



ARVALIS 
Institut du végétal



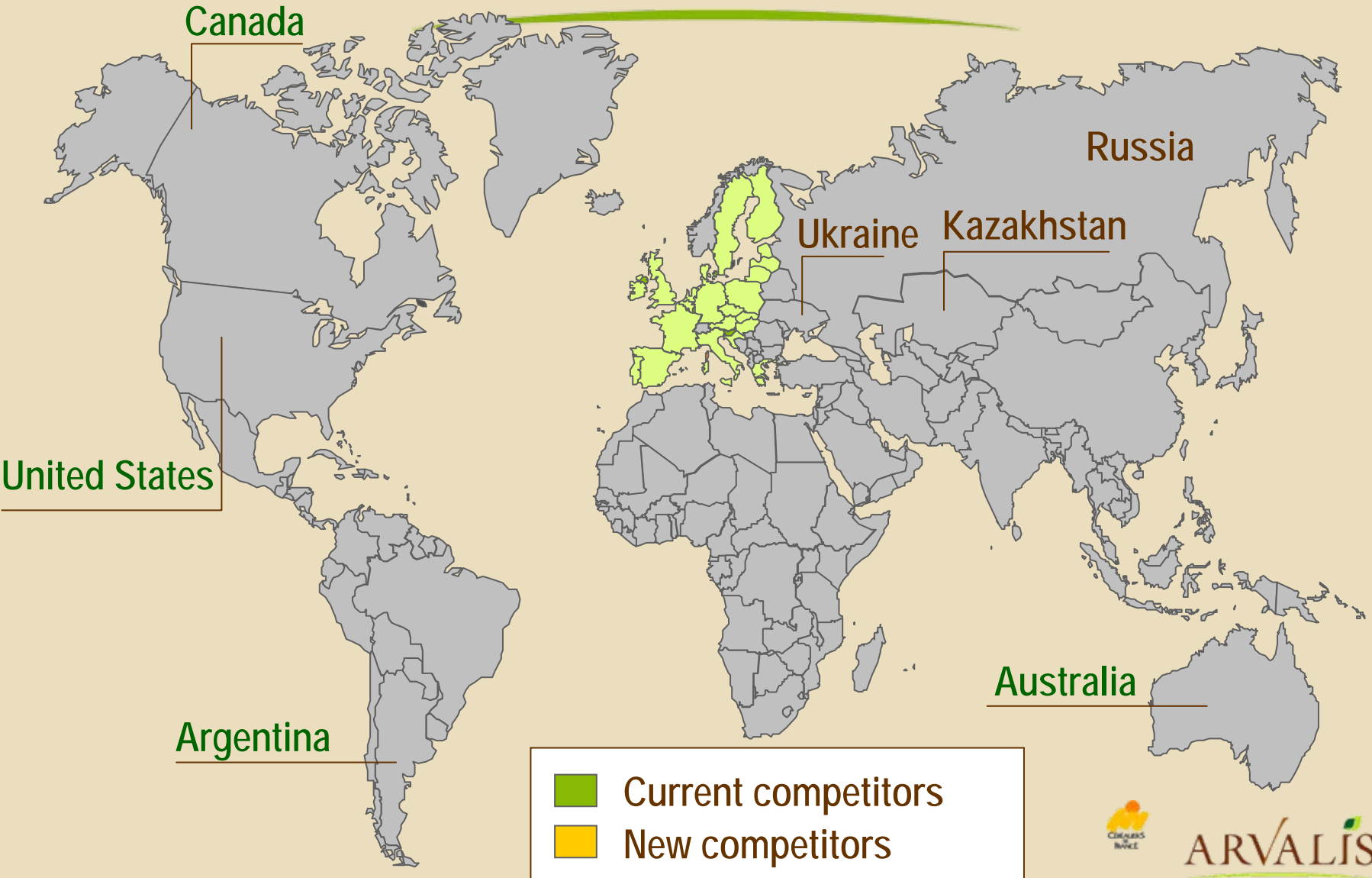
Competitiveness of wheat production in Europe

