Producer Survey 2008 – 09
Summary Report

Summary

The SAC Organic Market Link (OML) Producer Survey for the 2008 – 09 marketing season has been completed. The objective of this year's survey was quite different to previous years which had been to collect data only from the beef, lamb and grain sectors and between 2005 and 2008 more than ninety per cent Scottish organic producers were accounted for in the annual surveys which were conducted by postal questionnaire and follow up telephone calls. This year's survey intended to estimate production in all of Scotland's organic sectors; including beef, lamb, grain, pulses, fruit, vegetables, pigs, table birds, eggs, fish & miscellaneous niche products. Overall sixty six per cent Scottish organic producers were accounted for in the survey (although more than 90% of beef, lamb and grain producers were accounted for within the 66% total response and this report presents data on beef, lamb & grain production only).

The survey results indicate that between July 2008 and June 2009, Scotland's organic producers will produce just over 8,000 head of finished organic cattle (an increase of 17% compared to the previous year), almost 100,000 prime organic lambs (a slight reduction of less than 1%) and just over 22,500 tonnes of fully organic grains and pulses (a 25% increase on the previous year). The number of store cattle (approximately 3,600) is a 10% increase on previous year, but the number of store lambs (19,000) has fallen by 16%.

Producers

The 2008 - 09 Organic Market Link Project survey was sent to 620 Scottish organic producers with the aim of estimating the production figures from all Scottish organic sectors between July 2007 and June 2008. A total of 412 producers (66.45%) were accounted for either from survey returns or through follow up phone calls and emails (note: more than 90% of beef, lamb and grain producers were accounted for within the 66% total response). Respondents could be categorised as follows:

- 160 finished beef producers
- 96 store cattle producers
- 194 prime lamb producers
- 57 store lamb producers
- 157 grain and/or pulse growers

and of these:

- 102 produce both prime lamb and grain/pulses
- 99 produce both finished beef and grain/pulses
- 114 produce both finished beef and prime lamb
- 76 produce finished beef, prime lamb and grain/pulses

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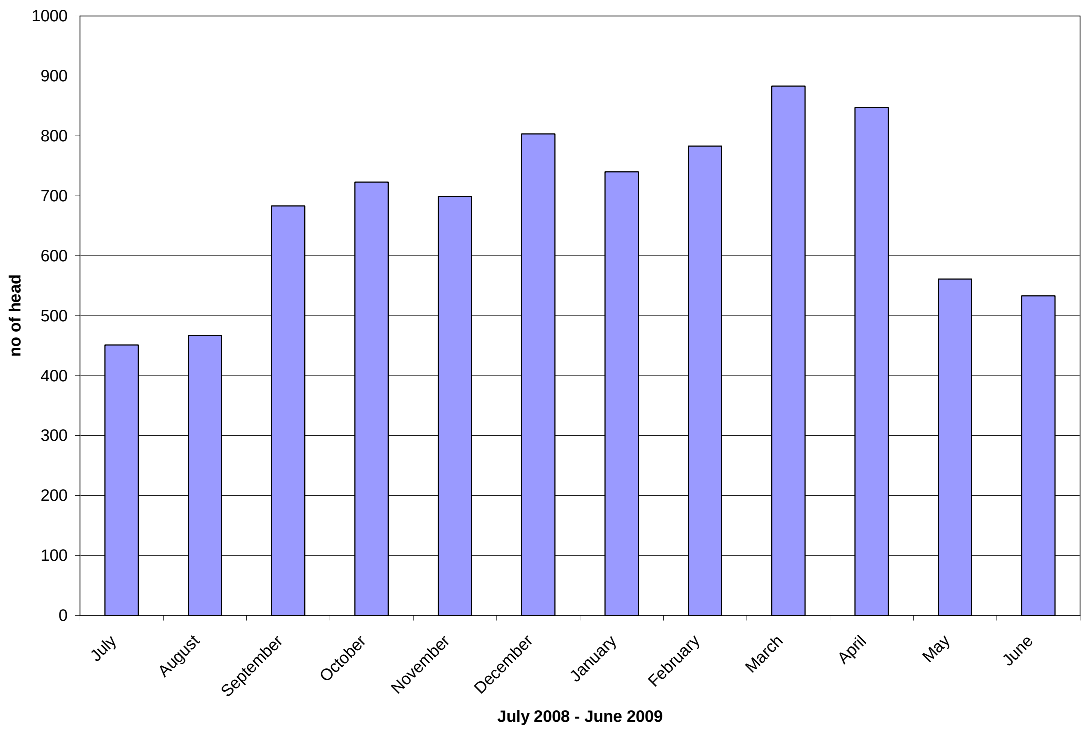
In addition to the beef, lamb and grain producers listed above there were also survey respondents who produced in other sectors; 44 fruit and vegetable producers; 12 pig producers; 28 egg producers and 6 table bird producers. (Remember that if producers are producing more than one product they may be listed in several categories). Although there are currently a large number of fish producers in Scotland only 3 of them chose to participate in the OML Producer survey so their results are not significant and will be disregarded.

