SUMMARY RECORD OF THE FIFTEEN TH MEETING OF THE OECD NETWORK ON FARM LEVEL ANALYSIS

Tallinn, Estonia, 4-5 June 2014

Participants

1. The meeting was attended by 33 participants from 15 countries: Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Ireland, Italy (videoconference), Latvia, the Netherlands, Norway, Sweden, the United Kingdom, and the United States (videoconference) (see List of Participants on the website). In addition to contact persons nominated by their delegation, a number of experts from Baltic countries participated.

Content and structure of the meeting

2. The objectives of the 15th meeting were to:
   - Inform participants of the outcome of work on dairy farm productivity and discuss future work on the determinants of productivity growth (Session 1).
   - Discuss progress on cross-country comparison of farm-size distribution and preparation of a report for OECD delegates; and discuss structural change in the dairy sector of specific countries (Session 2).
   - Discuss a number of projects on farm-level analysis and indicators carried out in participating countries (Sessions 3 and 4).
   - Discuss future activities, including the organisation of a joint seminar with the Working Party on Agricultural Policies and Markets (APM) in November 2015 (Session 5).

3. As the meeting took place in Estonia, it also provided the opportunity to visit dairy farms and discuss with farm managers about their technical performance, and investment and market strategies.

4. The meeting agenda is posted on the network’s website.

Session 1: Productivity, efficiency, competitiveness

5. Shingo Kimura reported on the outcomes of the network project on productivity developments in the dairy farm sector. At the end of May 2015, APM delegates declassified the report, which compares the dynamics and determinants of total factor productivity (TFP) across Estonia, the Netherlands and the United Kingdom, and includes an analysis of farm-level productivity growth in four regions of Germany. This report will be published as an OECD Paper on Food, Agriculture and Fisheries, available free of charge on the OECD website. The analysis of productivity growth of the Dutch dairy farm sector was also

1. Website: www.oecd.org/agriculture/distnet.
used in the OECD’s country review of Dutch policies, which was also declassified by the APM and will be accessible through the OECD website.3

6. APM delegates also expressed their appreciation for this work on farm level productivity dynamics. They supported further work analysing farm-level TFP developments proposed in a note scoping future work in this area over 2015-16. In this note, it is suggested to apply the method developed with the network to measure and analyse TFP, to other commodity sectors; to link TFP and other farm performance indicators at the farm level, in particular, environmental performance; and to link innovation behaviour and TFP at the farm-level.

7. Cooperation from countries will continue to be essential. From July 2015, a new OECD analyst, Raushan Bokusheva, will be in charge of implementing farm-level productivity work, and will develop a concrete project proposal for delegates to discuss in November, at the APM meeting and the next FLA meeting. Feed-back on implementation from experts, who participated in the first phase of the project, was sought for.

8. A number of European and national studies on productivity and competitiveness in the dairy sector were then presented.

9. Using a video connection, Simonetta De Leo, from the Italian institute of agricultural economics (INEA) presented work done with Maria-Carmela Macri to compare the productivity performance of different dairy production systems in Italy. The Italian dairy sector represents 10% of agricultural primary production and generates high value-added. In terms of net value-added per annual work unit, the dairy sector in Italy is doing better than France, Germany or Spain, but this hides strong regional difference among Northern regions where 80% of the milk production is located. Milk production in the plain is very intensive and concentrated in large farms with good economic results. In the hills, production is intensive, although units are smaller, and milk is mainly used for quality products, such as Grana Padano and Parmigiano Regiano. Dairy production is extensive in the mountains, and provides environmental and socio-economic benefits, but economic results are poor. Despite agricultural policy support, half of the dairy farms in the mountains are at risk of closure, and this risk could grow as a consequence of the removal of milk quotas in April 2015. It would be interesting to compare similar regions within European countries to identify common critical areas and policy proposals.