- Results of the European cost comparison 2005 -

Jean-Yves Longchamp



Wheat competitors



Sources CIC : aug 2004



Wheat supply from the competitors

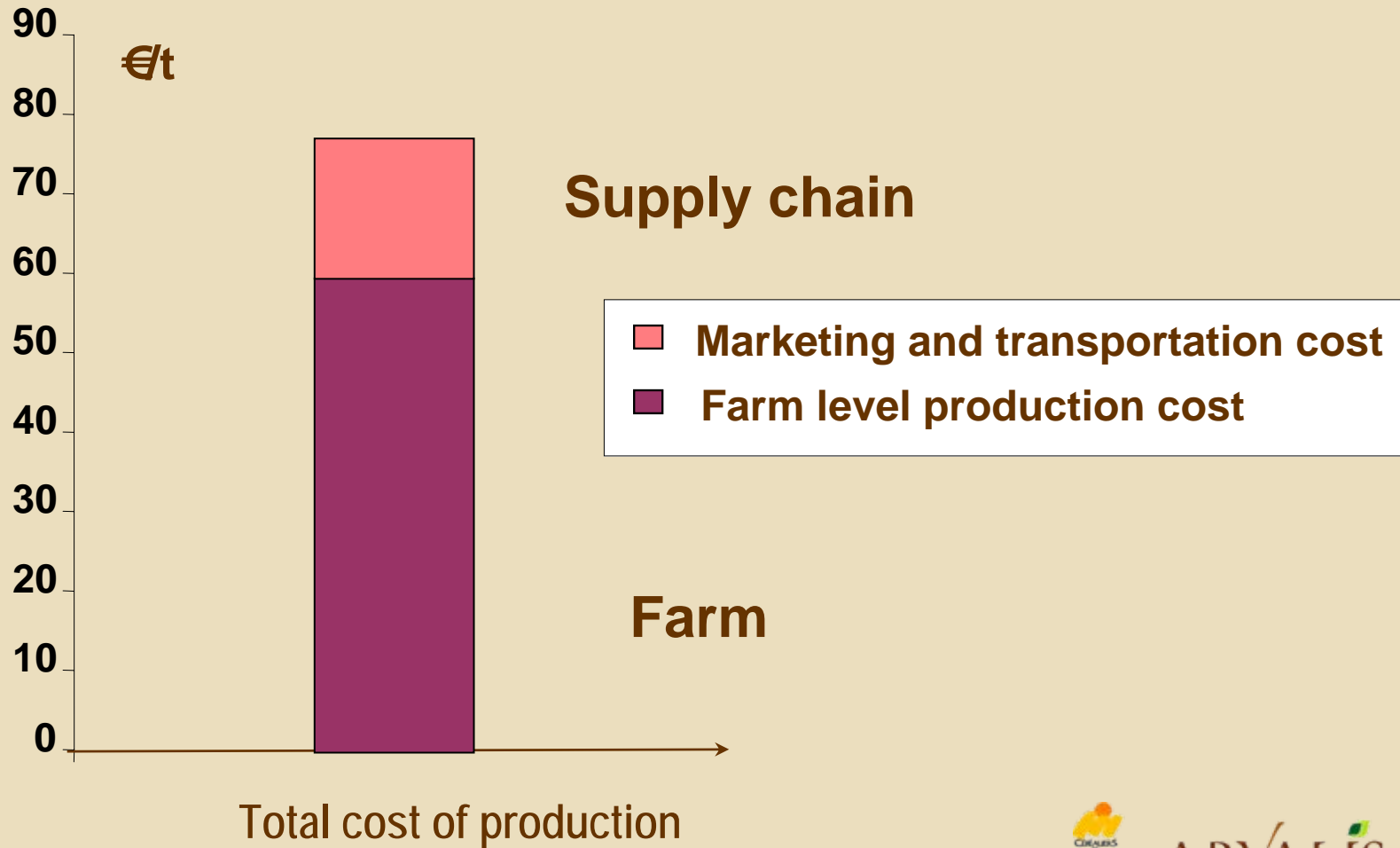


	Fra	EU	Arg	Aus	Can	US	Ukr	Kaz	Rus
Surface (Mio ha)	5.1	23.5	6.6	11.9	9.7	20.1	4.9	11.1	22.2
Average yield (t/ha)	7.1	5.1	2.1	1.6	2.2	2.7	2.8	1.0	1.9
Production (Mio t)	36	121	14	19	22	55	14	11	43
Export (Mio t)	15	13	8	14	13	27	3	4	7
Export (%)	47	11	57	74	59	49	21	36	16
World market share (%)		13	8	14	13	26	3	4	7

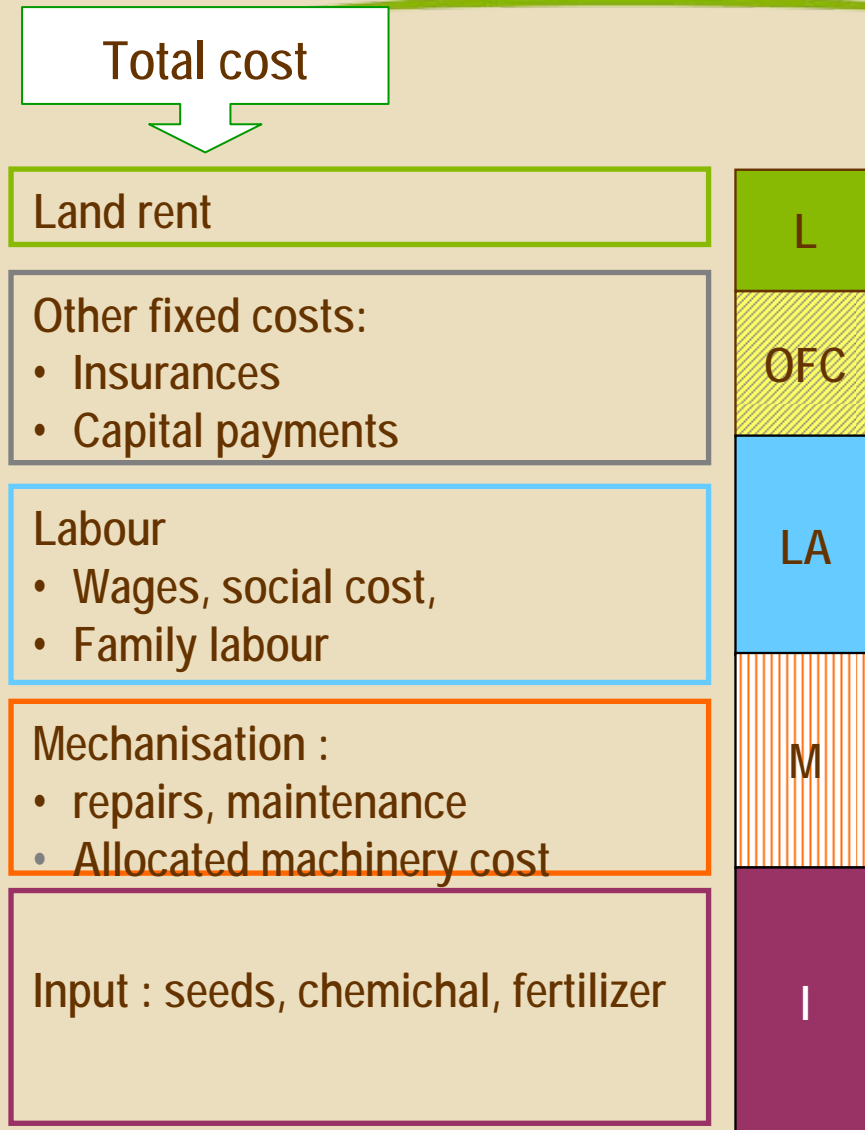
Average 2001-2003

TO ESTIMATE THE COMPETITIVENESS OF A PRODUCTION

Wheat competitiveness (€/t)