Finished Organic Beef Cattle

Information captured from the respondents indicates that 8,173 head of finished organic beef cattle will be produced in Scotland between July 2008 and June 2009 which is an increase of 17% 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 were several new entrants coming to the end of their conversion period who are now producing fully organic beef. The number of finished organic beef producers increased from 135 during the 2007 – 08 marketing season to 160 in 2008 – 09.

This year's survey data (Figure 1) demonstrates a similar pattern to that of the previous year (2007 - 08) which illustrates 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 2008 – June 2009



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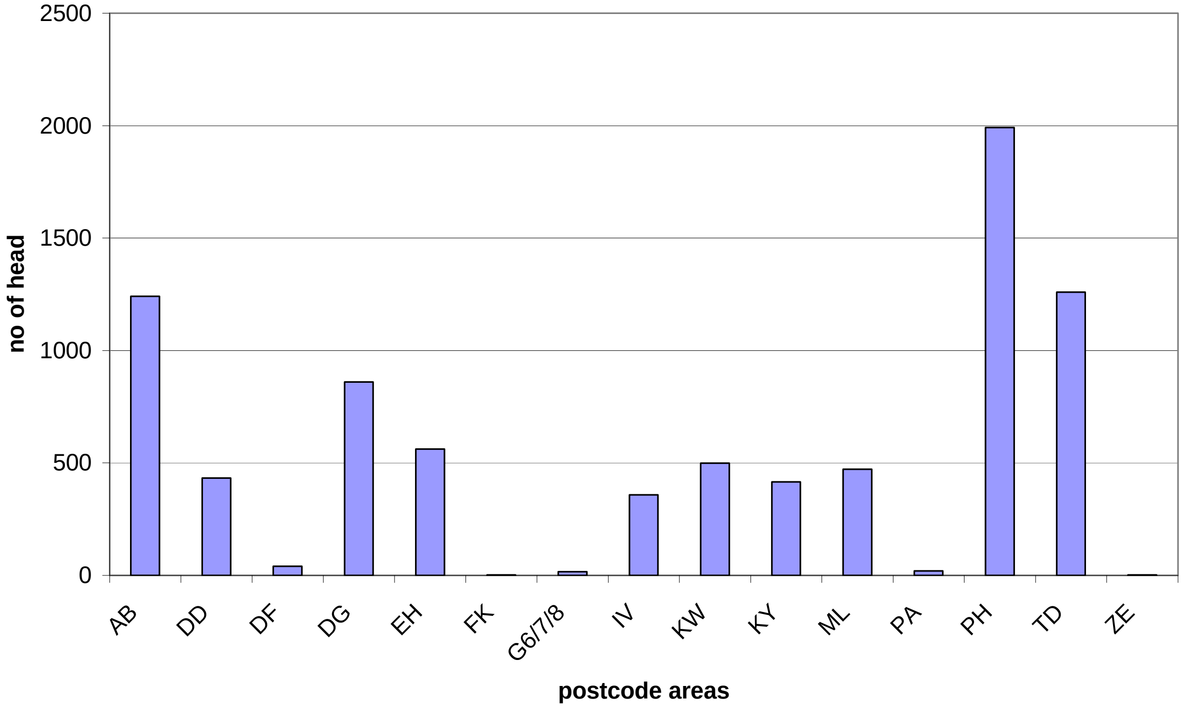
Over the years information gathered through the OML survey has assisted three volume processors (who supply the main multiple retailers) to begin procuring organic beef in Scotland (although one has taken the decision to cease procuring organic beef) but there still remains two processors in Scotland who are procuring substantial volumes of beef. Lack of consumer demand at the end of 2008 due the global financial crisis resulted in problems with balancing supply and demand in the organic beef market. Since the beginning of 2009 this has been less of an issue and most of the beef being presented for slaughter is now remaining in the organic supply chain.

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

Figure 2. Finished organic beef cattle July 2008 – June 2009 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. Ninety-three percent of producers intend either to remain at the same level of production (50%) 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.

