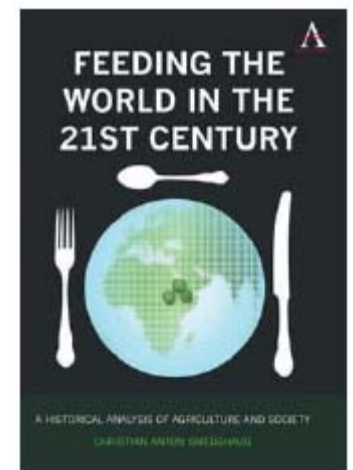


The rationale behind the Norwegian agricultural model

Chr. Anton Smedshaug, Ph.d

AgriAnalyse



4%

HANDLINGSREGEL



SKATTESUBSIDIER



ASYL
SCHENGEN

FAMILIE
STUDENT



FRI OLJEINVESTERING

2012: kr 270 mrd.
2015: kr 400 mrd.



FRI KREDITT

4%

HANDLINGSREGEL



OLJE
Investering
og drift

FISKERI
LANDBRUK
SKIPSFART
INDUSTRI



**BYGG
OG EIENDOM**

SKATTESUBSIDIER



FRI OLJEINVESTERING

2012: kr 270 mrd.
2015: kr 400 mrd.



SKATTESUBSIDIER



LAV RENTE



FRI KREDITT



4%

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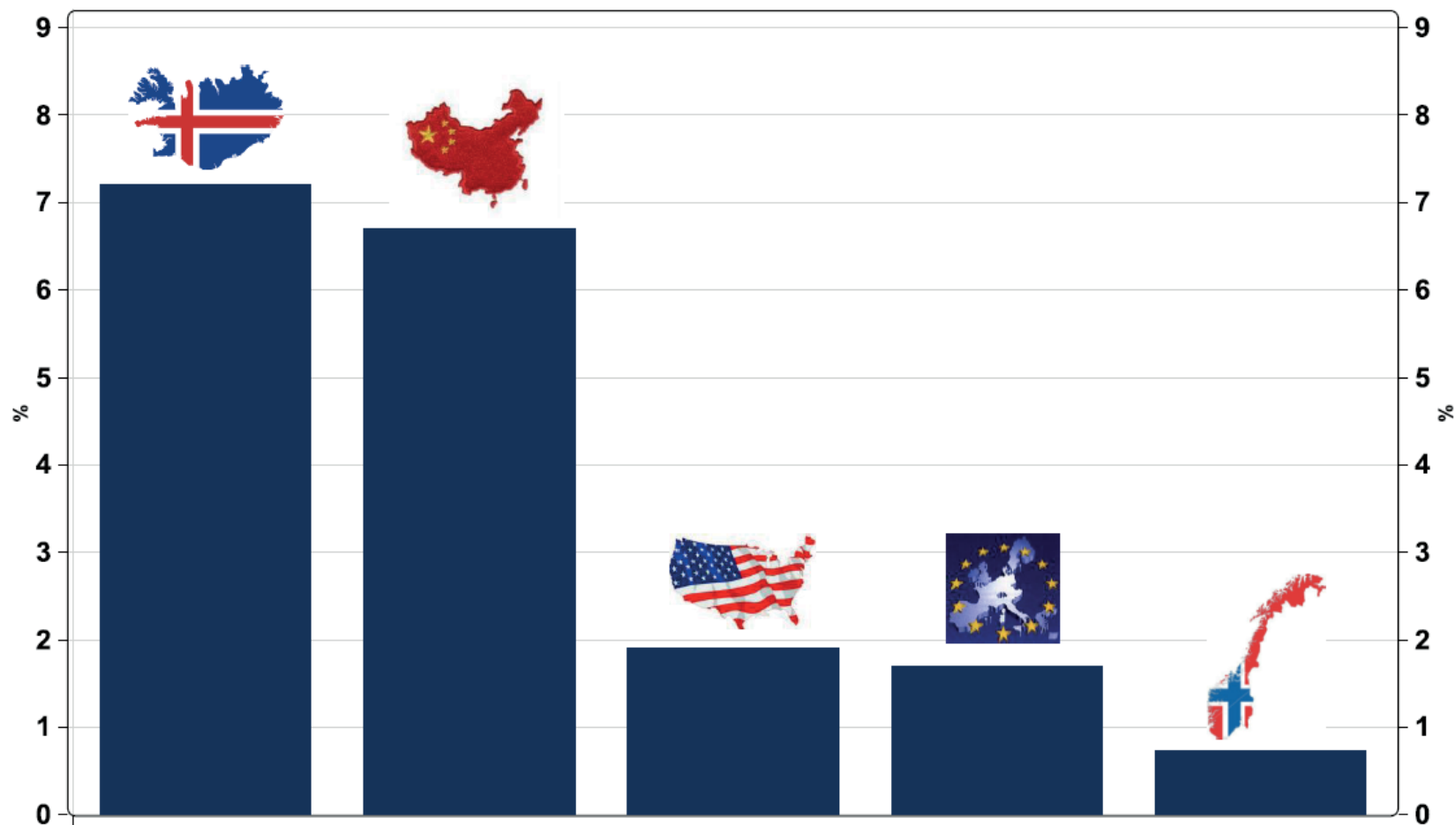