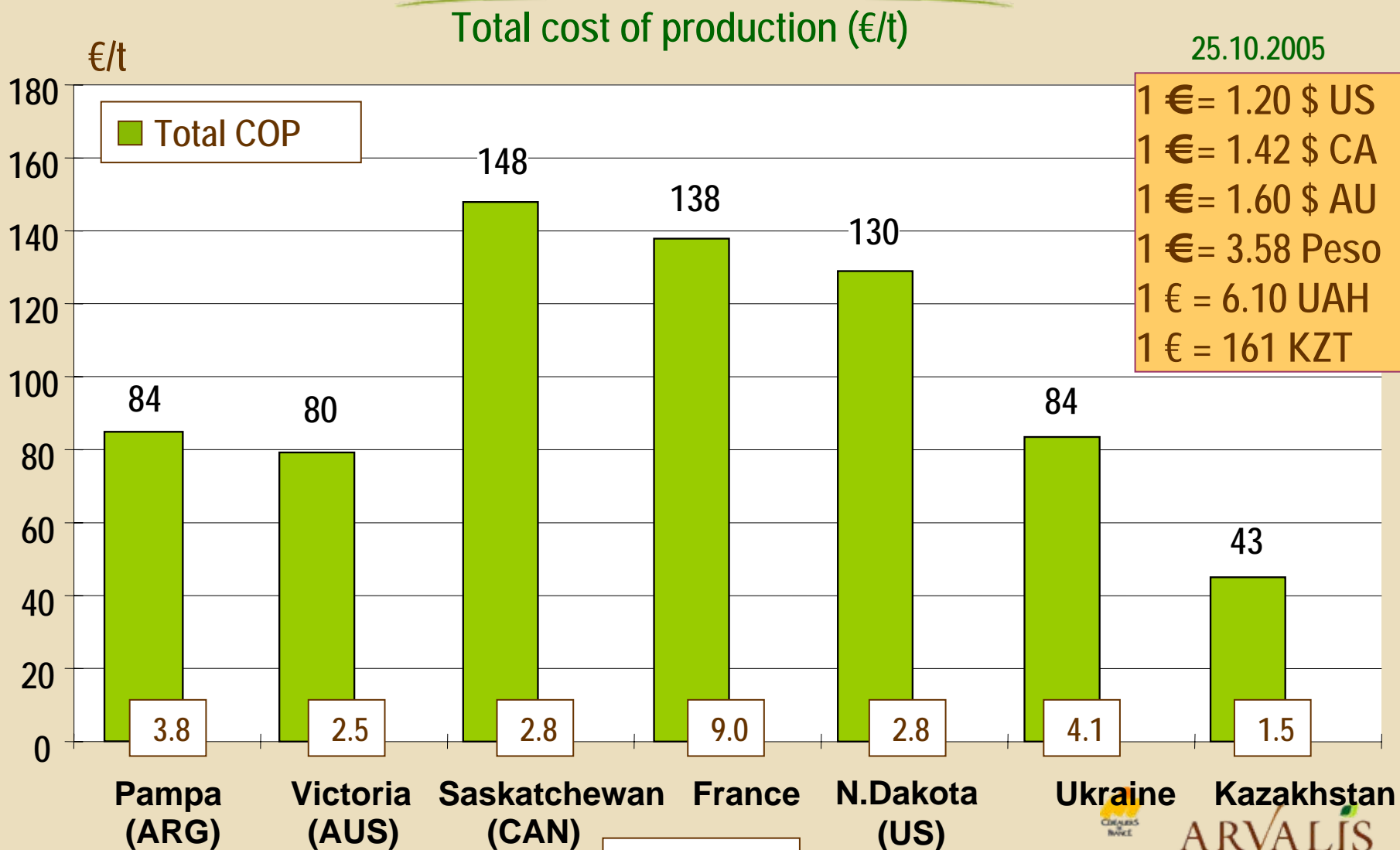


ON-FARM COST OF PRODUCTION



Surveyed Farms : 2000 – 2003

	Fra	Arg	Aus	Can	US	Ukr	Kaz
Farm system	Grain	Grain - cattle	Grain - sheep	Grain	Grain	Grain	Grain
Farm size (ha)	157	2 767	3 496	1 166	890	1 240	2 300
Wheat acreage (%)	36	43	27	29	36		
Yield (t / ha)	9.0	3.8	2.5	2.8	2.8	4.1	1.5



FRENCH WHEAT COMPETITIVENESS

Cost of production ranges from 43 €/t to 148 €/t



Exchange rate ?

25.10.2005

1 € = 1.20 \$ US
1 € = 1.42 \$ CA
1 € = 1.60 \$ AU
1 € = 3.58 Peso

How to explain these differences ?

Input ?

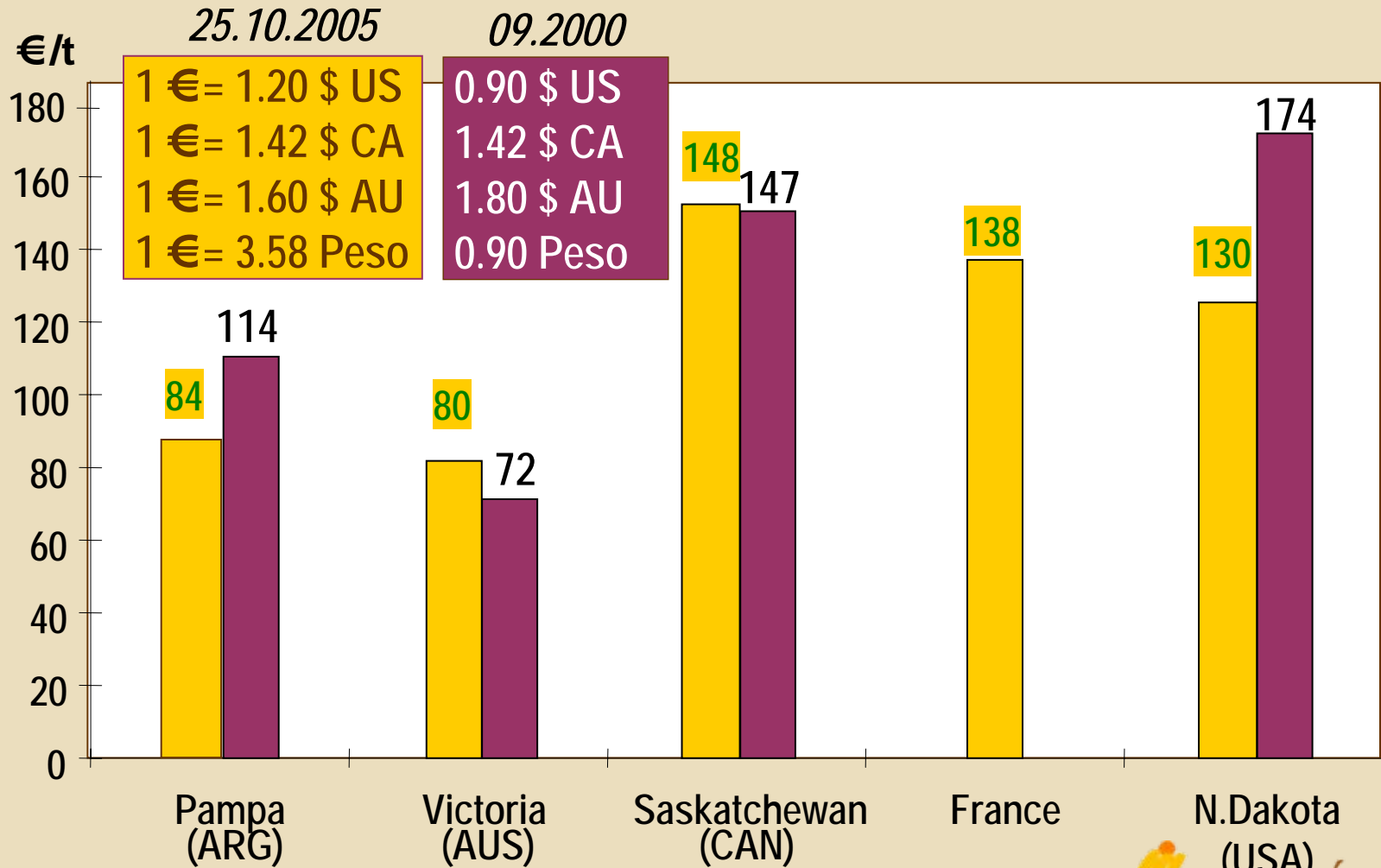


Cost structure ?



WHEAT COMPETITIVENESS

Explaining differences : exchange rate



FRENCH WHEAT COMPETITIVENESS

Cost of production ranges from 43 €/t to 148 €/t

25.10.2005

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Exchange rate ?

How to explain these differences ?

Input ?



Cost structure ?



Explaining differences : cost structure

				
Input	US	Argentina Australia Canada	Ukraine	France
Labour	Argentina Ukraine	Australia Canada	-	France US
Contractors	Canada	Argentina Australia Ukraine	France	US
Land	France "Ukraine"	Argentina	Australia Canada	US



FRENCH WHEAT COMPETITIVENESS

Cost of production ranges from 30 € to 148 €/t

25.10.2005

1 € = 1.20 \$ US
1 € = 1.42 \$ CA
1 € = 1.60 \$ AU
1 € = 3.58 Peso

Exchange rate effect ?

How to explain these differences ?



Volume ?

