WHITE PAPER – CROP AREA TRENDS IN BELGIUM, NETHERLANDS AND THE UK

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INTRODUCTION

Background

The Andersons Centre has been providing UK crop area analysis and forecasting services to clients for many years. In the latter half of 2015, it commenced a study to estimate crop areas and trends for selected countries in Belgium (BE), the Netherlands (NL) and the UK. This white paper reports the key findings and provides insights on future trends in each country and across the region.

Territory Overview

Table 1 provides a summary of agricultural land use across the region during 2015. The division of agricultural land use between grass and arable (non-grassland) is irregular; Belgium has a greater arable area than grassland, whereas Netherlands and the UK have more grassland than all arable combined. Average farm sizes vary considerably and range from 27 hectares in the Netherlands to 147 hectares in the UK.

Across Belgium and the Netherlands, there are over 3.2 million hectares of utilisable agricultural land which is approximately 62% of the total land area. In the UK, there are over 17 million hectares of agricultural land, representing 71% of the land area. Over 50% of the total agricultural area is classified as arable in Belgium and the Netherlands (1.65 million hectares) whereas in the UK most of the agricultural land is classified as grassland (72%) with arable land estimated at 4.9 million hectares.

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TERRITORY OVERVIEW

Table 1 – Overview of Agricultural Land Areas in Belgium, Netherlands and the UK - 2015

Factor	Belgium	Netherlands	UK	Total
Total Land Area ('000 ha)	3,028	3,367	24,190	30,585
Total Utilisable Agricultural Area (UAA) ('000 ha)	1,365	1,840	17,200	20,405
Agricultural Land %	43.8%	54.9%	71.1%	67%
Total Arable Crop Area ('000ha)	810	840	4,900	6,550
Total Grassland ('000ha)	555	1,000	12,300	13,855
Average Farm Size (ha)	32	27	147	90

Sources: Eurostat, FADN and respective countries statistic boards

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KEY COUNTRY TRENDS

Belgium

In 2015, the total cereals area is estimated at just over 280,000 hectares with winter wheat accounting for the majority of this amount. This year, the area is projected to increase by approximately 1% driven by a gradual long-term increase in wheat as well as increases in rye and spelt. Other crop groups such as oilseeds, pulses and vegetable & horticulture are forecast to remain static whilst sugar beet are forecast to decrease. Over the long-term it is noteworthy that the horticulture area is projected to increase as significant research is being devoted to advances in robotics and multi-layered farming.

Netherlands

Netherlands is one of the largest agricultural producers in Europe, with a significant value of flowers, vegetables, fruit, meat and dairy exported each year, over 75% of exports going to other EU countries. It is recognised as a major agricultural country with considerable trade. In 2015, the cereals area is estimated at 180,000 hectares with winter wheat once again dominant. In the coming year, the overall cereals area is forecast to remain relatively static with a slight increase in wheat offsetting a small decline in barley which has been rising steadily in recent years, albeit from a low base.

Potato production is significant and is estimated at almost 160,000 hectares. The sugar beet area declined significantly in recent years as the number of factories in the Netherlands have decreased in-line with similar trends across the EU. The vegetable and horticulture crop area is estimated at 155,000 hectares and field vegetables (e.g. carrots and onions) have been increasing steadily and this trend is projected to continue. Oilseeds and pulses are relatively minor in the Netherlands.

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KEY COUNTRY TRENDS

UK

As outlined in Table 1, the UK has the largest agricultural area (17.2 million ha) of the countries covered in this white paper and accounts for almost 60% of the regional total. The UK's arable area is estimated at 4.9 million ha for 2015 and as illustrated in Figure 1, its cereals area, estimated at approximately 3.1 million ha, is significantly larger than the other countries covered in this study.

The UK's current wheat area is estimated at over 1.8 million ha, and is down slightly on the10-year average (1.9 million ha) but is expected to recover in the coming years. The barley area, estimated at just over 1.1 million ha in 2015, is forecast to increase in 2016 driven by increases in spring barley which is forecast to be up by almost 40,000 ha on last year and is being aided by rotational requirements and demand from the value added malting market. There is a decrease forecast in the winter barley area by almost 2% this year and next year further declines are projected in response to lower prices. The oats area is estimated at around 130,000 ha and is forecast to increased in the coming years, driven by increased consumer demand.

The oilseed rape area, estimated at around 645,000 ha on 2015, is forecast to fall further in 2016 as restrictions on neonicotinoids have an impact. This trend is forecast to continue but has been compensated for by increases in pulses and maize. Both of these crop areas are forecast to increase long-term but maize is projected to rise at a stronger rate, although its noteworthy that AD deployment is decelerating. Potatoes (circa 130,000 ha) have decreased on previous years and this trend is expected to continue. Similar to most countries in the region, the sugar beet crop area (circa 90,000 ha) is also declining.