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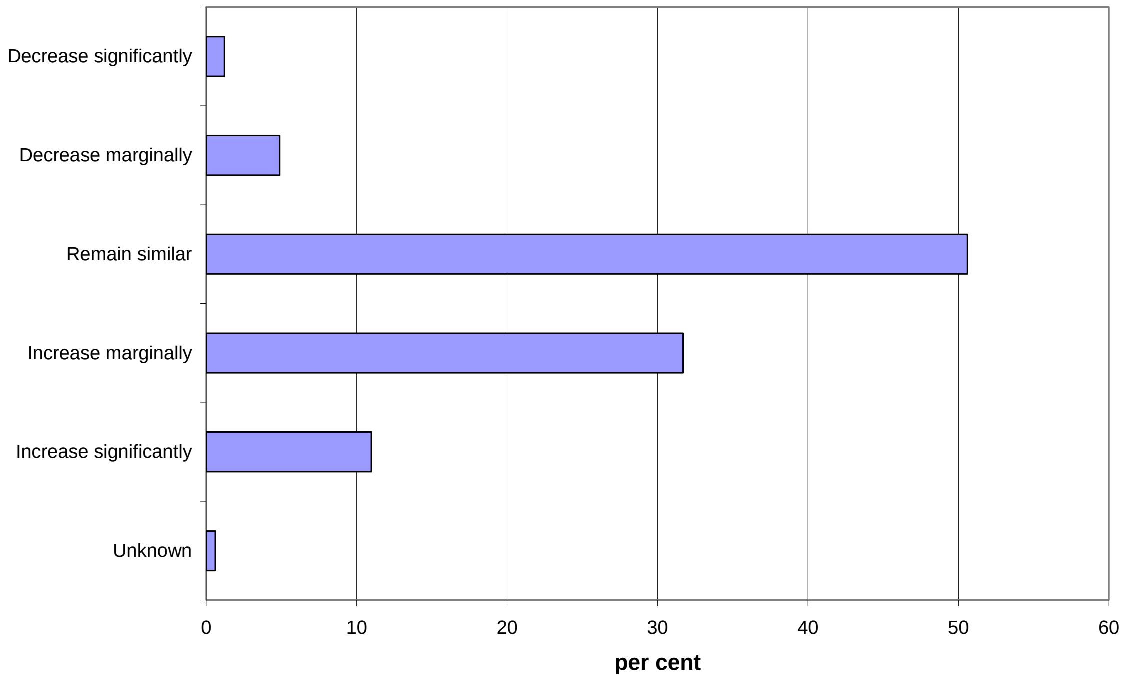
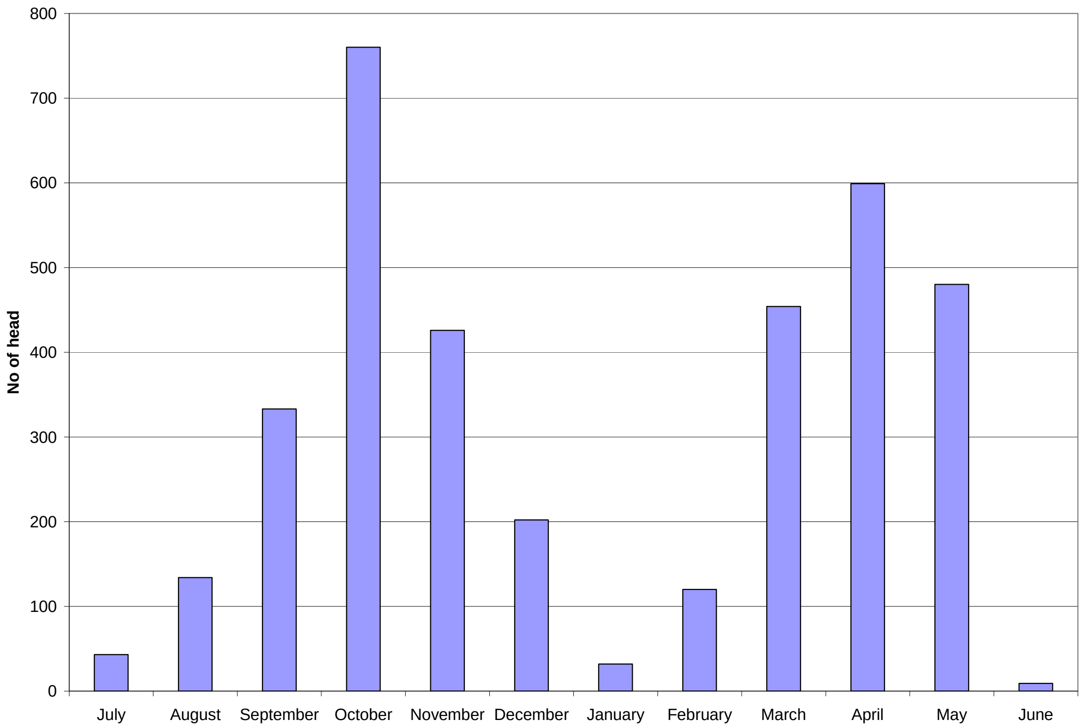
Figure 3. Future production intentions of Scottish organic beef producers



Organic Store Cattle

Scottish store cattle production data was gathered for the fourth year for the twelve month period between July 2008 and June 2009. It suggests that 3,592 head of store cattle are available for sale during this time, a 10% increase on the previous year. However, some of these cattle will already be accounted for in the finished cattle numbers given above. Figure 4 below illustrates that, as expected, the majority of store cattle are available for sale at housing time in autumn 2008 and again at turnout time between March and May 2009.