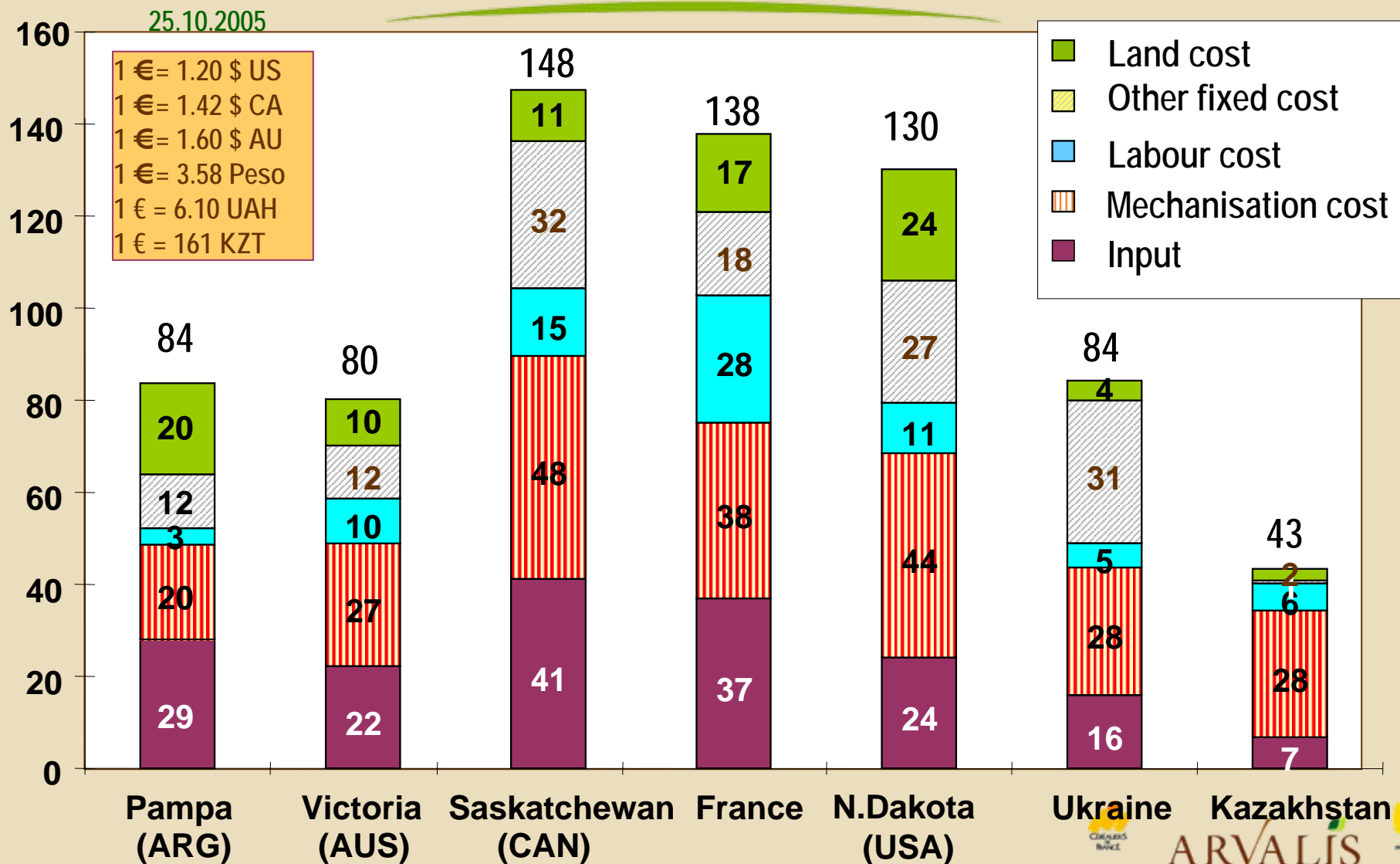


Cost structure ?



total cost of production 'on-farm'