10. Gordana Manevska-Tasevska, from the Swedish University for Agricultural Sciences, presented a study carried out with Ewa Rabinowicz and Yves Surry, which investigates whether the agricultural support (in Sweden) has succeeded in eliminating farm efficiency differences originating from the regional agricultural potential and the “green” farm management practices among Swedish dairy farms. The study applies stochastic frontier analysis to Farm Accountancy Data Network (FADN) farms to estimate technical efficiency, with and without subsidies, of different categories of dairy farms using different farm practices. All types of support, including decoupled one, are modelled based on the input first affected. Farms subject to agri-environmental pressure such as regional and/or “green” management practices are generally less efficient. Support distribution has not fully met regional needs. Difficulties in the ability of dairy producers to generate sufficiently high output are visible in the southern and central forest and valley areas. Agricultural support has a partial subsidisation effect on the “green” farm management practices, with organic farms performing better than conventional farms, which may indicate they are over-compensated. Low-capital intensive farms also received sufficient compensation, but support in farms with low animal density is not sufficient to compensate for low farm efficiency. Questions were asked about policy representation in the model and impact of other factors, such as land prices. It would be interesting to test the difference between the impact of coupled versus decoupled support, using this model.

11. Csaba Jansik, from the Natural Resources Institute Finland (LUKE), presented the farm-level analysis of a broader study on the competitiveness in northern European dairy chains.\(^4\) The study includes eight countries and takes a value chain approach to analyse competitiveness, using a wide range of indicators of performance: productivity, trade flows, output growth, etc. Innovation is measured as R&D expenses per sales revenue. He presented differences in dairy industry structure and performance across countries, contrasting developments between 2004 and 2011 in new EU member states with those in EU15 Northern countries. Significant developments have taken place in dairy chains, including foreign direct investment (although the share of foreign ownership is limited except in Baltic countries), price changes, growth in private labels and concentration and globalisation of the retail sector. TFP growth in the dairy chain has been higher in new member states over the period, driven by output growth rather than reduction of input costs. New member states gained market shares, in particular Poland. Regarding the possible impact of quota removal, the location of milk production is expected to move towards coastal areas of Northern Europe, and also within countries from south to north-east in Finland and Sweden. A participant noted that a large part of differences in growth between new member states and EU15 countries is linked to EU accession in 2004, and suggested to limit the analysis to the period post accession rather than starting in 2002. Another question was raised about the strategy in terms of quality and its impact on competitiveness. The discussion also considered the different factors explaining dairy chain developments, policy or market incentives, policy versus industry changes, agricultural support compared to R&D and access to finance, environmental regulation, etc.

12. Raul Omel, from the Estonian University of Life Sciences, presented a comparison of Estonian farm productivity according to farming intensity. TFP of Estonian farms in the FADN is measured using a Färe-Primont productivity index. Productivity has increased over the period 2004-12, mainly due to technology advances, supported by investment subsidies following Estonia’s accession to the European Union. Support schemes have mostly favoured larger producers, making them more capital intensive compared to smaller producers. Capital-labour ratio increases with farm size indicating different technology choices and opportunities for higher labour productivity and wages. The analysis shows that TFP growth was higher in livestock farms than in crop farms. Among dairy farms, annual TFP growth rate in small intensive and extensive farms was lower than in large farms. TFP efficiency growth is higher for large farms. Differences in efficiency change and scale effects are small. Differences in performance suggest large scale is needed to invest in technological innovation. The suggestion was made to look at more farm-size groups. This would help identify the optimal size to obtain higher performance, which is 120 cows in Sweden.

**Session 2: Structural change**

13. The order of the presentations indicated in the agenda was changed but they will be reported as in the agenda. Reporting on progress with the cross-country comparison of farm-size distribution project, Shingo Kimura presented preliminary results based on data already received on land area and number of animals, which include nine countries so far: Canada, Estonia, France, Germany, Italy, Japan, Latvia, the Netherlands and the United States. He also indicated that Canada and the Netherlands had provided information on livestock sectors (See Canadian presentation below). One issue raised is the possibility to use the EU Farm Structural Survey to estimate the proposed farm-size distribution statistics, based on published data, but it would not allow looking at the distribution of some farm types (e.g. intensive livestock sector) because in some countries, all farms of these types would belong to the largest farm category).

14. Preliminary results indicate that the hectare-weighted median provides good comparison of farm-size distribution across countries and over time. Land and animal concentrate more in large-size farms in

most of the countries, while small-size farms remain. The speed of concentration and specialization is accelerating in recent decade in many countries across agricultural sectors. Participants were also reminded that since the last meeting of the network, a revised Terms of References and excel template extending the calculation of the indicators of distribution to the livestock sector had been discussed and circulated within the network. Initial results were presented at the joint-seminar between the network and the APM in November 2014. The scope of work to be presented to APM delegates was discussed at the May APM meeting. The proposal is to include indicators of distribution as well as a literature review of factors driving structural change, including change in industrial structure, technological development, change in farm organisation, and change in policy environment. As during the joint Seminar, APM delegates expressed their interest and support for the project. For inclusion in the draft report presented to delegates in November 2015 data should be sent to Shingo by 31 July 2015. Shingo Kimura invited participants to share any related literature on factors driving changes in farm size distribution in participating countries.