Figure 4. Monthly pattern of production of organic store cattle, July 2008 – June 2009



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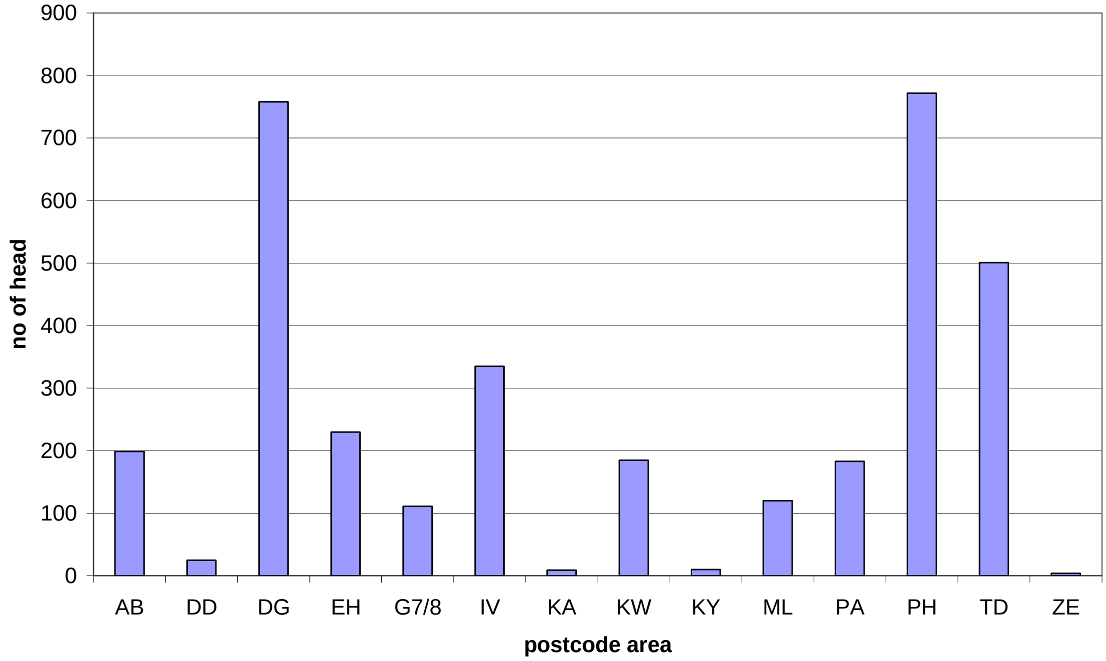
This year Inverness-shire joins the group of regions with the highest production of store cattle, alongside Dumfries & Galloway, Perthshire and the Borders.

Figure 5. Organic store cattle July 2008 – June 2009 by postcode area



Prime Organic Lamb

It is estimated that 99,748 head of organic prime lamb will be available for marketing in Scotland between July 2008 and June 2009, a slight decrease of less than 1% when compared to the previous year's figure (see Figure 6).

Despite a slight decrease in annual supply some Scottish producers had difficulty getting their lamb into the organic supply chain before Christmas. As well as problems in balancing supply and demand due to the well documented global financial crisis this problem was also being exacerbated by the fact that there were a lot more organic lambs available in England and Wales this season than last. The processors were procuring those before looking farther afield into Scotland. Since the New Year there seems to have been an increase in demand from South of the Border and within Scotland and at present, all lambs being presented for slaughter are finding their way into the organic supply chain with relative ease. In addition, the prices are currently very strong for lamb (385p / kilo R3L in Feb 2009).

Forty seven per cent of prime lamb was marketed in the peak months of the season between September and December 2008 (compared with 45% in the 2007 – 08, 48% in the 2006 - 07 and 58% in the 2005 - 06 survey). It is predicted that 29% of the annual supply of prime organic lamb will be marketed in the four months January – April 2009 (which was a large increase compared with only 20% in the 2005 - 06 survey although it is slightly less than last seasons 32). Producers are, therefore, still making a determined effort to avoid the glut period in the back end of the year and instead aiming 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, 2007/2008 and 2008/2009