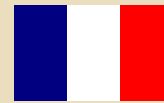
€/t



FRENCH WHEAT COMPETITIVENESS

How to explain these differences

Mechanisation + Labour = 45 % of the cost of production



Farm size
Replacement value
of machinery

3 500 ha
314 €/ha

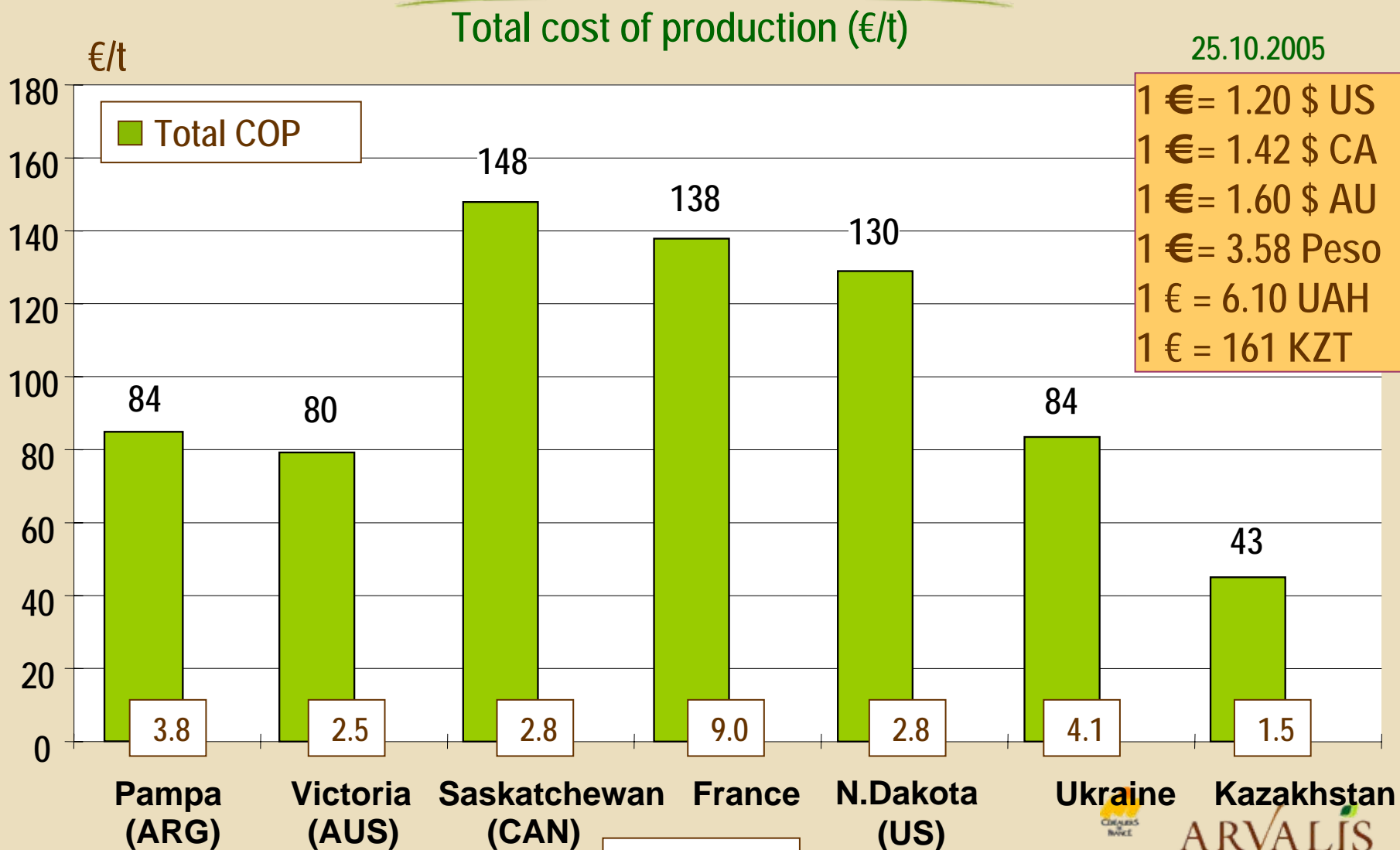
157 ha
1 524 €/ha

Labour productivity

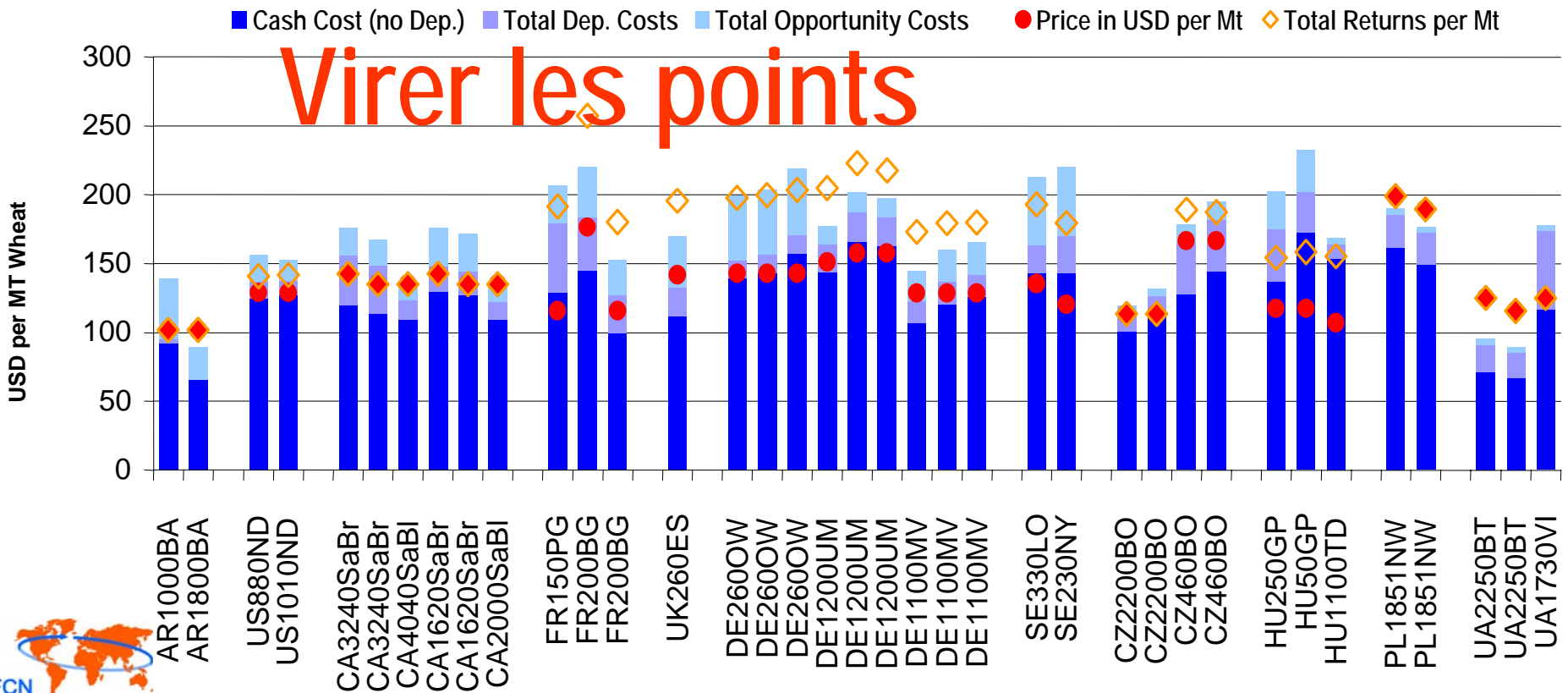
828 ha /labour
2 071 t /labour

157 ha /labour
1 000 t /labour





