The feasibility of profitable Organic Farming in Northern Ireland

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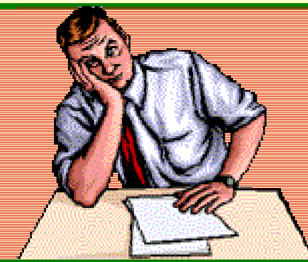
Organic Farming

- Aims to create an ***integrated*, *humane*, *environmentally*** and ***economically sustainable*** agricultural production system

- Organic farming is *not* simply low input farming

Gaining Organic Status

Registration



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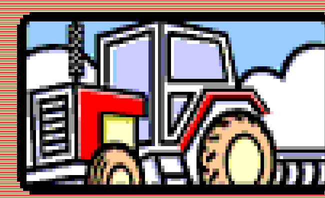
Conversion



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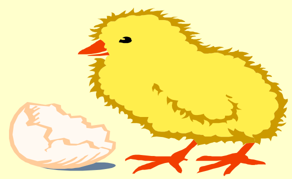
Certification

Conversion Period

Transition from conventional to organic

Poultry

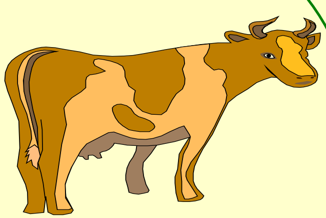


1 Year
possible

Crops & Veg

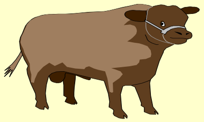
3rd production year

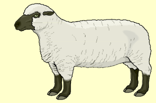
Milk



2 years + 3 months

Beef & Lamb





2 years
possible

Why the interest in Organics ?

- Consumer confidence
  - Food scares
  - GMO’s
- Financial pressures
- Environmental concerns
- Animal welfare concerns
- Increased awareness of organics

Why do UK consumers buy organic food ?

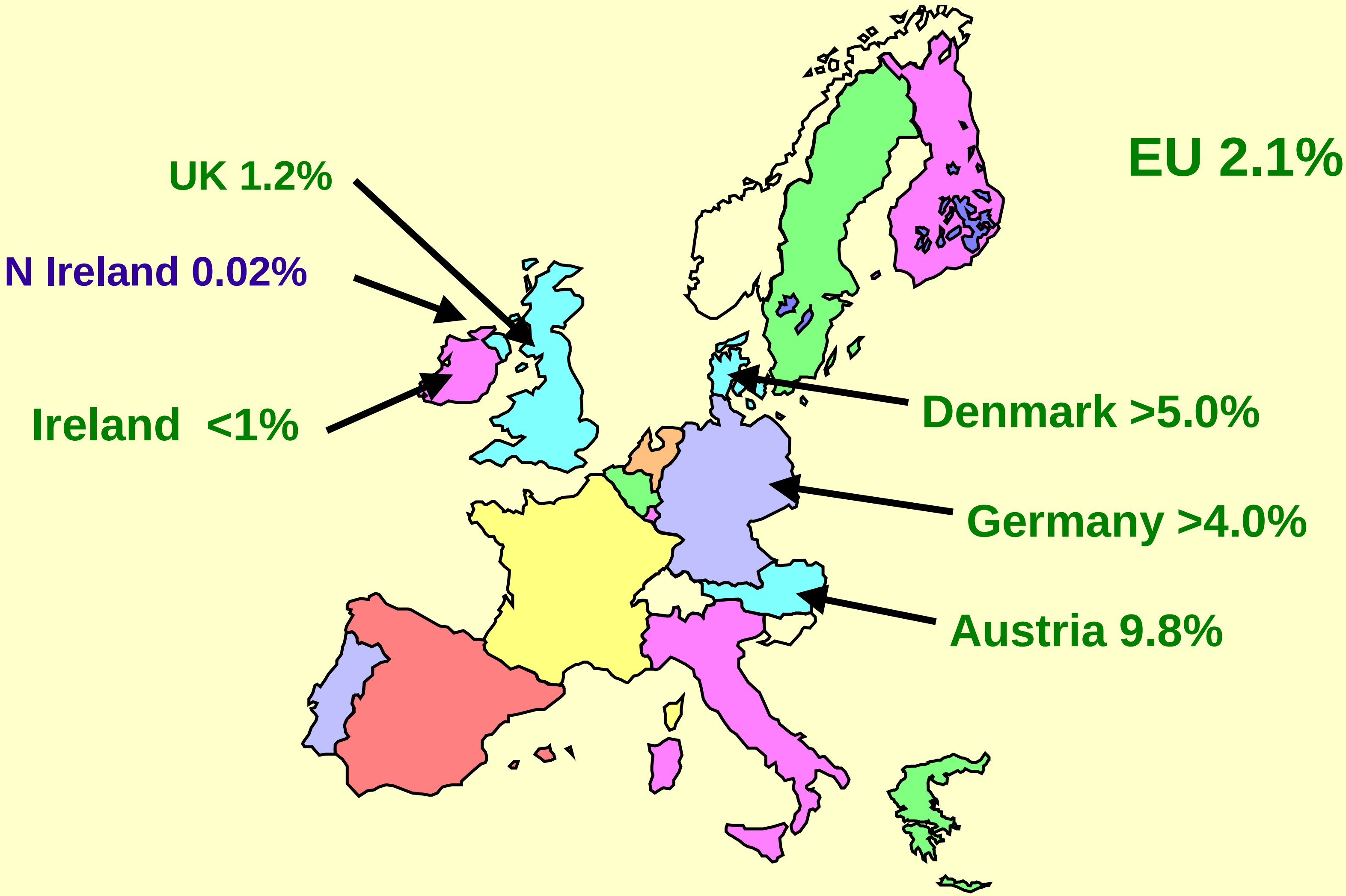
Healthier / better for you	53%
Tastes better	43%
GM Free	30%
Environmentally friendly	28%
Animal welfare friendly	24%