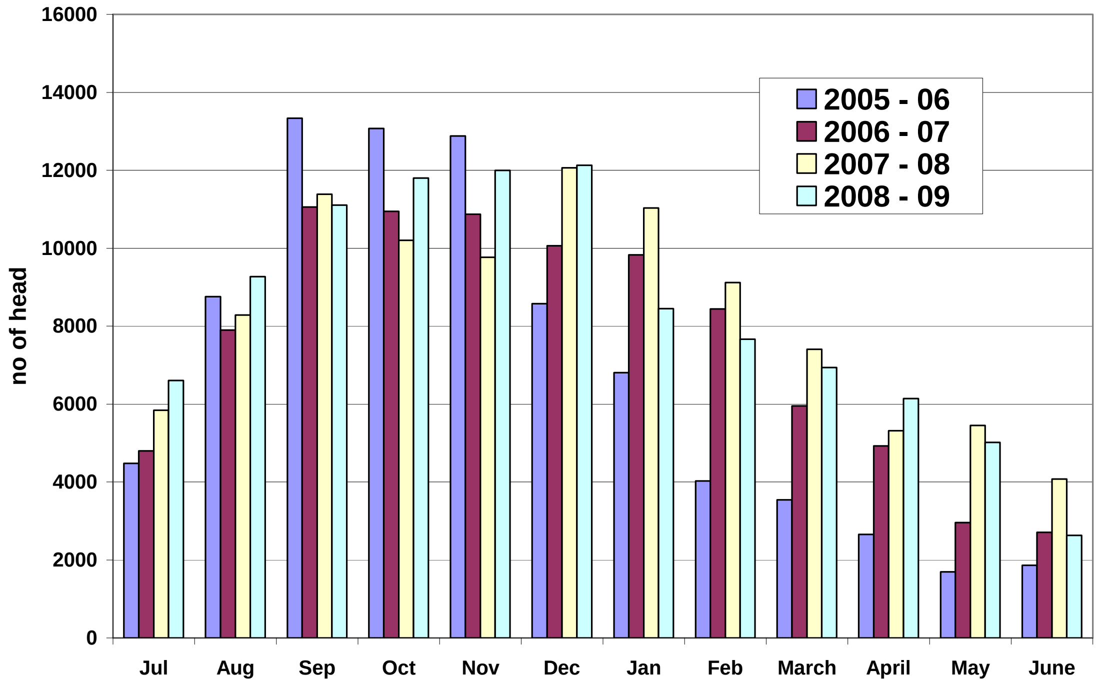
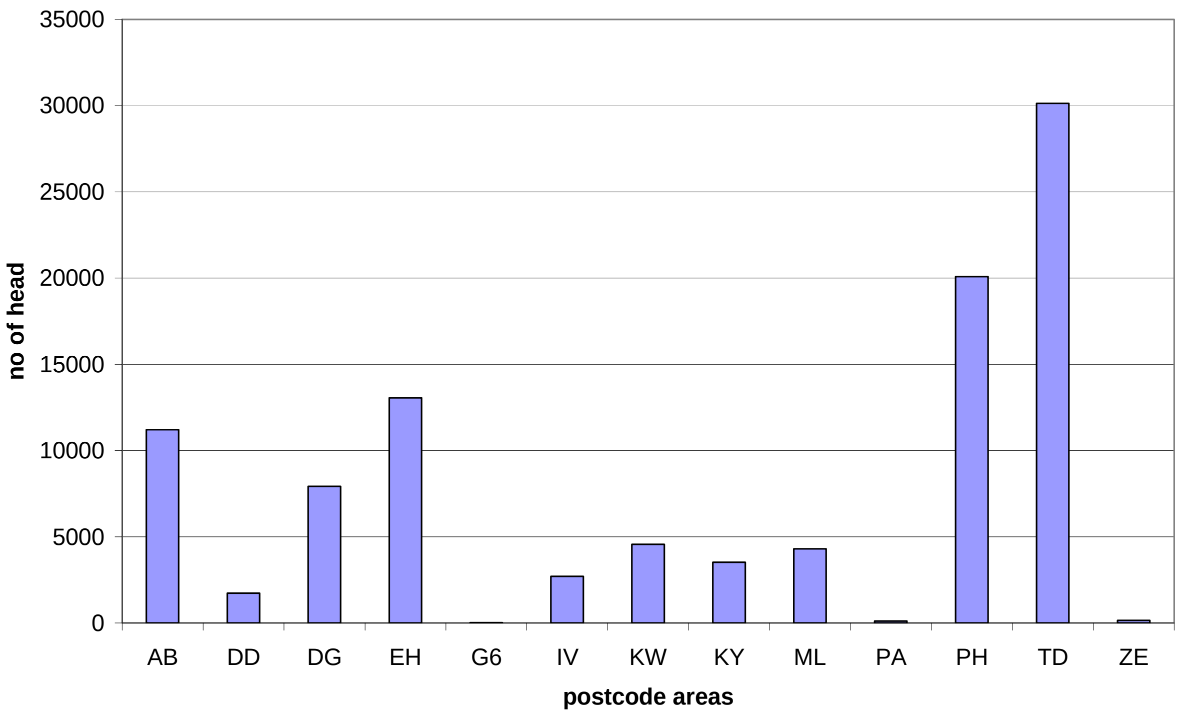


Figure 7 shows that the Borders and Perthshire is again where organic prime lamb production is most concentrated in Scotland, although Aberdeenshire, Lothians and Dumfries & Galloway also produce a large amount of organic prime lamb.