Total Costs of production IFCN – 2004 / 2005

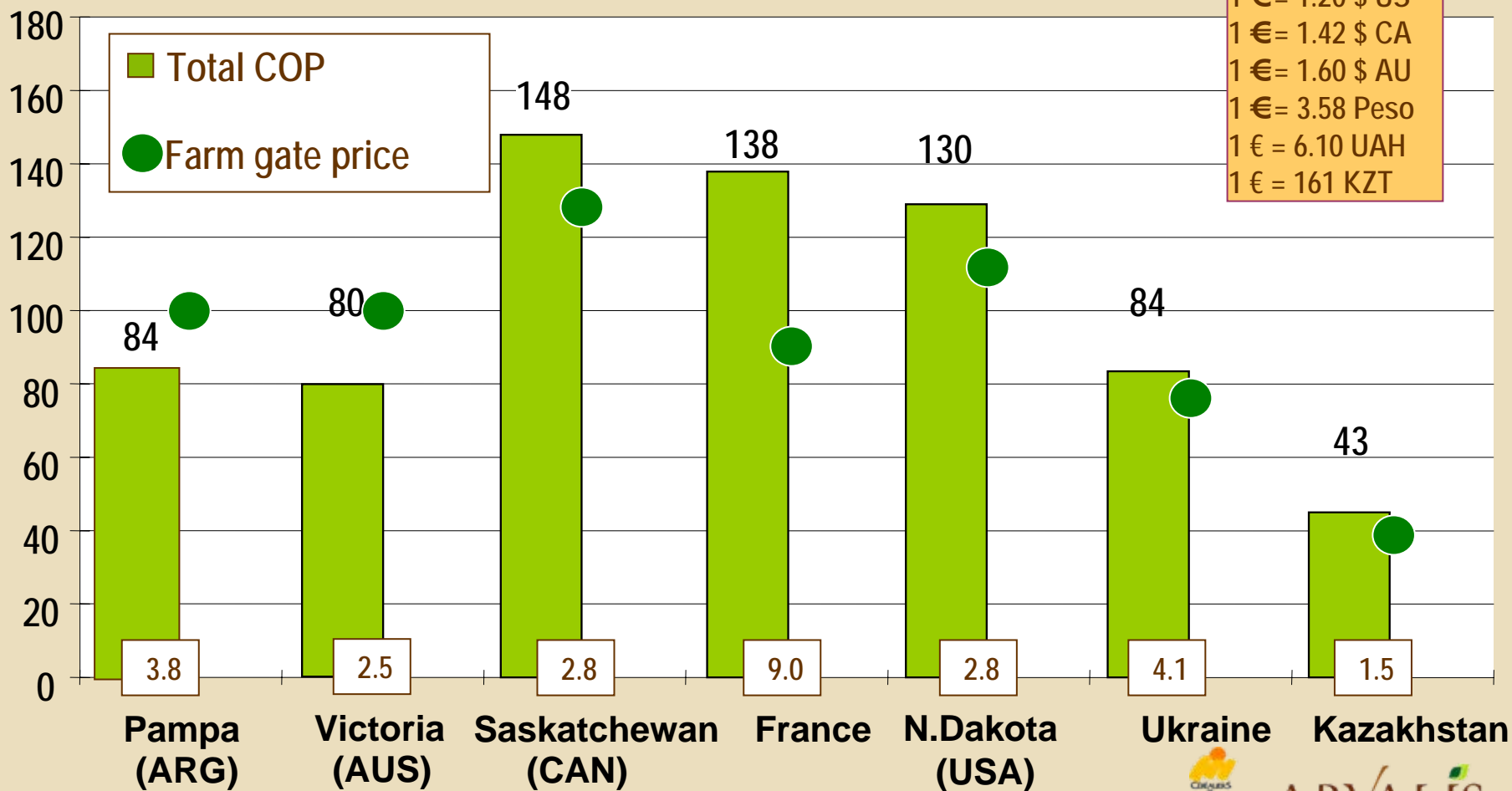


Cost of production and prices

total costs of production and prices (€/t)

€/t

25.10.2005



1 € = 1.20 \$ US

1 € = 1.42 \$ CA


1 € = 1.60 \$ AU

1 € = 3.58 Peso

1 € = 6.10 UAH

1 € = 161 KZT

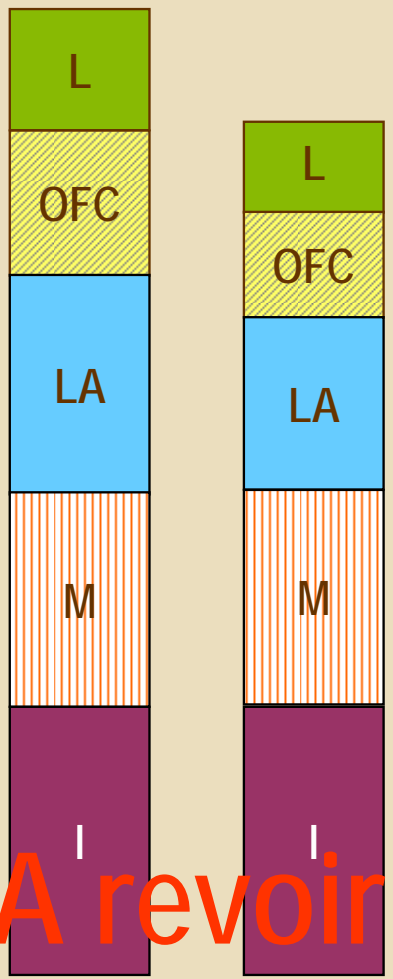
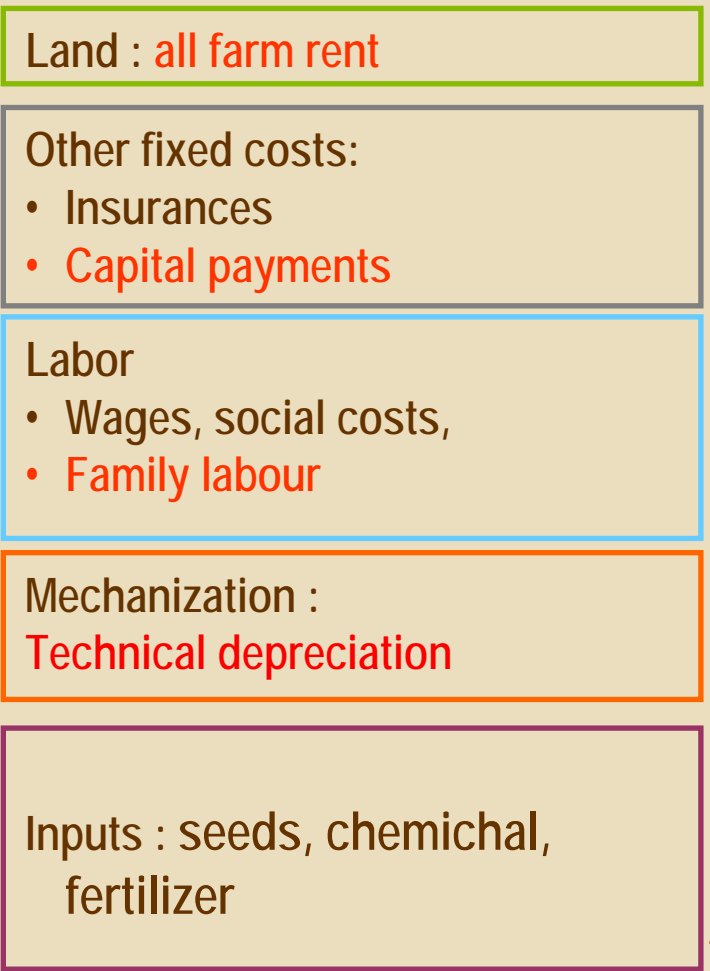
Yield t / ha



Competitiveness = Rentability ?

