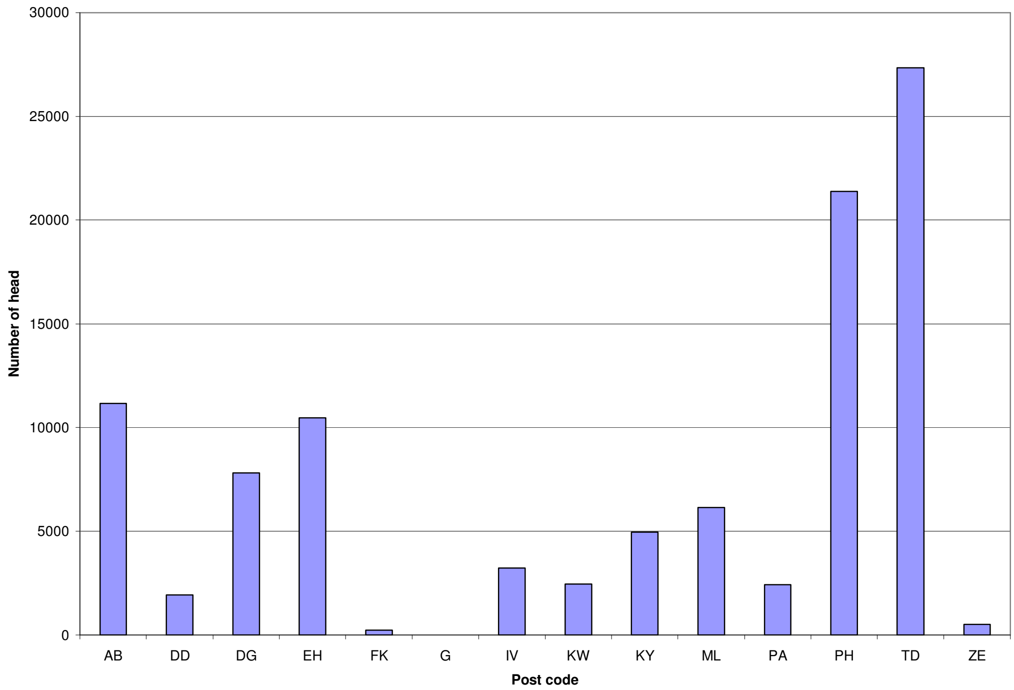


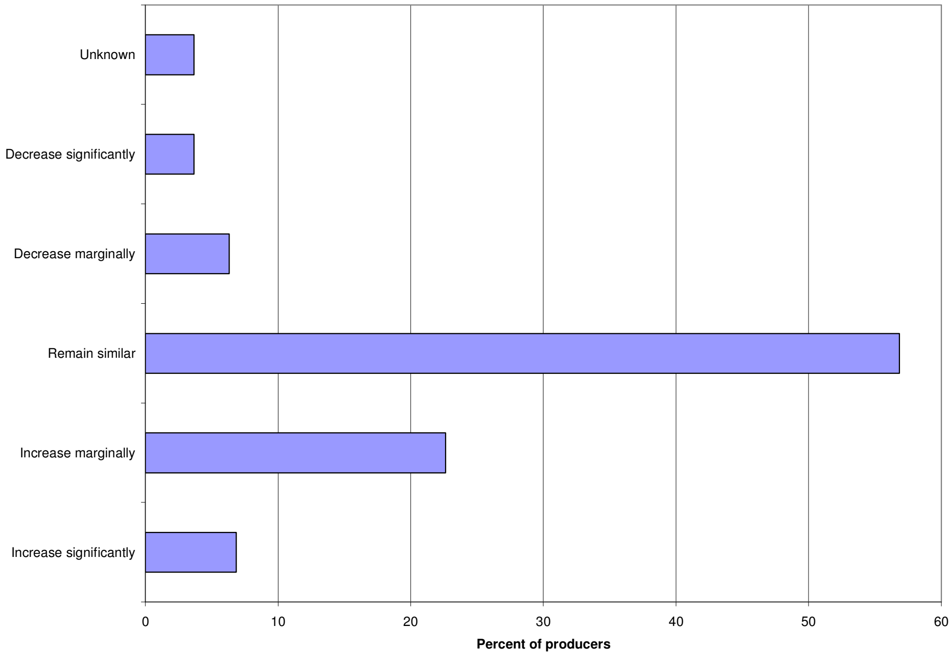
Figure 7 shows that the Borders and Perthshire are the two areas where prime organic lamb production is most concentrated, as in previous years, although Dumfries & Galloway, Aberdeenshire and the Lothians also produce a substantial amount of lamb.