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



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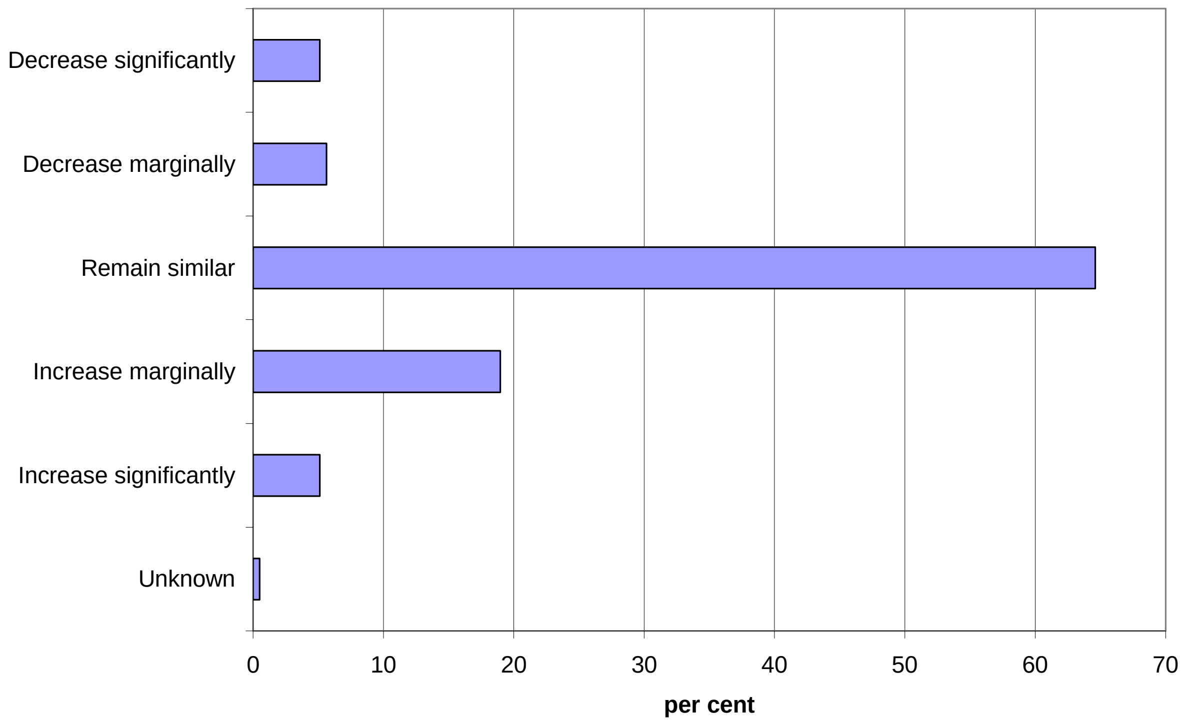
The future intentions of Scottish organic finished lamb producers over the next two years (if all things remain equal) are shown below in Figure 8.

Figure 8. Future production intentions of Scottish organic lamb producers



More than 89% of producers intend to either remain at current levels of production (65%) or increase production (24%). Therefore prime lamb production should remain fairly stable over the next couple of years as long as store lamb production remains consistent and numbers are available.

Organic Store Lambs

For the fourth year Scottish store lamb production data was gathered for the twelve month period between July 2008 and June 2009. It suggests that 18,962 head of store lambs are available for sale during this time, a drop of almost 16% on the previous year (2008 - 09) which follows another large drop of 11% during the 2006 - 07 season. This perhaps reflects the drop in the number of organic hill sheep farms in Scotland. 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 '08 – June '09

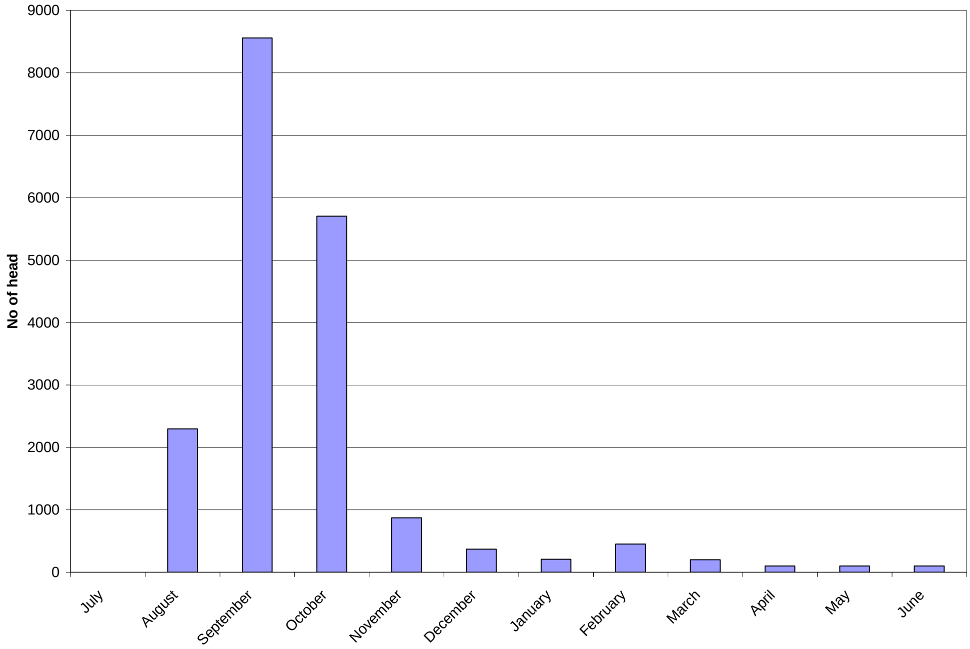
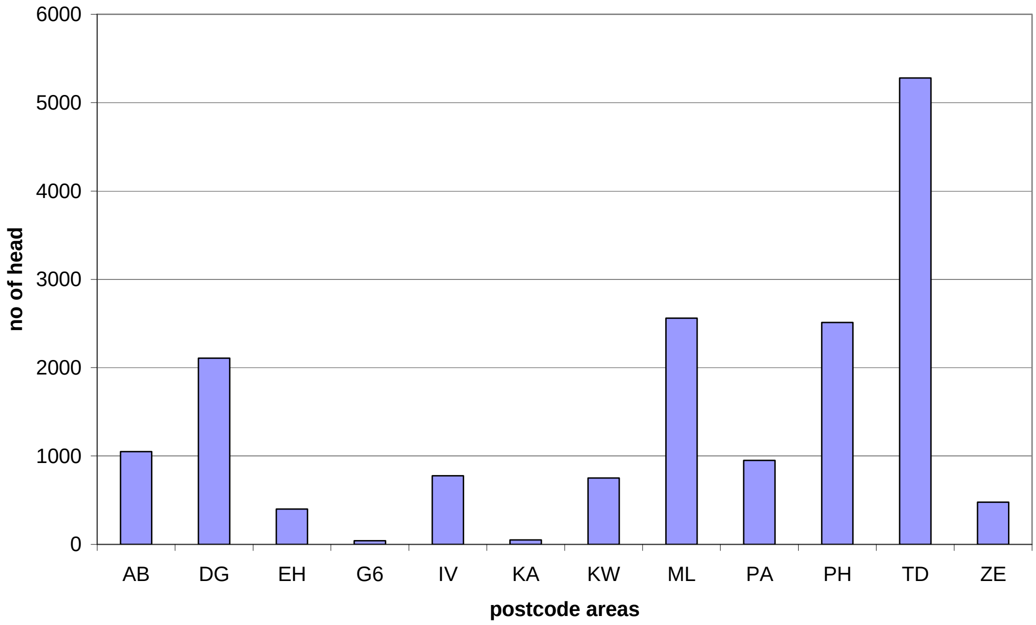