« Effective » ON-FARM COST OF PRODUCTION

total cost



Effective cost



A revoir

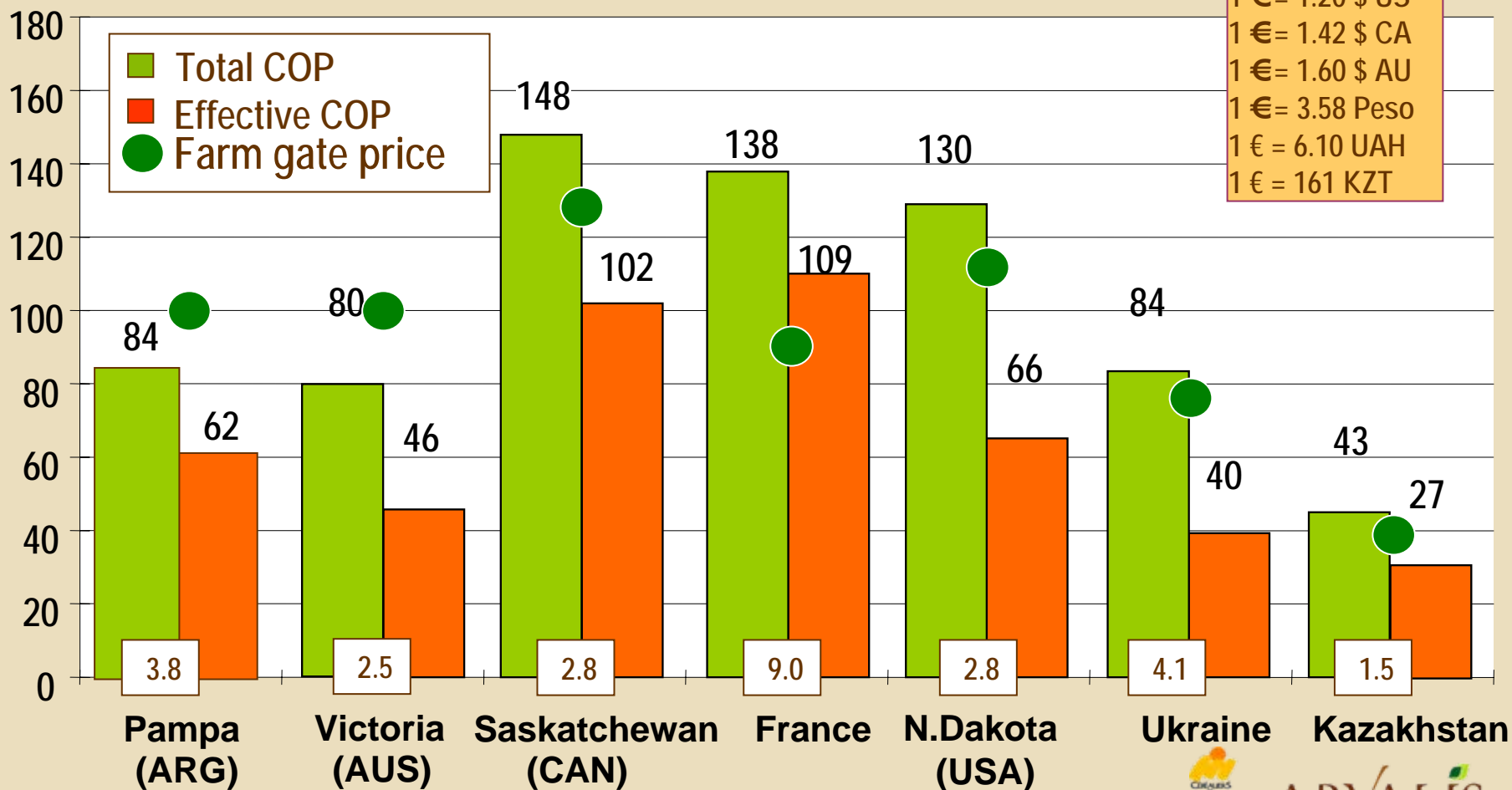


Cost of production and price

total and real on-farm costs of production (€/t)