Changes in UK organic market

- Growth in organic retailing is 40% pa
- Growth in UK organic farming is 25% pa
- Retail value increased from £100m in 1993 to £390m in 1998/9 (Estimate - £500m in 1999)
- Expected to increase to over £1bn by 2001/2
- 70% imported (varies with sector)

Source : Soil Association

NI production compared to EU in 97/98



Why was NI so low in 1998 ?

- Strong export markets pre-BSE
- No mature supply or demand for organics
- Lack of local expertise
- Slatted cattle houses & straw availability
- Lower returns during conversion
- Farm structure
  - **single enterprise on many farms**
  - **change to rotational farming needed**
  - **no annual conacre - long term rental required**
  - **small farms / certification costs**

Clover-based swards

- Clover-based swards are an integral part of organic systems
- Not present on many farms
- Many farmers have no experience of clovers
- Requires specialist management skills

- They can sustain production levels similar to fertiliser-based systems

Organic Production in NI (ha)

		1998	2000 *
Organic	ha	176	340
	%	0.02	0.03
In-conversion		9	2880
		0	0.26
Total		185	3220
		0.02	0.29

***** to date

Current Organic Prices in Northern Ireland

	Conventional	Organic
Beef (R3 p/kg)	166	258
Lamb (R3 p/kg)	170	300
Milk (p/l)	18	30
Barley (£/t)	75	200
Potatoes (£/t)	100 *	300

* Estimate for 2000 maincrop

Profitability of Organic Milk

Comparison of Organic Gross Margins with typical conventional (£/ha)

		milk price p/l				
		17	*20*	*23*	*26*	*29*
yield l/cow	*5100*	-662	-402	-142	119	379
	5400	-575	-300	-24	251	526
	5700	-488	-198	93	384	674

All year round calving

Organic = 5100 l per cow @ 29p/l and stocking rate of 1.7/ha

Conventional = 5750 l per cow @ 18p/l and stocking rate of 2/ha (=GM of £1374 /ha)

Profitability of Organic Beef

	Comparison of Organic Gross Margins with typical conventional (£/ha)				
		beef price p/kg			
		160	*188*	*216*	*245*
stocking rate CE/ha	*1.2*	-158	-104	-51	5
	1.4	-125	-72	0	65
	1.6	-86	-14	57	131
	1.8	-97	-17	64	147
	2.0	-72	17	106	199

Suckler herd to finishing

Organic = 245p/kg and stocking rate of 1.4 CE/ha on Lowland

Conventional = 160p/kg & stocking rate of 1.8 CE/ha on Lowland
(= GM of £384/ha)

Organic Ware Potatoes

Comparison of Organic Gross Margins with typical conventional (£/ha)

			ware price £/tonne		
	150	***200***	***250***	***300***	***350***
10	**-2050**	**-1550**	**-1050**	**-550**	**-50**
15	**-1330**	**-580**	**170**	**920**	**1670**
20	**-505**	**395**	**1395**	**2395**	**2510**
25	**120**	**1370**	**2615**	**3865**	**5115**
30	**840**	**2340**	**3840**	**5340**	**6840**

Organic = 20 t/ha ware @ £300 /t

Conventional = 35 t/ha ware @ £100 /t (= GM of £2,125/ha)

Requirements for further organic expansion in Northern Ireland

- Development of production expertise
- Demonstration / Development farms
- Appropriate local R&D
- Assurance of Organic Farming Scheme support
- On-going development of supply chains
- Must maintain current strong marketing position

Future of organic farming in NI

- Growing from a very small base
- Growing interest from producers
- Growing interest from processors
- Growing market opportunities
- Opportunities for import substitution
- Feasible & profitable for some farmers

Future area of organic land in NI

	ha	% NI land area
2000	3,500*	0.3
2001	6,000	0.5
2002	11,000	1.0
2010 ?	55,000 ?	5.0 ?

***** estimate to year end