15. Ryan McCullough, from Agriculture and Agri-Food Canada, presented the analysis of farm-size distribution in Canada, which contributes to the above-mentioned network project. Farm consolidation has taken place in all sectors: midpoint hectares nearly doubled since 1990 to reach 809 in 2010 and field crop land at the upper quartile (weighted) more than doubled to reach 1 619 in 2010. Despite consolidation, the dairy sector remains one of the most ‘equal’ sectors in terms of farm size distribution. The midpoint of dairy head increased from 50 in 1990 to 96 in 2010. Growth was the highest in the upper quartile. Consolidation has taken place in the Canadian cattle sector and accelerated after 2000. The median grew from 55 to 94 head between 1990 and 2010 while the midpoint grew from 127 to 280. Substantial growth occurred in the top quartile with 25% of cattle being in herds larger than 927 head. The broiler sector has grown and consolidation is growing over time. The midpoint has increased from 48 000 units in 1990 to 65 000 in 2010. The upper quartile increased from 68 000 to 112 000 between 1990 and 2010. Gini coefficients show that the greatest distribution inequality occurs in field crops. Not surprising given the breadth of Canadian agriculture; geographic factors are likely play a key role here. Broiler coefficients are surprisingly high, given they are in supply managed sectors. There were questions about differences in consolidation by province, which may reflect the regional concentration of commodity production and about the possible impact of the elimination of the Canadian Wheat Board.

16. James MacDonald, from the USDA Economic Research Service, presented changes in dairy structure in the United States and discussed how this has affected US dairy policy. There has been dramatic structural change in US dairy farming: mid-point herd size has increased from 80 in 1987 to 900 in 2012. This has impacts on costs and competitiveness, as larger dairy farms realize lower costs and higher profits. More than half of milk is produced in farms with over 1 000 cows, and 80% of milk is produced in half of farms. There have also been changes in dairy product markets, notably a steady and ongoing shift away from fluid and toward manufactured products and some movement to more differentiated product, as well as a large expansion of commercial exports, which brings greater international exposure. Major changes in policy occurred in response to risks and changes in market and farm structure. In the last two decades, US dairy farms have been exposed to higher risks as milk and feed price, thus profitability became more variable. Large farms have higher debts and were the most affected by the 2009 reduction in margins. Policy had been focused on countercyclical support focused on small producers, but could not respond to this crisis. The 2014 Farm bill eliminated: the Dairy Product Price Support Program; the Dairy Export Incentive Program, the Milk Income Loss Contract (MILC) Program, and introduced the Margin Protection Program—Dairy (MPP). As an insurance programme, the MPP introduced catastrophic coverage, which covers 90% of historical milk production for a minimal fee, and buy-up coverage. Large farms have heavily enrolled, often under pressure from lenders. This programme is designed for 4 years, and its impact on production response and its costs and benefits will be monitored. Participants noted that participation is still limited for such an attractive programme, but it is expected to be larger next year. Farmers can join any time and budget is not limited. There were also questions about the environmental and animal health impacts of very large farms, which are not considered in analysis presented but are in other studies. With
Milk production is increasing glyphosate by itself is the most important factor for the evolution of weed resistance presented in acres and 85% of, described in the literature on policy evaluation needs completed, identified a list of indicators already available, developed a wish list, and, after consultations with stakeholders, ended with a list of 214 indicators covering 33 topics. Data needs have been identified for these indicators and data collection is being prepared on a pilot basis for the 2015 accounting year, with 1,000 surveyed farms, through the FLINT Pilot network. The IT infrastructure for collection data is being prepared. The presentation outlined a number of remaining challenges in using different data sources, linking FADN with other datasets, adapting to the diversity of practices in data collection in different countries, and developing composite indicators. Examples of data flows were given and a proposed EU architecture for collecting and checking data was presented. Participants expressed their appreciation for this effort and welcomed future opportunities to follow progress with the implementation.