Vegetable and horticultural crops are grown on approximately 170,000 ha with field vegetables (e.g. carrots, onions, parsnips) accounting from almost half of this amount. For this category as a whole, a relatively stable trend is forecast in future years.

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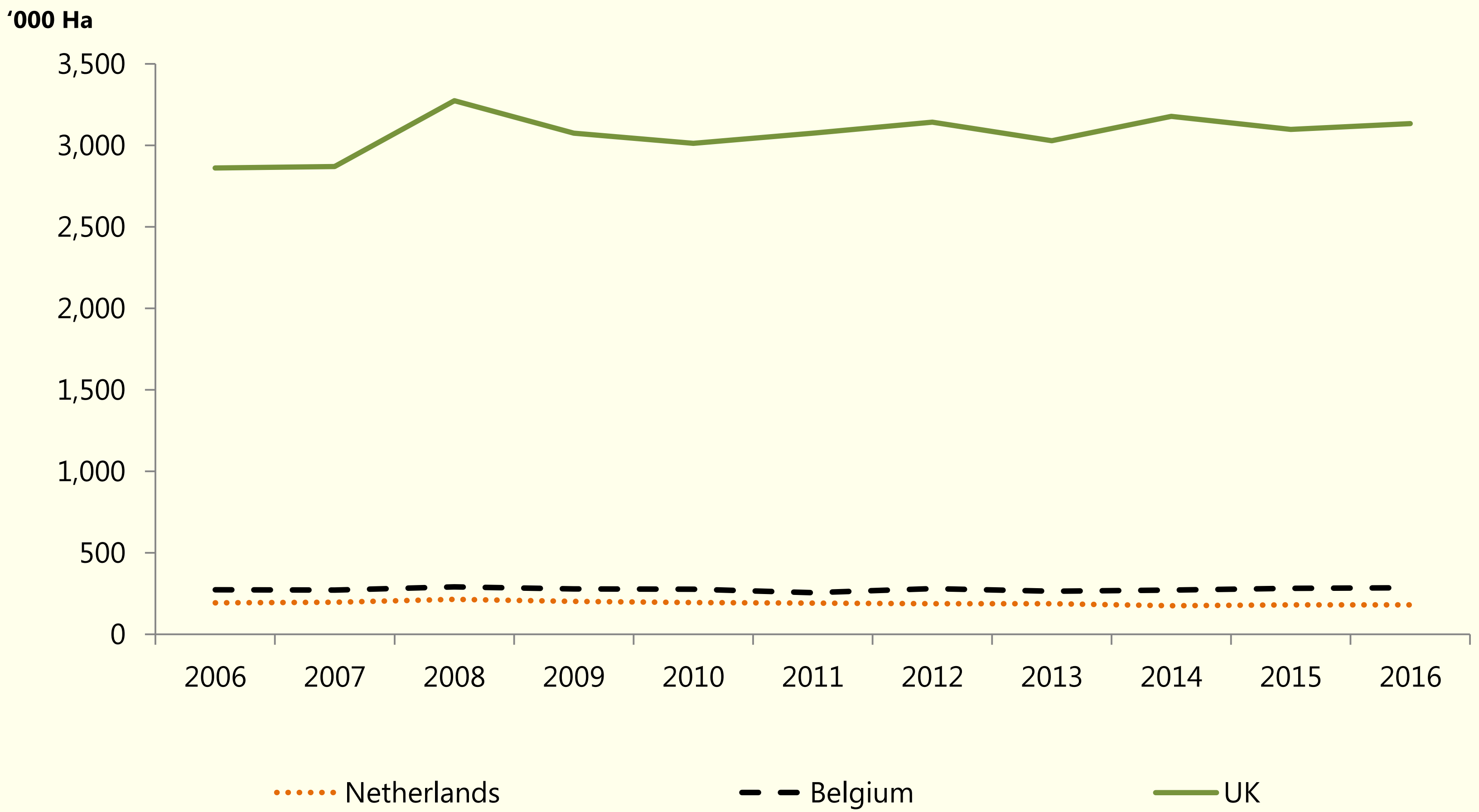
KEY COUNTRY TRENDS

Figure 1 – Overview of Total Cereals Crop Area Trends in Belgium, Netherlands and the UK – 2006 to 2016



* Total cereals includes wheat, barley, oats, rye, triticale and mixed cereals

Source: The Andersons Centre, 2016

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CONCLUDING REMARKS

Overall, the total arable area across the region is forecast to decrease slightly (by 0.4%) in 2016 with a further decrease projected in 2017. The cereals area, estimated at just over 3.5 million ha across the region (i.e. Belgium, Netherlands and the UK) in 2015 is forecast to increase slightly this year but projected to decline in 2017, due to lower prices on global markets.