Figure 7. Prime Organic Lamb July 2007 – June 2008 by postcode area



The future intentions of Scottish organic finished lamb producers over the next couple years (if all things remain equal) are shown below in Figure 8.

Figure 8. Future production intentions of Scottish organic lamb producers



More than 86% of producers intend to either remain or at current levels of production (56%) or increase production (30%). Therefore prime lamb production should remain fairly stable over the next couple of years.

Organic Store Lambs

Information regarding store lamb production in Scotland was gathered for the third year for the twelve month period between July 2007 and June 2008. It suggests that 22676 head of store lambs are available for sale during this time, a drop of almost 11% compared with the previous year, perhaps reflecting a drop in the number of organic hill sheep farms. However, some of these store lambs will already be accounted for in the prime lamb numbers illustrated above.

Figure 9. Monthly pattern of production of Organic Store Lambs, July '07 – June '08

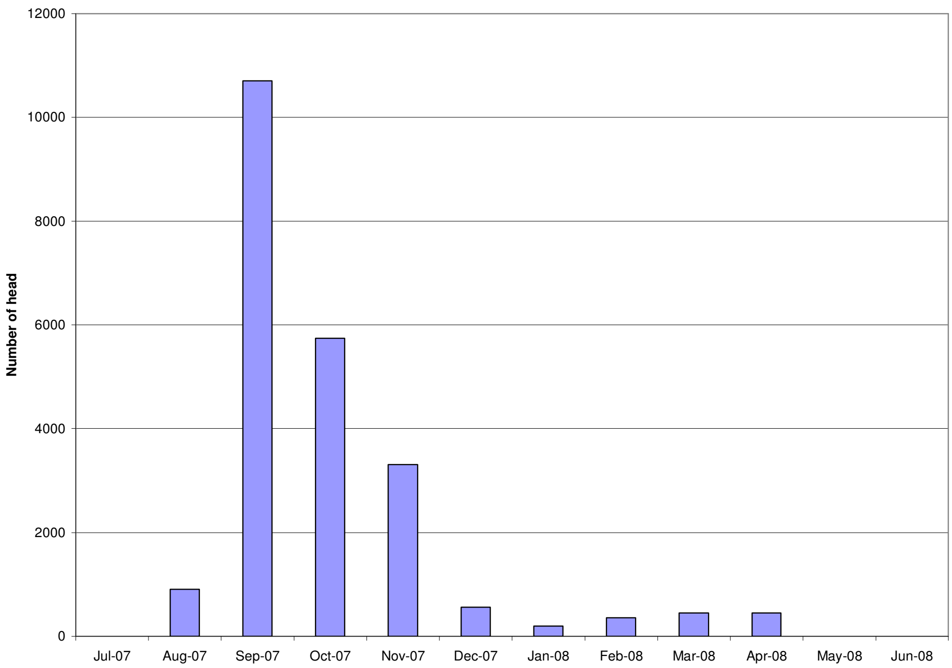
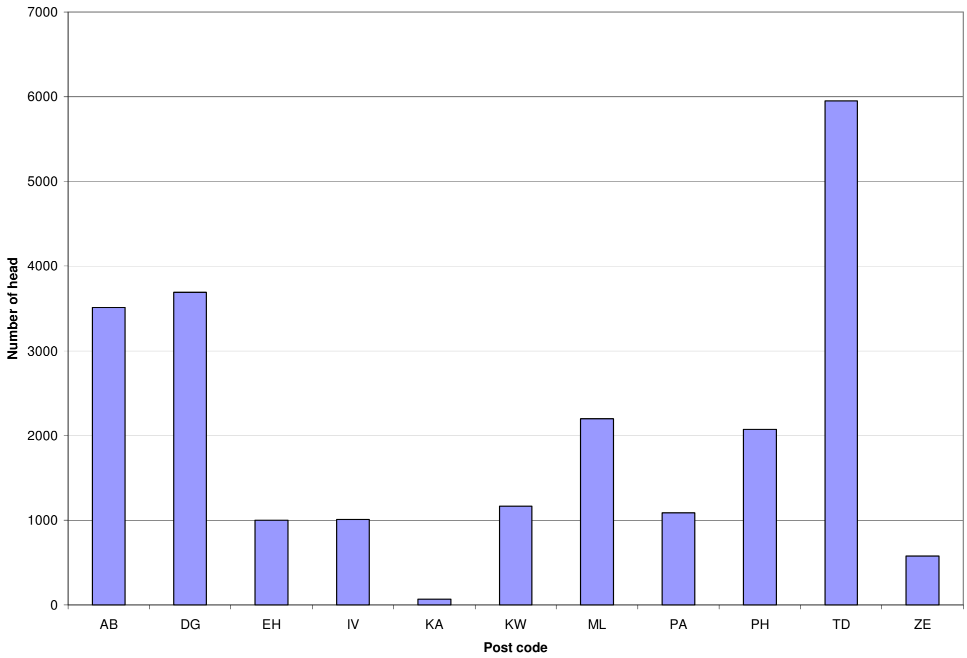


Figure 9 above illustrates that as expected the majority of store lambs are available for sale in the back end of the year with only a few available after Christmas and as expected none will be available in May and June 2008.