Vekst-VM 2016

...typisk norsk å få is i rubben

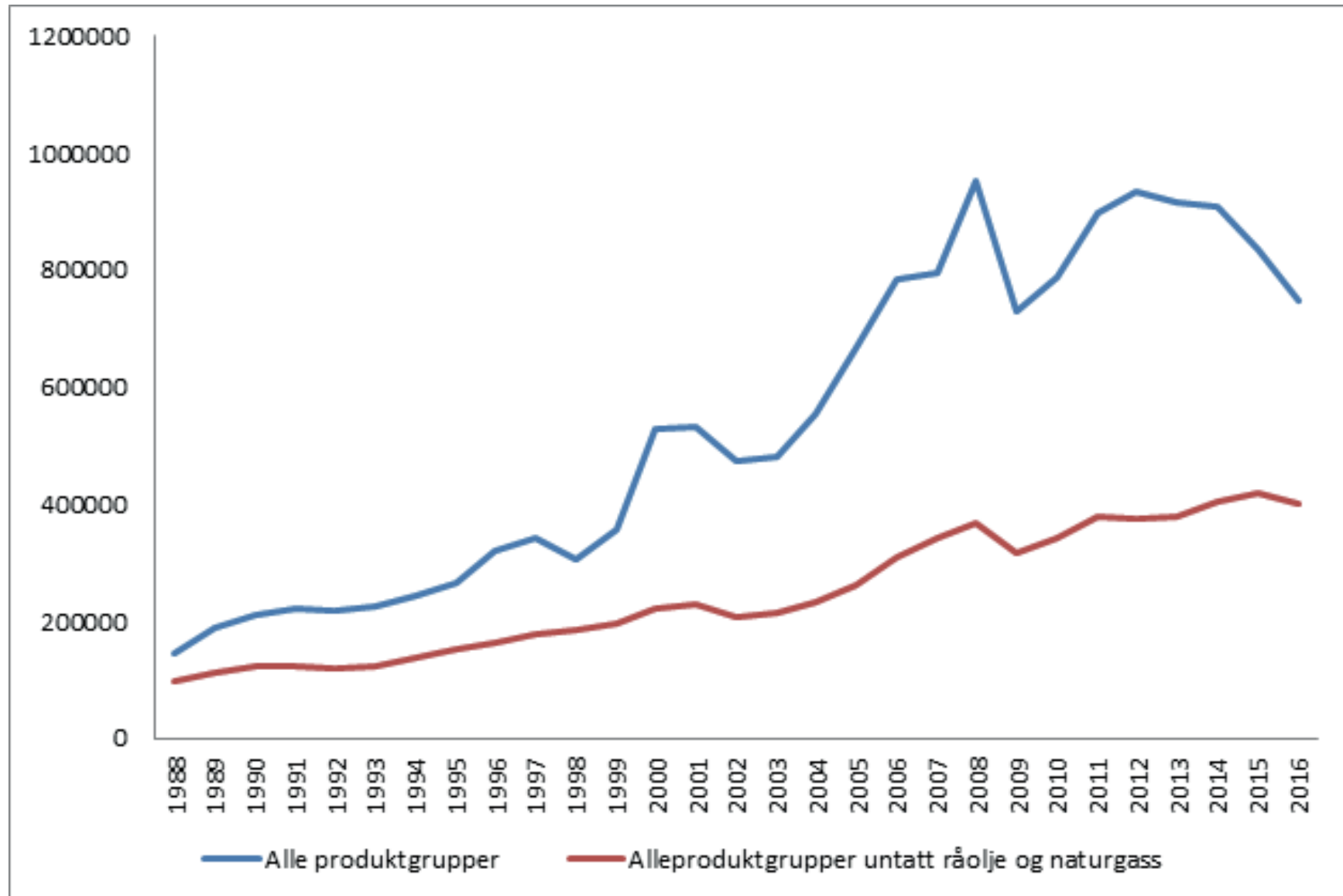


BNP-vekst 2016

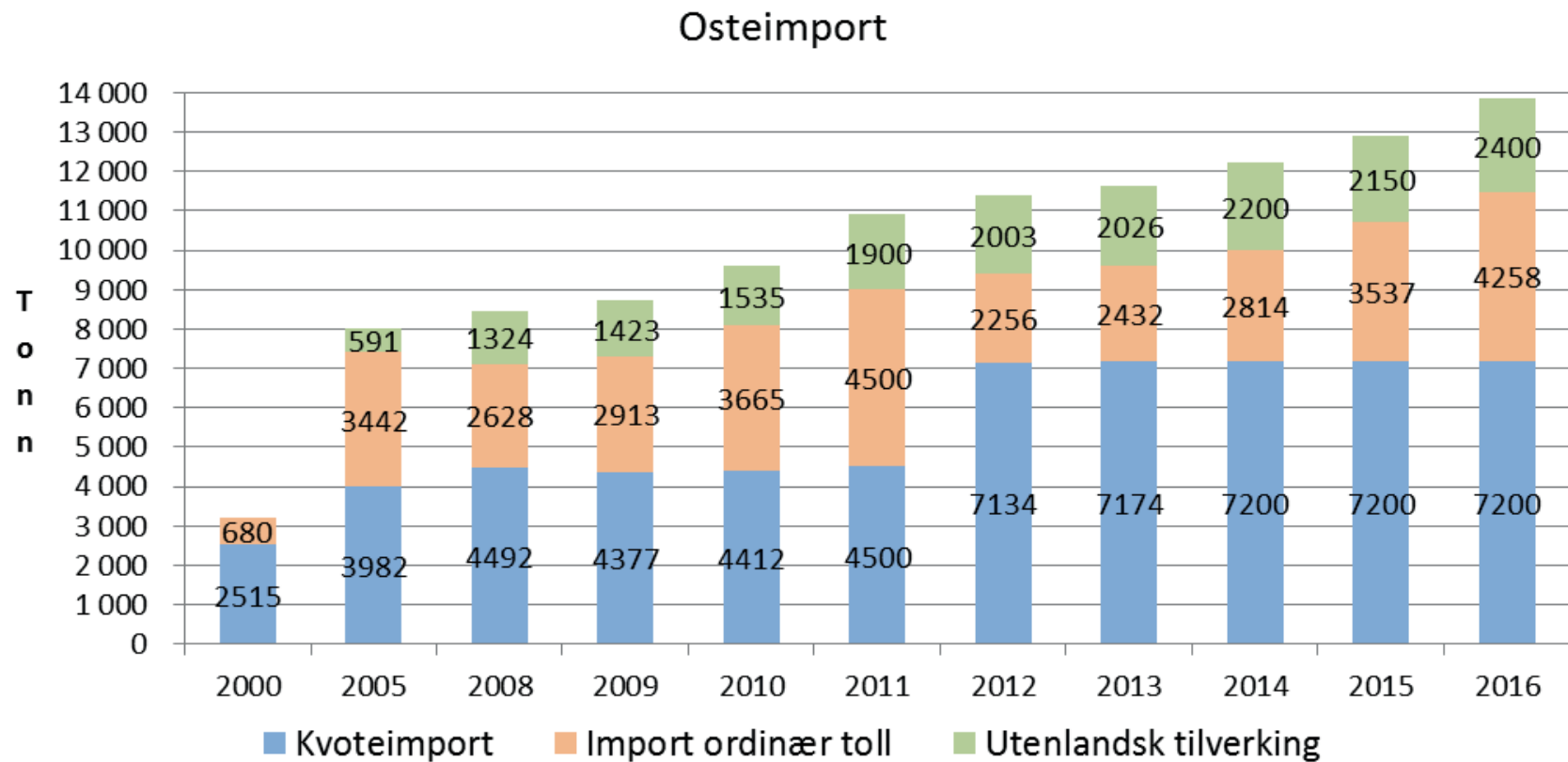


HolbergFondene

Export total og goods