Figure 9 above illustrates that as expected the majority of store lambs are available for sale in late summer early autumn, with only a few available after Christmas and as expected very few will be available in April, May and June 2009. The areas where organic store lamb production is most concentrated are Borders, and Dumfries & Galloway (Figure 10).

Figure 10. Organic store lamb production July 2008 – Feb 2009 by postcode area



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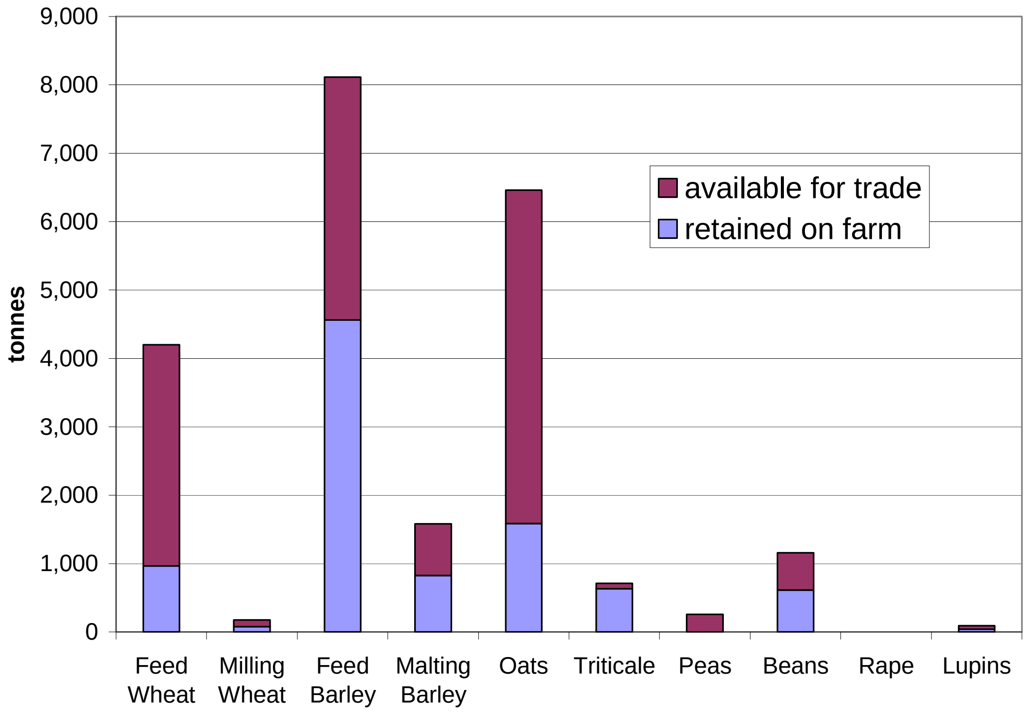
Grains and Pulses

The production of fully organic grains and pulses increased at 2008 harvest by 25% to approximately 22,500 tonnes when compared to the previous year's production of 18,200 tonnes at harvest 2007. Furthermore, the survey estimated that 41% of the grains and pulses would be retained for on farm use with the remaining 13,500 tonnes available for trading (see Figure 11 below).