The areas where organic store lamb production is most concentrated are Borders, and Dumfries & Galloway (Figure 10).

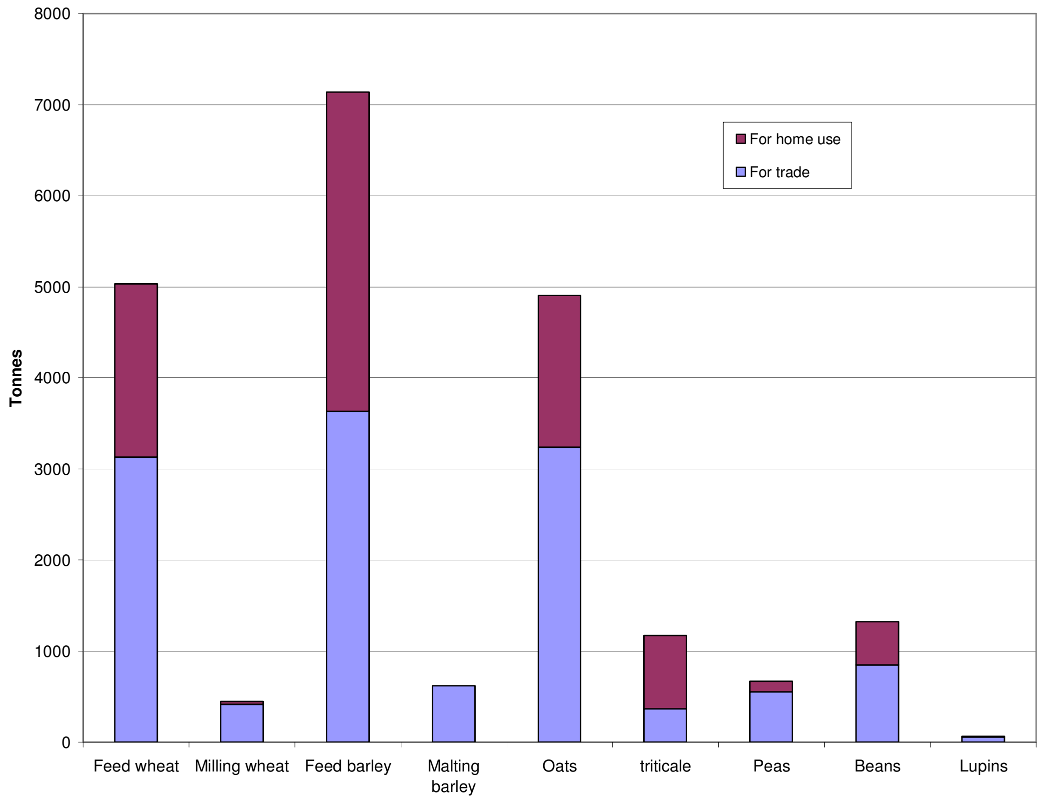
Figure 10. Organic store lamb production July 2007 – Feb 2008 by postcode area



Grains and Pulses

At the 2007 harvest, approximately 18,200 tonnes of full organic status grains and pulses were produced in Scotland, plus 3,100 tonnes of 2nd year in conversion grain, making a total of 21,370 tonnes, which is very similar to the total recorded amount of full organic status grain and pulses for the 2006 harvest. This represents a 14.8% decrease in production of full organic status grains and pulses compared with the previous year. Of this 21,370 tonnes, 40% was retained for home use (only 13% of in-conversion production), with the remaining 12,860 tonnes available for trading (see Figure 11 below). This compares with 55% retained for home use at the 2006 harvest with 11600 tonnes available for trade. Higher proportions of triticale and barley, compared to other cereals, were retained for home use.