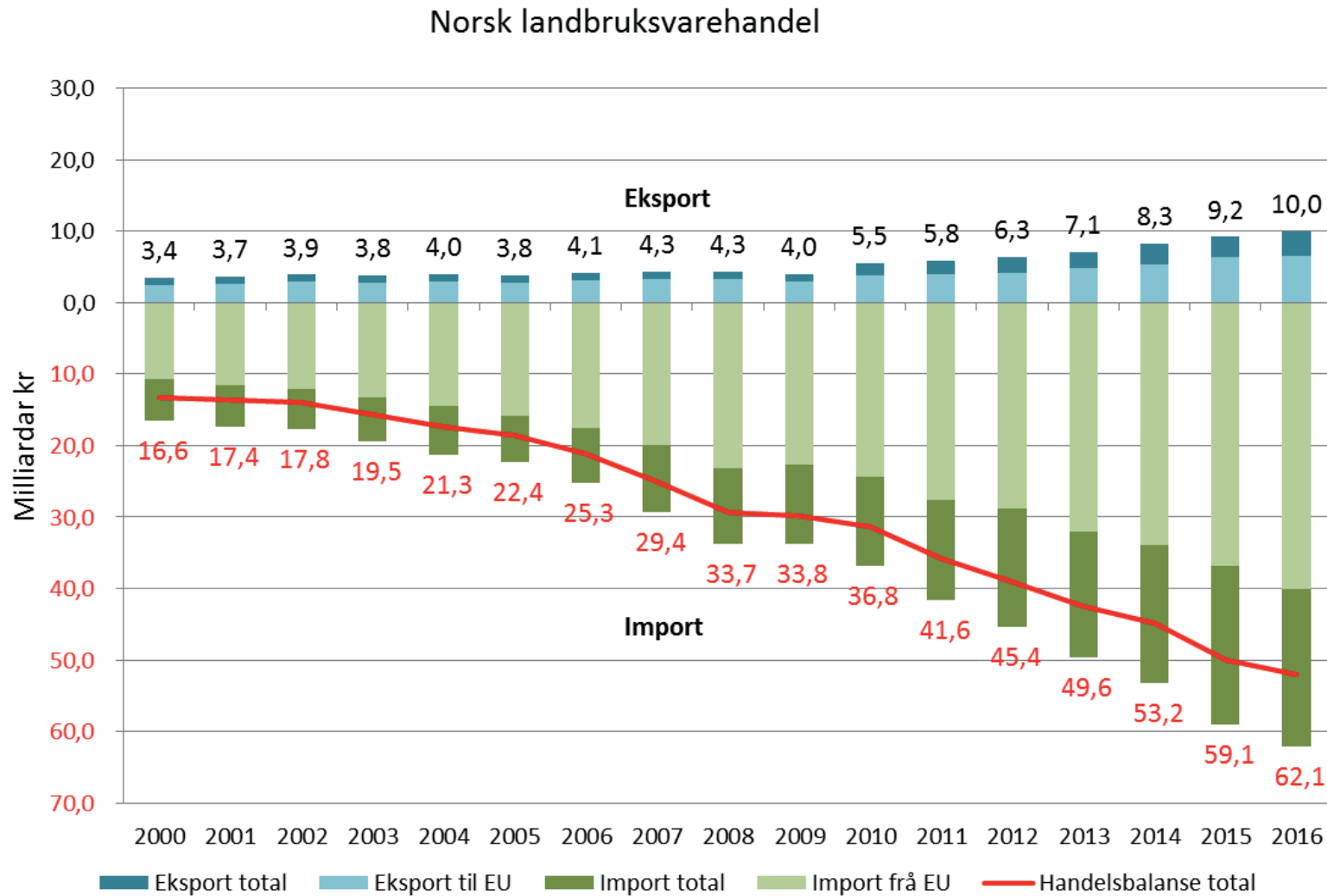
Import of cheese to Norway (HS: 04.06)



AgriAnalyse/Landbruksdirektoratet/SSB

➤ Norwegian export of Cheese for 2016 was 11 858 ton.