Figure 11.Fully organic cereal and pulse production in Scotland at harvest 2008

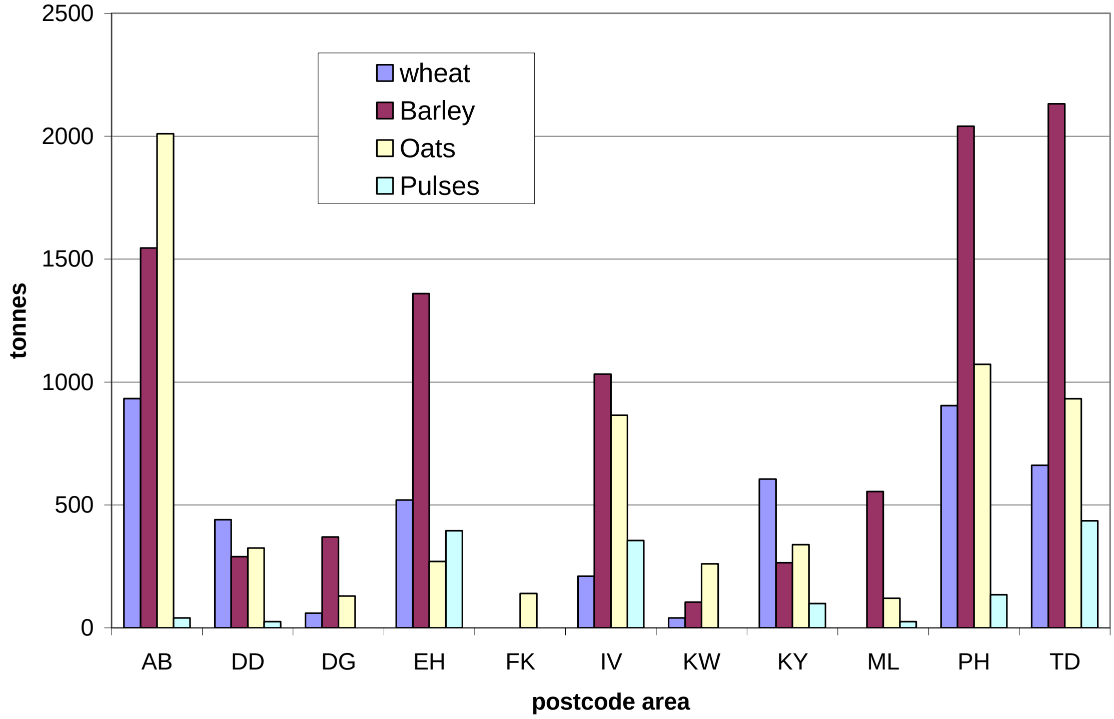


Once again barley was the main cereal grown in Scotland with approximately 9,700 tonnes produced, an increase of about 1,900 tonnes on the previous harvest (2007). As expected feed barley was again the largest commodity. There were just over 8000 tonnes of feed barley produced with approximately 56% being retained on farm for home feeding. Oat production, at 6,500 tonnes was significantly higher that the 4,900 tonnes recorded at harvest 2007. Of this approximately 25% was retained on farm with the remaining 5,000 tonnes of oats being available for trading.

There has been less movement than usual in the home organic cereal market this season and many producers still have grain on farm. This lack of movement is being blamed on several factors. Many of the grain traders / compounders forward bought this years organic cereals at last years prices (which worked out to be some £100 per tonne higher in many cases) so they are loathe to stock up and are only buying what they require as, and when, they need it. The price of conventional grain and pulses decreased somewhat during this same period and some in the trade use this as a justification for the decrease in organic prices. Notably, imported wheat was available early in the season at very competitive prices in the UK which set the bottom in the home market and, as reported earlier; there was a significant increase in organic grain production in Scotland this season too. Unfortunately, all these factors combined to significantly lower the price of organic grain and pulses in the UK this season. When asked approximately 27% percent of producers who responded to this survey are looking for new markets for their arable products

Figure 12 below illustrates the total production of wheat, barley, oats and pulses by postcode. As usual, Aberdeenshire is by far and away the main area for oat production. Historically, barley has been produced mostly in the Lothians, Borders, Perthshire and Aberdeenshire and this season there has been increased production in Inverness-shire too. Wheat production is once more concentrated in the Aberdeenshire, Perthshire and Inverness-shire areas while pulse production is concentrated in the Lothians, Borders and Inverness-shire.

Figure 12. Production of fully organic cereals and pulses by postcode, harvest 2008



Last season, just less than 3,000 acres in Scotland were planted for whole crop silage however, as this is the first year this data has been collected it is impossible to say if this is an increase or decrease on previous years.

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 sixth annual OML producer survey will be undertaken during 2009.

The SAC Organic Market Link Project is funded by the Scottish Government as part of the Organic Advisory Activity.

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