17. Aleksejs Nipers, from Latvia University of Agriculture, presented trends and changes in the dairy sector in Latvia. Significant structural change has happened and is still happening. There have been large reductions in dairy farm numbers since 2000, but the numbers are more stable now. Milk production is highly concentrated, with 2% of farms producing 57% of milk. Farms are subject to short term price shocks, which small and diversified farms have higher capacity to absorb. The domestic market is also very dependent on the EU export market, which has been recently affected by the Russian ban. Milk processing companies in Baltic countries are small and significant investments would be needed to discover new markets. Today, costs are higher than prices in more than 80% of Latvian farms, in some cases because of recent investments. Still, farms remain in production possibly because of cross-subsidisation from other agricultural and forestry activities, and/or unpaid family labour. In the longer term, the situation in the dairy sector is challenging and the solution is not in the primary agricultural sector only. Value addition in the supply chain could be developed. Csaba Jansik indicated that in the study he presented in Session 1, they found that foreign direct investment and consolidation are taking place in the milk processing sector of Latvia and Lithuania, and also noted that farmers started direct sales. One question was about the impact of EU funds on consolidation in Latvia.

Session 3: Innovation, productivity and sustainability

18. Mary Ryan, from Teagasc, and Hans Vrolijk, from LEI Wageningen UR, provided an update of progress with the implementation of the EU FLINT project, which aims to develop farm-level indicators for new policy-relevant topics, such as economic, social and environmental sustainability, and also innovation as an indicator of long-term sustainability. They reviewed the literature on policy evaluation needs completed, identified a list of indicators already available, developed a wish list, and, after consultations with stakeholders, ended with a list of 214 indicators covering 33 topics. Data needs have been identified for these indicators and data collection is being prepared on a pilot basis for the 2015 accounting year, with 1,000 surveyed farms, through the FLINT Pilot network. The IT infrastructure for collection data is being prepared. The presentation outlined a number of remaining challenges in using different data sources, linking FADN with other datasets, adapting to the diversity of practices in data collection in different countries, and developing composite indicators. Examples of data flows were given and a proposed EU architecture for collecting and checking data was presented. Participants expressed their appreciation for this effort and welcomed future opportunities to follow progress with the implementation.

19. James MacDonald presented a study of USDA Economic Research Service on the economics of glyphosate resistance management in corn and soybean production, published at the end of April 2015.5 Usually known by the trade name Roundup, glyphosate is an herbicide that is often used in combination with herbicide-tolerant (HT) genetically engineered seed varieties. Glyphosate use in US agriculture grew very rapidly since the commercial introduction of HT seeds in 1996: 93% of soybean acres and 85% of corn acres were planted to HT varieties in 2013. However, widespread use has led to resistance, documented in 14 weed species affecting US cropland. Recent surveys indicate a growing problem. To examine factors shaping the herbicide-use decisions of crop producers, ERS developed a bio-economic model to compare herbicide choices that: 1) manage glyphosate resistance and maximise long-run returns, or 2) ignore glyphosate resistance and instead maximise short-run returns. Data come from the ARMS and the Benchmark Study, conducted by university plant scientists, as well as aggregate USDA/NASS survey data. The study finds that using glyphosate by itself is the most important factor for the evolution of weed

resistance to glyphosate. Glyphosate resistant weeds are more prevalent in soybean production than in corn production because: GT varieties were planted in more soybean than corn acres, more glyphosate pounds were applied to soybean than to corn, glyphosate was used on more soybean than corn acres, and tillage, which controls weeds without promoting herbicide resistance, was used on a greater percentage of corn than soybean acres (more conservation/no-till was used on soybeans). Regarding the effects of resistance, a decline in glyphosate effectiveness due to resistance is associated with reduced yields and returns and distribution of profit and


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processes (RMPs) and increase the returns to corn and soybean production. Education would stress: 1) the negative economic consequences of glyphosate resistance, 2) the economic benefits of managing resistance, and 3) the potential benefits of cooperation between neighbouring crop producers. There were questions about the reaction of plant breeders and farms to these developments. It was also suggested to look at the impact of different rotations on resistance to glyphosate.