Development of Norwegian Agricultural trade

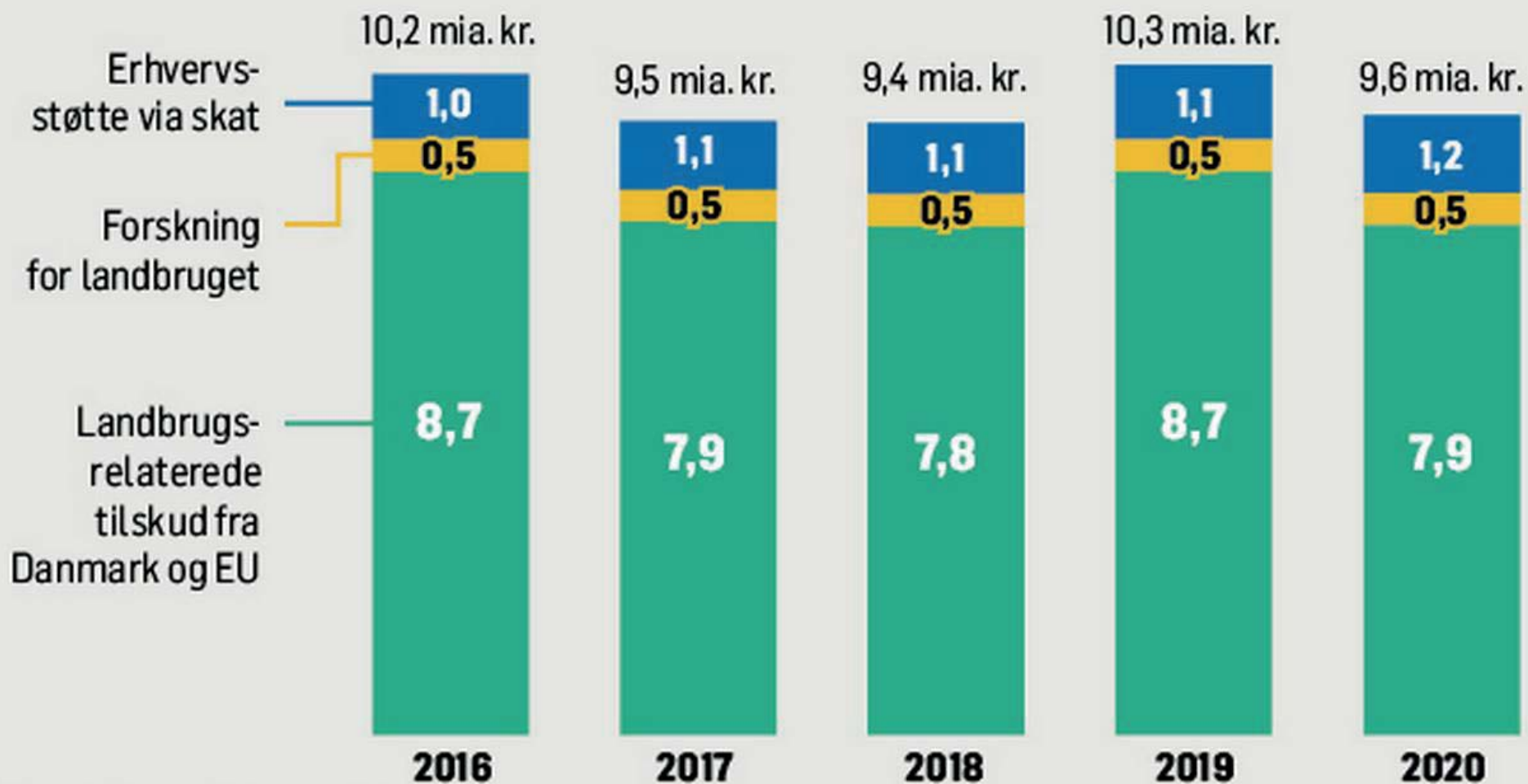


AgriAnalyse/Landbruksdirektoratet/SSB

- ❑ Handelsbalanse: 2000 = -13,2 milliardar kr, 2016 = -52,1
- ❑ Handelsbalanse med EU: 2000 = -8,4 milliardar kr, 2016 = -33,6

Statsstøtte til landbruget

Miljø- og Fødevareministeriet har lavet en oversigt over forventet statsstøtte til danske landbrug i perioden 2016 til 2020. Statsstøtte forstås som midler fra Danmark og EU, der direkte eller indirekte går til landbrugs- og fødevarerektoren.



Kilde: Miljø- og Fødevareministeriet

Main traits - Norwegian agriculture

- About 42 000 farmers on 320 000 sqkm
 - Only 3 % farmed land
 - 1 mill ha – all over the country
- Around 90 000 persons working incl industries
- Strong cooperatives - market regulators
 - Production limits, milkquotas
- Yearly negotiations with the government
- Outside EU – part of EEA-agreement