For 2016, the oilseed rape area is forecast to decline significantly by around 11% to approximately 590,000 ha, mainly due to declines in the UK, whilst the protein crop area is trending upwards and is assisted by rotational requirements recently introduced as part of the Common Agricultural Policy (CAP) reform. The maize area, estimated at almost 660,000 ha across the region has increased steadily over the years and is expected to continue to do so, although the rate of increase may not be as large as in the past.

The area of potatoes grown across the region has been relatively stable, but has been declining slightly over the years and trends in the UK and the Netherlands suggest that this trend will continue.

In terms of other arable, vegetable & horticultural crops, sugar beet has declined across the region in recent years and much will depend on how the sector adapts to the end of the EU quota management system in September 2017. The vegetable and horticultural sector, estimated at around 390,000 ha is forecast to remain stable in the coming years.

If you would like further details on crop area estimates and forecasts for any of the countries examined in this white paper, please do not hesitate to contact us. The Andersons Centre has crop area statistics for each country going back to 2000 and also provides long-term (10-year) annual forecasts for more than 25 crop species as well as grassland and fallow land across the region. Also, if you have other research needs concerning arable and livestock forecasting within Europe, we would be delighted to support you. Below is some further information on The Andersons Centre and its expertise.

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- Our clients include decision-makers at every level, across every segment of agriculture.

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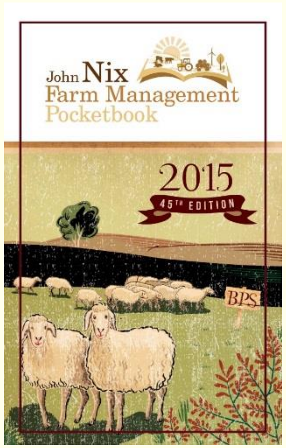
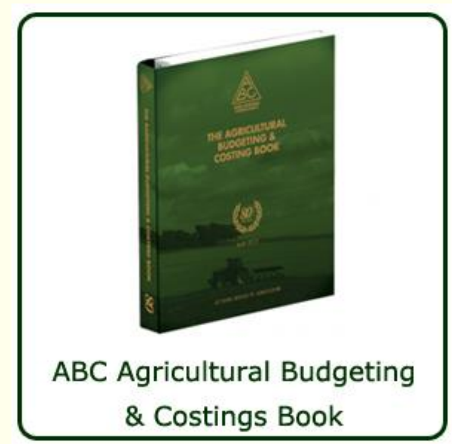
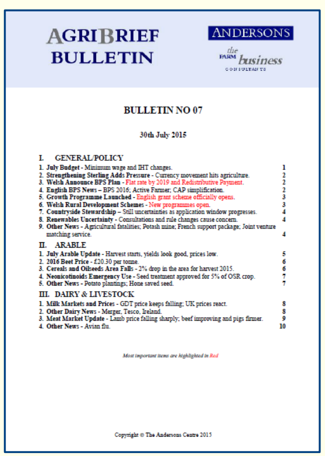






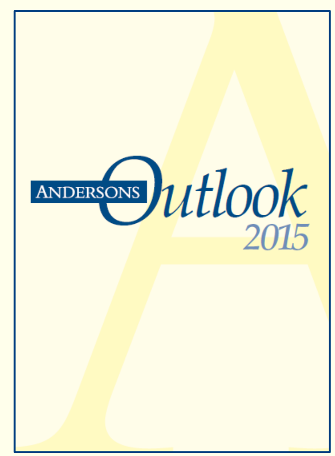
AGRIBRIEF
BULLETIN

ANDERSONS
the FARM business CONSULTANTS

BULLETIN NO 07

30th July 2015

Most important items are highlighted in Red



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  - Bespoke market and industry analysis

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- Joined in 2004, Partner since 2010.
- Editor of the John Nix Farm Management Pocketbook.
- Covers a wide variety of research for the agri-industry and food supply chain sectors.
- Specialisms:
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  - Experienced research project leader & market forecaster.
  - Advanced spreadsheet modelling, data handling & analysis.
- Previously worked as an Economist for Banks Cargill Agriculture, a major agricultural merchant, and as a Farm Business Consultant for Laurence Gould Partnership.
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  - Market intelligence, competitiveness analysis & benchmarking.
  - Business performance analysis and modelling.
- Languages: French (advanced); German (basic).
- Prior to joining, worked as a Senior Analyst with IHS and led several international consulting projects. Previously worked for Syngenta, JFC Manufacturing & European Commission.
- BSc (Hons) Agricultural Economics & Management, Queen's University Belfast; MSc International Agricultural & Food Marketing, Newcastle University.

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Thank you for reading this White Paper.

Any questions or comments, please ask.

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