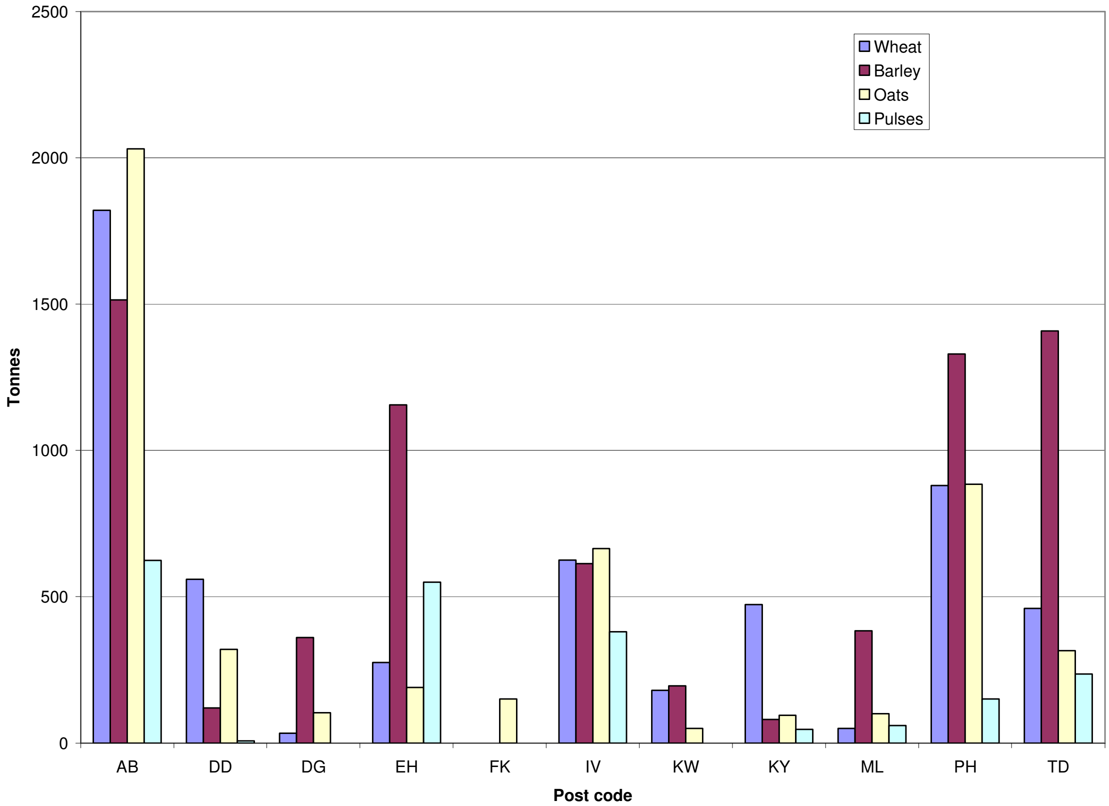
Figure 11. Cereal and pulse production in Scotland at harvest 2007 (organic plus in-conversion production)



As at the 2006 harvest, barley was the main cereal grown in 2007 with approximately 7,800 tonnes produced, an increase of about 1,000 tonnes on 2006. Feed barley was once again the largest commodity. There were just over 7000 tonnes of feed barley produced with about half of this being retained for home feeding. Oat production, at 4,900 tonnes was down by about 500 tonnes compared to last year. The drop in percentage of production intended for home use is difficult to interpret (a drop of approximately 1000 tonnes in absolute terms). Although grain prices were very strong and producers would have been tempted to sell grain rather than feed it, nevertheless farmers would have known that after 31 December 2007, ruminant diets would have to be 100% organic. Three factors which may explain the drop in grain for home use are a) the loss from organic farming of some store producers in the hills and uplands, and b) a switch to whole crop silage production rather than grain production by some farmers, exacerbated by the wet summer (a substantial amount of cereals and pulses were grown in Scotland for harvesting as whole crop silage but this is not included in these grain figures) and c) the majority (87%) of 2nd year in conversion grain was grown for trading in response to market signals rather than being grown for home use.

Figure 12 below illustrates the total production of wheat, barley, oats and pulses by postcode. Aberdeenshire is by far and away the main area for oat production. Barley is produced mostly in the Lothians, Borders, Perthshire and Aberdeenshire, wheat in the Aberdeenshire, Perthshire and Inverness-shire and pulse production is concentrated in the Lothians, Aberdeenshire and Inverness-shire.

Figure 12. Production of cereals and pulses by postcode, harvest 2007 (organic plus in-conversion)



Acknowledgements

SAC is grateful to Scottish organic producers for their willing participation in this survey. Information gathered has and continues to make significant positive changes in the market situation for many Scottish producers. Data gathered through the OML survey has given processors the confidence increasingly to seek organic livestock from Scotland and it has facilitated farmer to farmer trading of grain and livestock. The annual OML producer survey will be undertaken again during 2008.

The SAC Organic Market Link Project is funded by the Scottish Government as part of its programme of support for organic farmers, delivered by SAC.

Caroline Bayliss
SAC Organic Market Link Coordinator
Craibstone Estate
Aberdeen
AB21 9YA

Tel: 01224 711073
Email: Caroline.bayliss@sac.co.uk

15th January 2008