Regulations of production

Quotas for milkproduction



Max size for eggs, pigs and chicken



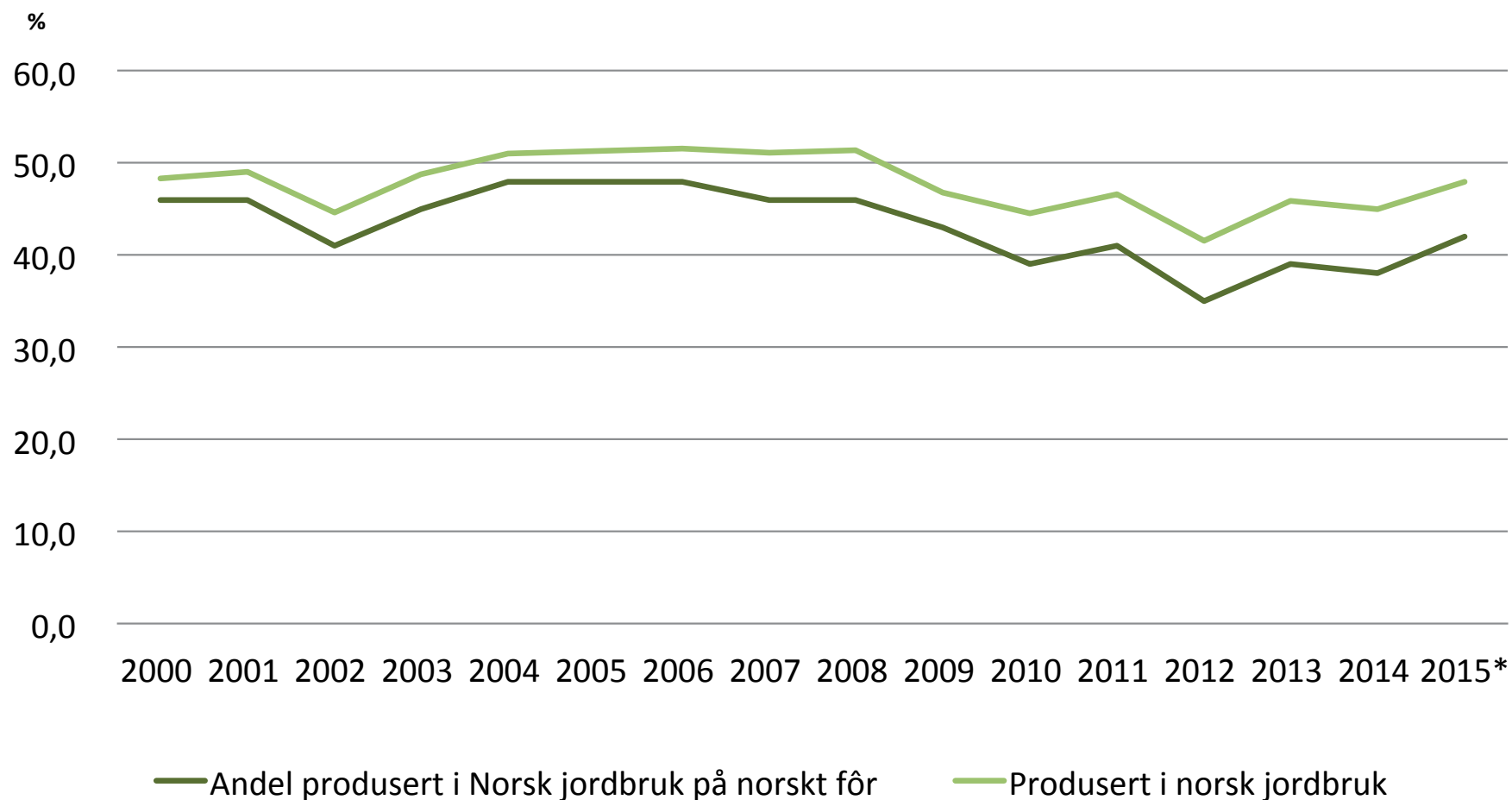
2 100 slaughter pigs – a year
105 Sows – at any time

Main challenges

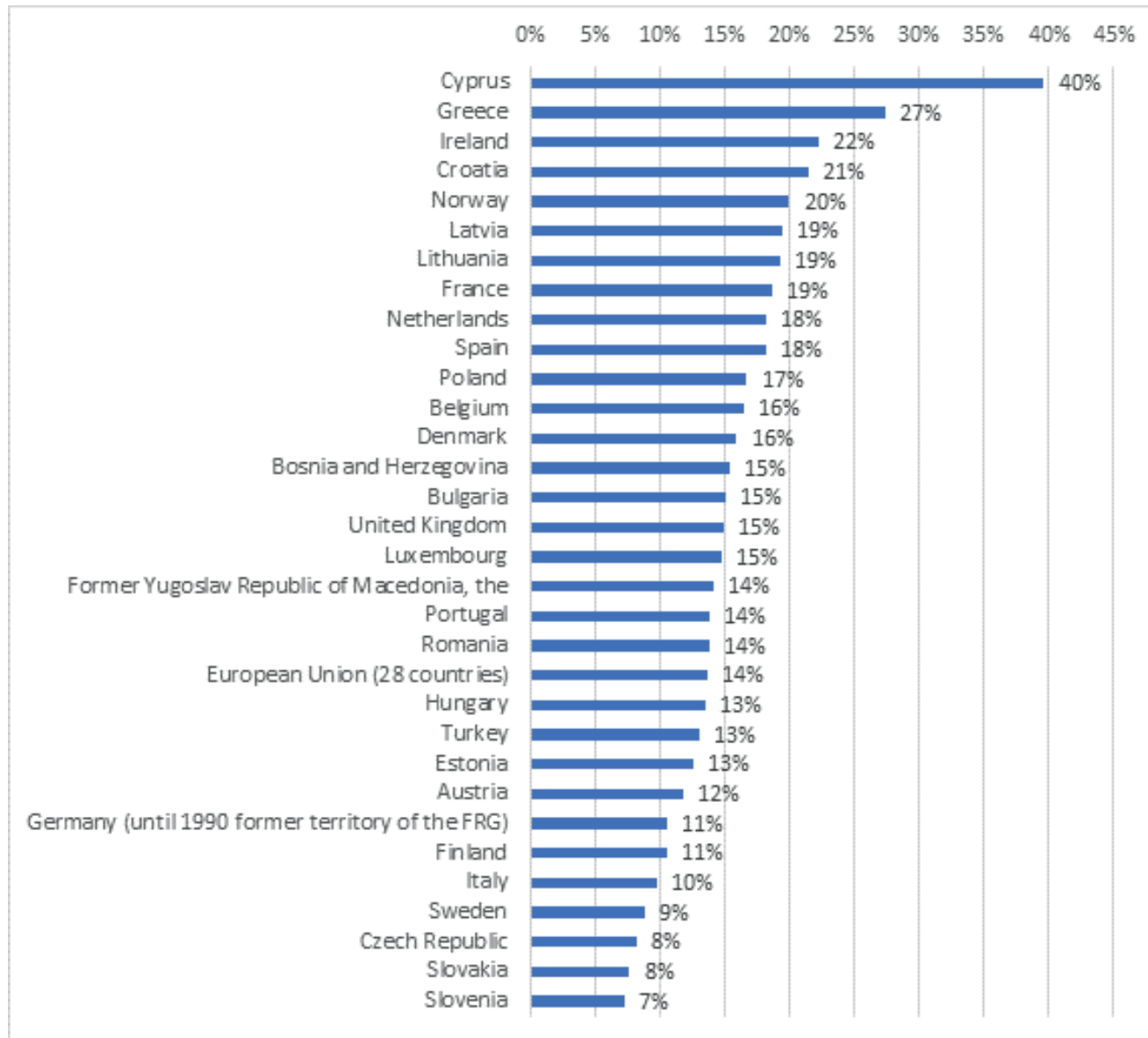
- 20% more mouths in 2030?
 - Self sufficiency degree should be improved 40 %/50 %
 - Only 3 % arable land
 - Low population density
 - 14 persons/km²
 - Small farms
 - 26 cows
 - 23 hectars
- good envi. conditions
 - In the outskirts
 - No neighbouring ag areas
 - Efficient bureacracy



