Country-specific analysis of competitiveness and resilience of organic and low input dairy farms across Europe

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Characteristics of low input (LI) and organic farms (ORG)
Reduced impact on environment
Less dependent on external input costs
Decreased productivity
Lack of economies of scale

How is the LI farm defined?
• LI farms have the 25% lowest input expenditures in a country
• Which inputs? Costs for fertilizers, crop protection, purchased feed for ruminants and energy expressed as € per grazing livestock unit,
• Dataset: 2007 and 2008 (EU-FADN – DG AGRI)

Does the European LI dairy farm exist?
Understand the graphic
Left dot represents median profit of LI farms, right dot the median profit of HI farms
Horizontal distance between LI and HI indicates the relative difference in input expenditure
Downward slope: LI farms have higher profits than HI farms
Upward slope: HI farms perform better than LI farms
The numbers on both axes are expressed in euro per annual working unit

Some results
• Some LI farms belong to another farming system while others may still belong to a similar production system. These LI farms are more efficient than HI farms
• Additional inputs have resulted in lower profitability on HI farms in Finland, Spain and Ireland in comparison with LI farms

Are LI and ORG farms more resistant to milk and feed price volatility compared to HI farms?
Understand the graphic
Left dot represents median profit of LI farms, right dot of HI farms. The separate dot represents the ORG farms

Some results
• ORG farms are more resilient to price fluctuations than LI and HI farms, but they also receive more support than the other farms
• LI farms are more resilient to price fluctuations than HI farms. The changing slope shows how much HI farms are more affected in the trend and shock scenario

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Discussion
LI farms seem to be more resistant to price fluctuations. This becomes more important in the post quota era. This may be of particular relevance to family farms where reduced income fluctuations are as important as absolute profit.

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