20. Martin Nordin, from Lund University in Sweden, presented an analysis, carried out with Sören Höjgård, which aims to evaluate the effects of advisory services on nutrient usage and farms’ finances. The analysis uses information collected as part of a programme implemented since 2001, which aims to reduce leakages of nutrients and pesticides in farms, and increase economic efficiency. The programme involves several visits of consultants, which generate information stored in a database. These data are merged with information from Statistics Sweden’s Business Register and CAP subsidy database. The analysts exploited a certain aspect of the counselling programme, which randomises differences in counselling between farms, to estimate causal effects. As participation is voluntary, this raises issues in terms of self-selection, but the impact of differences in the level of counselling can be estimated. They found that the use of nutrients does not decrease but the nutrient balance decreases as the plant uses the nutrients more effectively. As a result, crop production and farms value added increase. There were questions about the type of advice that was given, the scope for further reductions in nutrient leakages, and the type of alternative econometric methods that could be employed with this unique database.


21. Ants-Hannes Viira presented a study done with other researchers in the Estonian University of Life Sciences, which estimates the relationship between dairy herd’s genetic level and technical efficiency of Estonian farms. They find that relative Breeding Value (RBV) explains very well changes in milk yield for a given breed. They use Data Envelopment Analysis (DEA) to estimate technical efficiency and fractional regression to estimate efficiency score (i.e. the fraction of potentially attainable output that is achieved by the dairy farm) as a function of 5 RBV criteria. They find that quality of dairy cows (RBV) explains part of the variance of efficiency scores, but that inefficiency is also related to land use (other output, land per cow). Higher RBV differential could also capture the selective (managerial) ability of the farm manager. Regional factors, linked to soil quality, could also determine TE. Some participants suggested that zero values be removed from the analysis, as they could lead to misinterpretation, but this suggestion was questioned by others. There were also questions about possible correlation between explanatory variables.

**Session 4: Income and financial capacity**

22. Werner Kleinhanß, from the Thünen Institut of Farm Economics, presented an analysis comparing income to factor costs of German agriculture. He analyses the distribution of profit and opportunity costs between farm classes. Full remuneration of fixed factors is required to sustain farm competitiveness and allow adjustment to changing economic circumstances (size expansion, innovations). A Competitiveness Index (CI) is calculated as the ratio of net-value added over the sum of opportunity costs of farm owned factors and the costs of external factors. Simulations based on the German FADN are used to calculate the share of farms considered to be competitive, with and without subsidies, using this indicator. On average, net value-added has been higher than costs since 2010/11, but a lot of farms do not cover their costs as factor costs have increased, more so external factors than own-factors. 60-70% of
larger farms remunerate factors versus 20-25% of smaller farms. On average, arable farms cover their costs and none of grazing livestock farms except dairy. About half of dairy farms fully remunerate fixed factors, but only a quarter of non-dairy grazing livestock farms can do it, due to low prices and reduction in payments with the implementation of regional flat rates. Depending on price and support developments, 15% to 55% of arable farms fully cover their fixed costs. The share of the remuneration is largely influenced by farm size. Static simulations of the situation without payments show that even large farms will not be able to fully remunerate fixed factors, indicating a weak competitive position. There were questions about the estimation of opportunity costs, farmers’ response to weak competitiveness, as well as policy responses. The study will be published soon and reviewed by the German ministry.

23. Michael Friis Pedersen, from the University of Copenhagen, presented a project to look at how structural change affects financial leverage. The cost of capital is expected to vary depending on farm size, capital ownership structure (i.e. debt to asset ratio, share of rented land) and managerial ability. Taking more explicit account of cost of capital involves a number of empirical challenges for agricultural production economics, among others: The cost of equity is not observed. Often only the average pre-tax cost of debt is observed. The issue is to estimate the marginal cost of equity, debt or labour. Participants agreed with the importance of taking differences in equity cost into account because of growing heterogeneity of farm structures, and are looking forward to see the result of the empirical analysis. Some indicated this issue has been looked at in their country.

24. Hans Vrolijk made a brief presentation of the Dutch agrofood data portal: "agrofoodportal.com". As part of the restructuring of Dutch institutions, a centre for economic information, which he heads, manages all the data provided to the European Union, and makes them accessible through a portal, launched in 2013, and now accessible to English speakers. The objective is to facilitate access and replace printed reports, which have a short shelf-life. This portal has increased exposure and made re-use of data easier. It requires stronger cooperation between different fields and a different management of the system and content. While the benefits are obvious, there were questions about the cost of building and maintaining such information base. In terms of content, this was done at constant cost.