Selfsufficiency



Processing industry share of total industry



The Norwegian Agricultural model

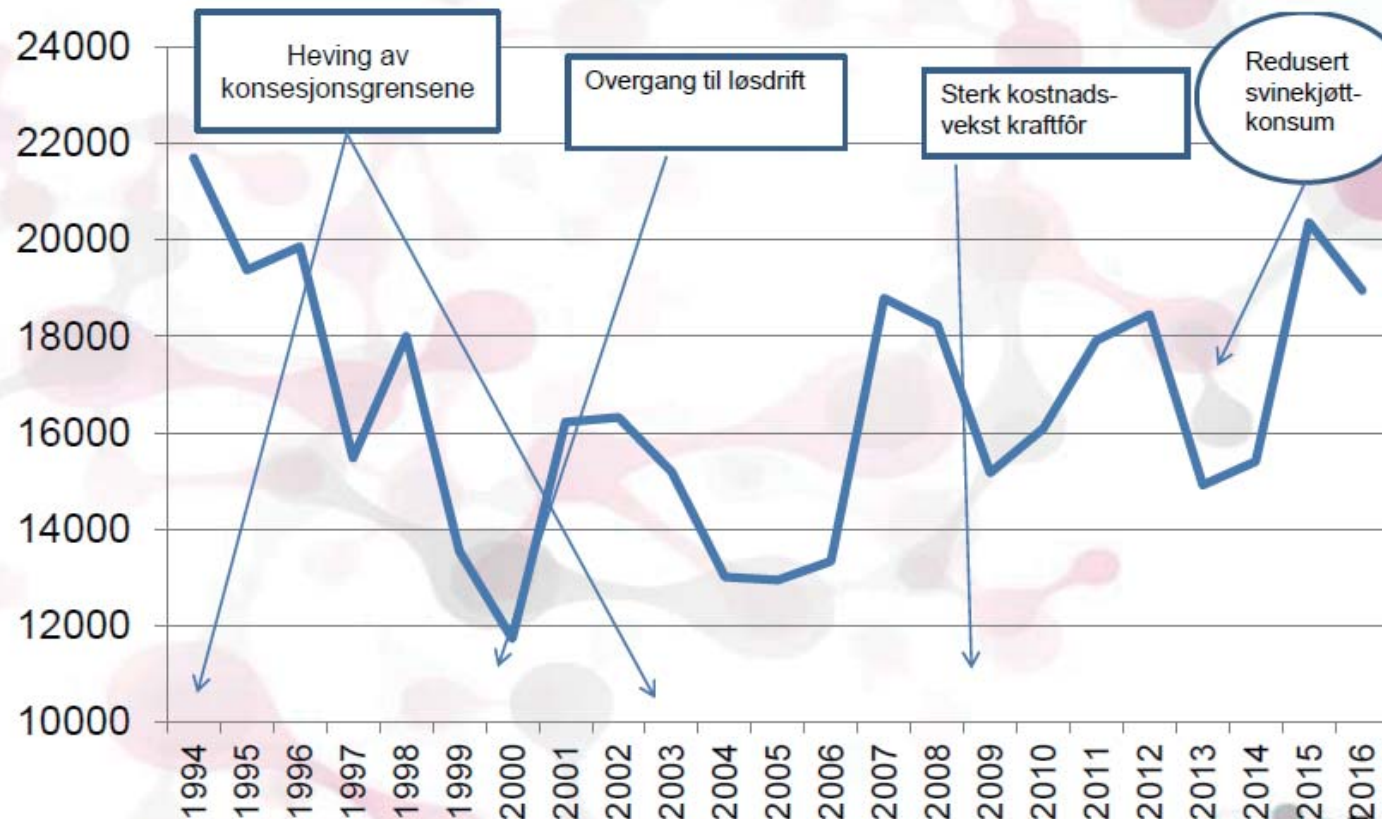
- 1905-1928, 1995 Tariffs,
- 1930/1936 Law of market regulation
- 1950- State – Farmers union agreement
 - Yearly negotiations
- Cooperatives
- Family farming (priceregulation, odal-law, quotas (milk), max limits (pig, hen, broiler))
- Production distribution **grain - milk**

Why is there an agricultural policy

- To secure enough food to falling prices
 - Avoid too low profit due to excess production
 - Difficult regulation on farm level
 - Stable demand
- To avoid regression of self-exploiting family farms to subsistence farming
- To limit price variability leading to indebtedness and reduction of production
- To neutralize differences in production conditions
- To secure future investment and productivity gain
- To secure public goods
- To make possible a democratic distribution of land