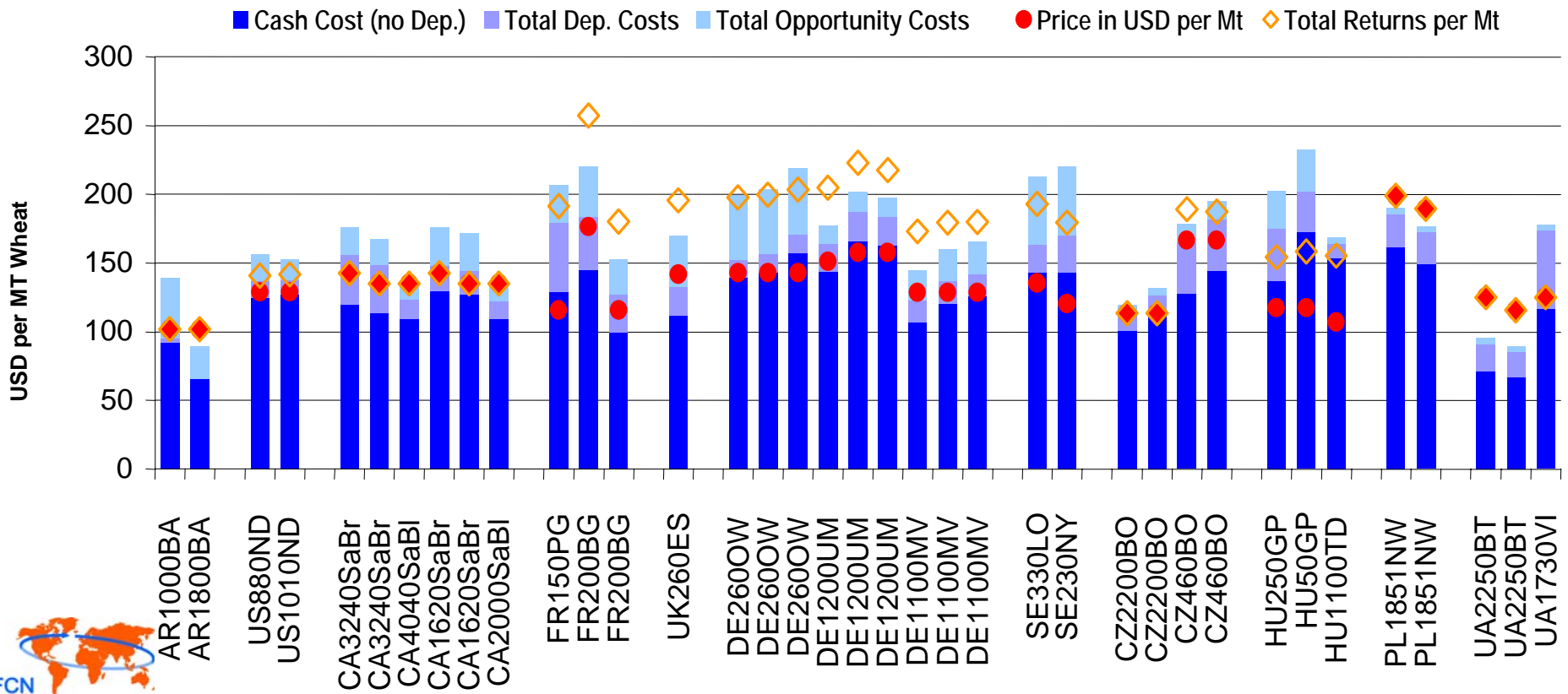
€/t

25.10.2005

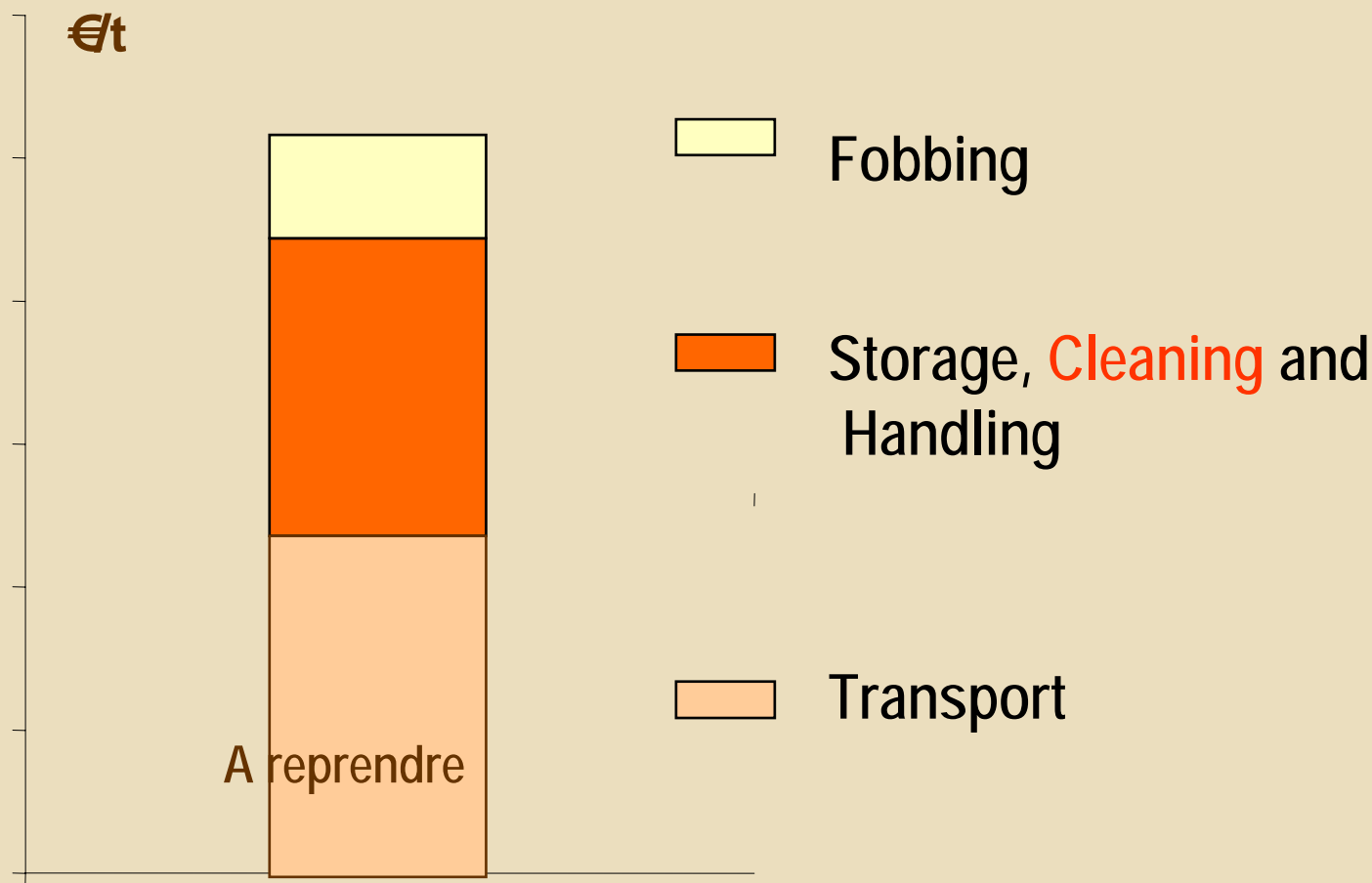


Yield t / ha

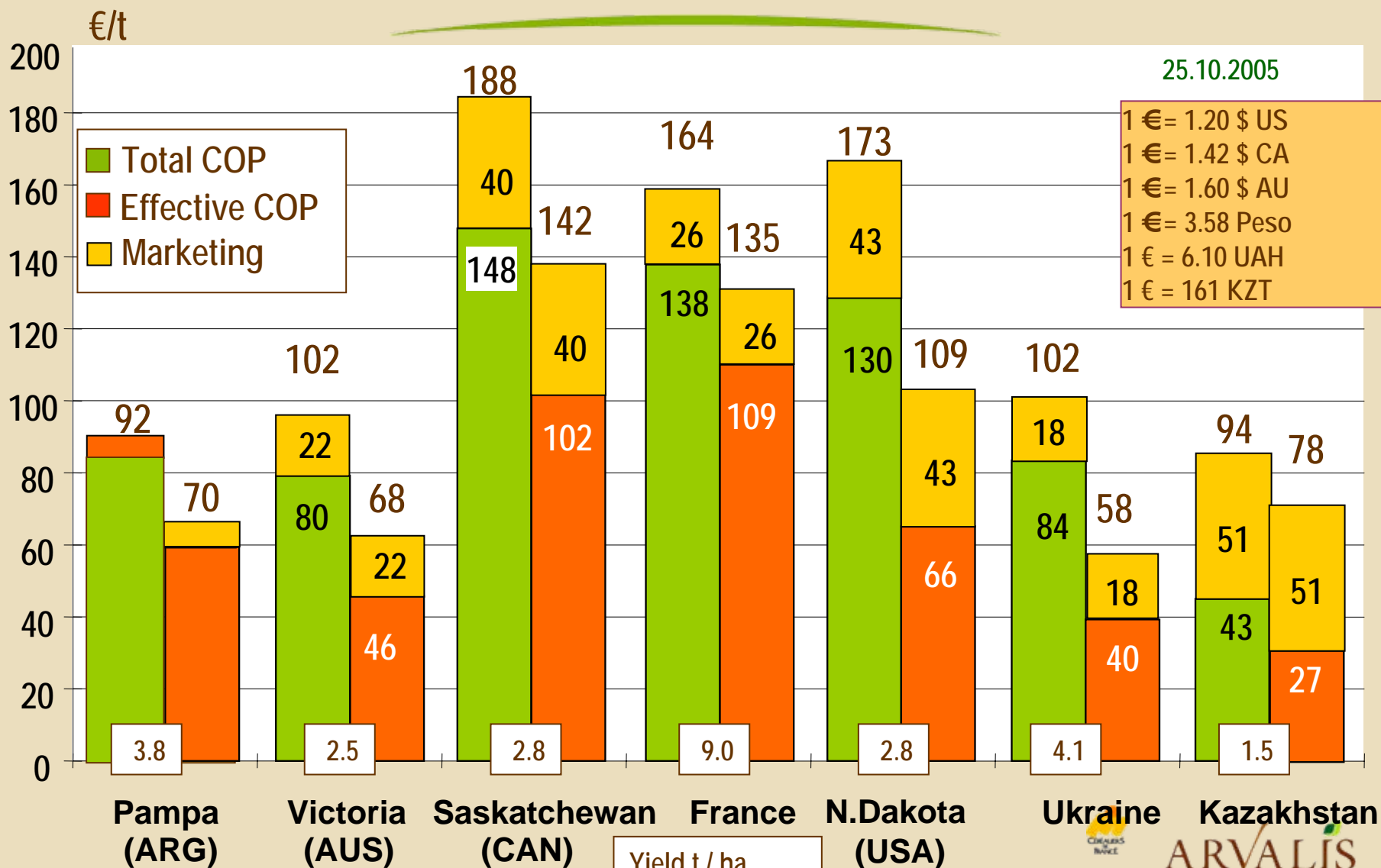
Total Costs of production IFCN – 2004 / 2005



MARKETING COST



total and effective costs of production and marketing cost (€/t)




To CONCLUDE...





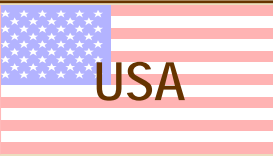
- ❑ cost of production : three groups of countries :
 - Australia
 - Argentina, Ukraine, Kazakhstan
 - France, Canada, US.

- ❑ Advantages, disadvantages : a wide range

- ❑ Sustainability ?

- ❑ Future scope for improvement
 - Australia : technology ?
 - Europe : mechanisation cost
 - Argentina : yield, but cost ?
 - Eastern countries : real soil potential

- 
- I Thank you for listening

	 France	 Argentina	 Australia	 Canada	 USA
Farms	Grain	Grain / Cattle	Grain / sheep	Grain	Grain
AUA ha	150	2767	3496	1166	890
% Debt	35 %	9 %	10 %	21 %	40 %
Multiple activities	Non	Non	Non	Oui	Oui
Subsidies	Oui	Non	Non	« Non »	Oui