Session 5: Future work and Joint Seminar

25. Catherine Moreddu reminded participants of APM delegates’ support for the work of the network and its contribution to the programme of work and budget of the Committee for Agriculture and their interest for further work on the determinants of farm productivity and sustainability performance. They expect to discuss a detailed project in November 2015.

26. She suggested holding the next meeting of the network the same week as the November APM, to be able to organise back-to-back, a half-day joint seminar on the farm level economic and environmental sustainability. Network participants would also have the opportunity to attend parts of the November APM where farm-level work is being discussed (project proposal and draft report on changes in farm distribution). She invited participants to propose presentations on this topic. For example, a recent study on the environmental performance and the structural change of the French dairy farms would fit in the theme. Participants welcomed these suggestions.

27. When discussing future activities of the network, some participants outlined the need to enlarge participation, with the help of APM delegates, to make comparative studies more relevant. There were also questions about the sharing of analytical work between network members and OECD Secretariat and how to account for the significant time required in some projects. More analysis from network members would be welcome, but resources need to be found.

28. It was the first time a meeting of the network was hosted by a member country. The experience was found positive and could be repeated if there are other volunteers.

**Session 6: Conclusion and summary of next steps**

29. The OECD Secretariat thanked the Estonian hosts for their efficient organisation, and for welcoming participants and ensuring wide and active participation from neighbouring countries, which we hope will continue to participate in future meetings.

30. Participants were reminded of the summary of actions and decisions.

- The 16th meeting of the FLA network will take place in Paris, back to back with the APM meeting on 17 November 2015.
- A joint Seminar with the APM will be organised on the theme of economic and environmental sustainability performance, the morning of 17 November.
- Network members are welcome to participate to the next PACCIOlI meeting, which will take place in Belgrade, Serbia, on 27-30 September 2015. Registration is by 15 July 2015 on the pacioli website: www.pacioli.org.

31. The OECD Secretariat will undertake the following:

- Send the Summary Record to participants for comments.
- Prepare a written report including the Summary record, Agenda and List of participants for the meeting of the Working Party on Agricultural Policies and Markets on 18-20 November 2015.
- Organise the 16th meeting of the Network and a joint seminar with the APM on 17 November 2015.
- Prepare a draft report on farm distribution for the November APM meeting. Countries which sent data by 31 July 2015 will be included in this draft report. A draft version of the report will be circulated to network members around mid-September for comments.
- Register in the distribution list, those who wish to continue working with the network and have access to the network website.

32. Participants were invited to:

- Propose country-specific presentations on farm sustainability and productivity or efficiency to be presented at the joint seminar to take place on 17 November 2015.
- Liaise with Shingo on participation in the distribution projects.
- Send data by 31 July 2015 for inclusion in the OECD draft report on farm distribution.
- Send any related literature on factors driving changes in farm size distribution in participating countries to Shingo Kimura.

33. Concerning the website:
• The final Agenda, List of Participants, Presentations and Summary Record will be posted on the website, as well as the scoping paper on the OECD innovation project.

• Presentations made at the meeting will be posted on the password-protected website if the authors agree.

Field trip

34. The afternoon of the second day, participants were invited by Estonian guests to visit two dairy farms:

• Takkasaare farm is a family farm with 345 ha, of which 130 ha are owned, about 100 dairy cows, and the same number of other cattle. It employs five annual work units. Investment was gradual through bank loans with EU support. Cows are fed from feed cultivated on the farm (grass, cereals and rapeseed). Milk yield per cow is over 10 tonnes per year.

• “Estonia Ltd” is one of the largest dairy farms in Estonia operating 10 000 ha (6 000 owned), located in three sites, with 2 100 dairy cows. Recent investment in modern facilities to host about 3 000 cattle (1 600 cows and 1 500 other cattle), in anticipation of the removal of the milk quota. There are currently 1 200 cows as the herd needs to be built, and milk prices are currently low. Milk yield per cow is 9 tonnes per year. About 100 annual work units, some people being highly specialised (veterinarians). There are still more than 100 shareholders, down from 800 in 1993, but two-thirds of shares belong to 6 owners.

35. It was clear the current market crisis preoccupied the farm managers but a longer-term issue in the Baltic dairy sector seem to be to develop processing and exporting capacity.