DB per årspurke i kombinert

i 2015 kroner



Kilde: Grisebørsen Norsvin
Merk! DB ≠ Arbeidsvederlag

b) Agriculture

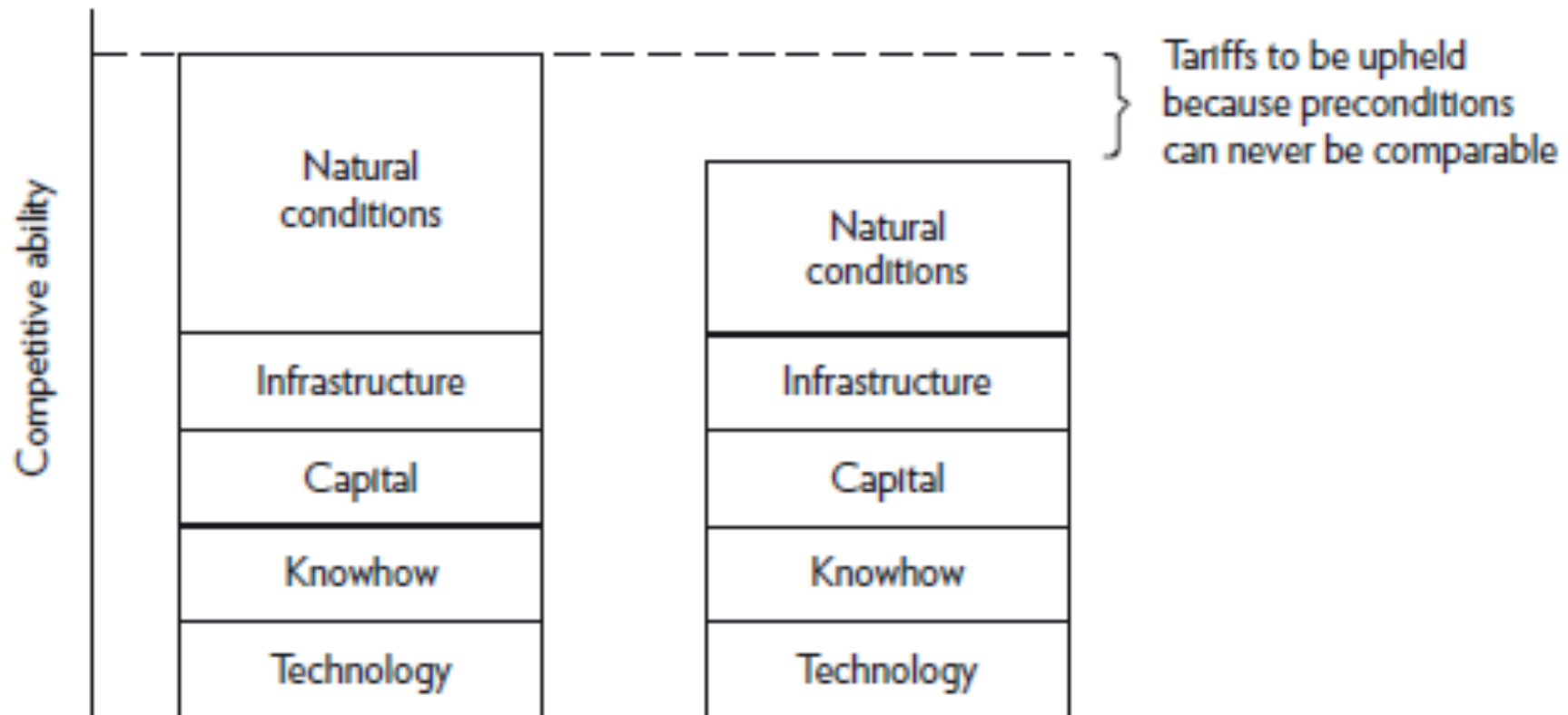
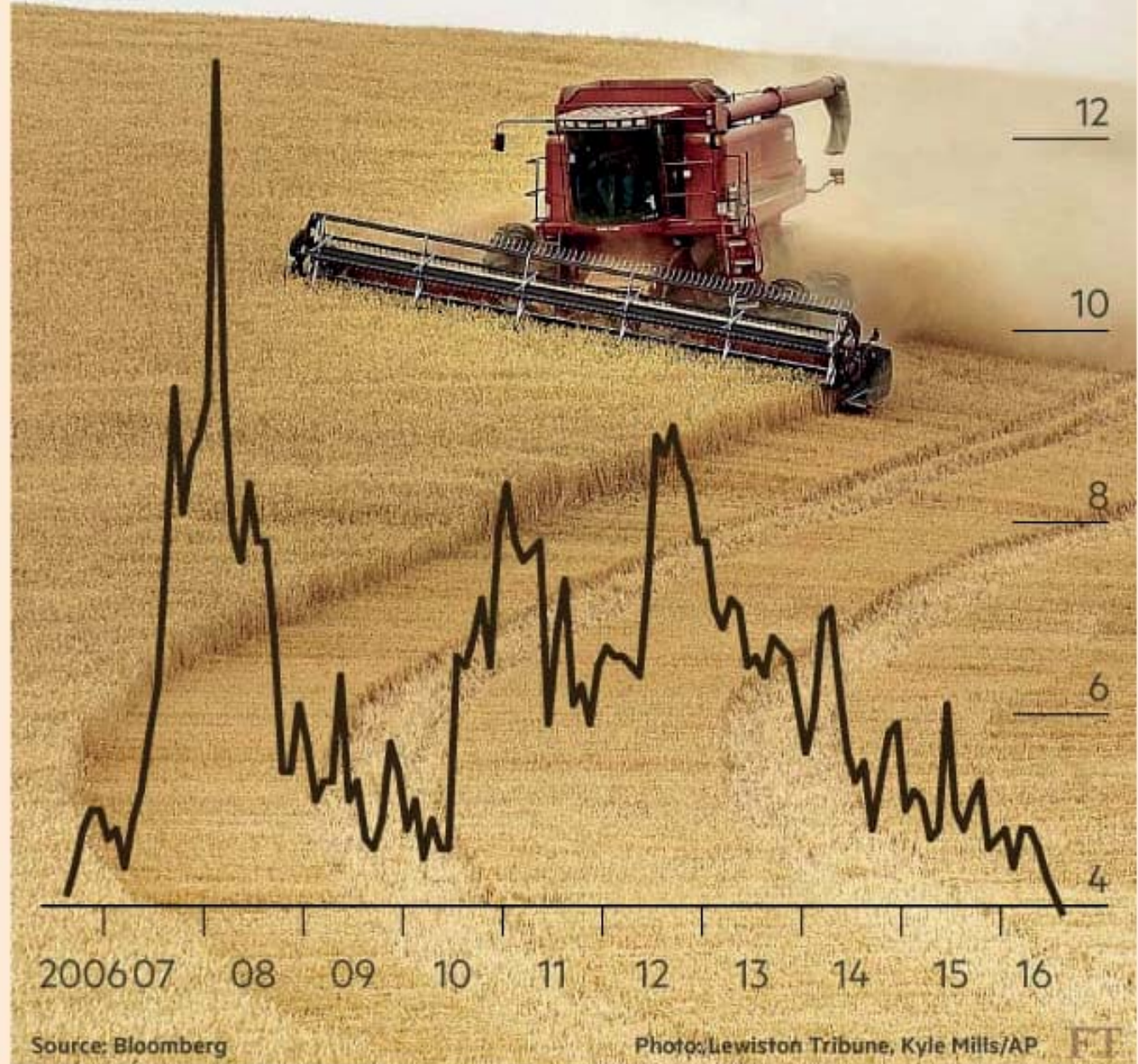


Figure 5.6 The conditions that govern competitiveness in agriculture and industry are different.

a) Competitiveness in industry depends on a number of factors that can be levelled out between countries.

b) Competitiveness in agriculture depends both on factors that can be levelled out and ones that cannot.

Chicago soft red winter wheat futures \$ per bushel



Agricultural Commodities [+ Follow](#)

Wheat price falls to lowest level in a decade

Commodity goes below \$4 a bushel for first time since 2006 as good weather helps yield bumper crop



© Getty



YESTERDAY by [Gregory Meyer](#) in New York

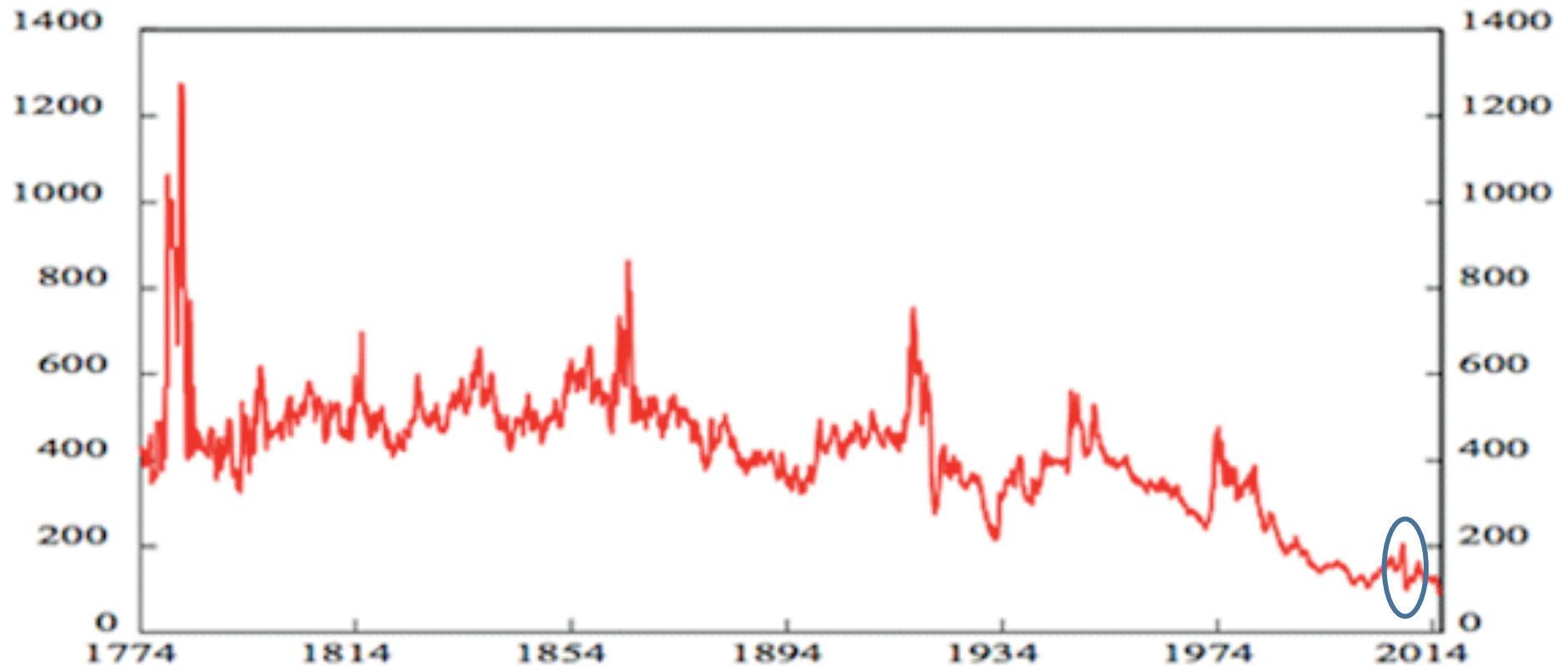
The price of wheat has crashed to the lowest level in a decade as huge harvests pile up in big growers from Russia to the US, cutting the cost of staple foods around the world.

Extensive planting and benign weather have forced analysts to repeatedly raise crop outlooks. The International Grains Council last week increased its global wheat production forecast to a record 743m tonnes, up 1 per cent from last year.

CHART 9

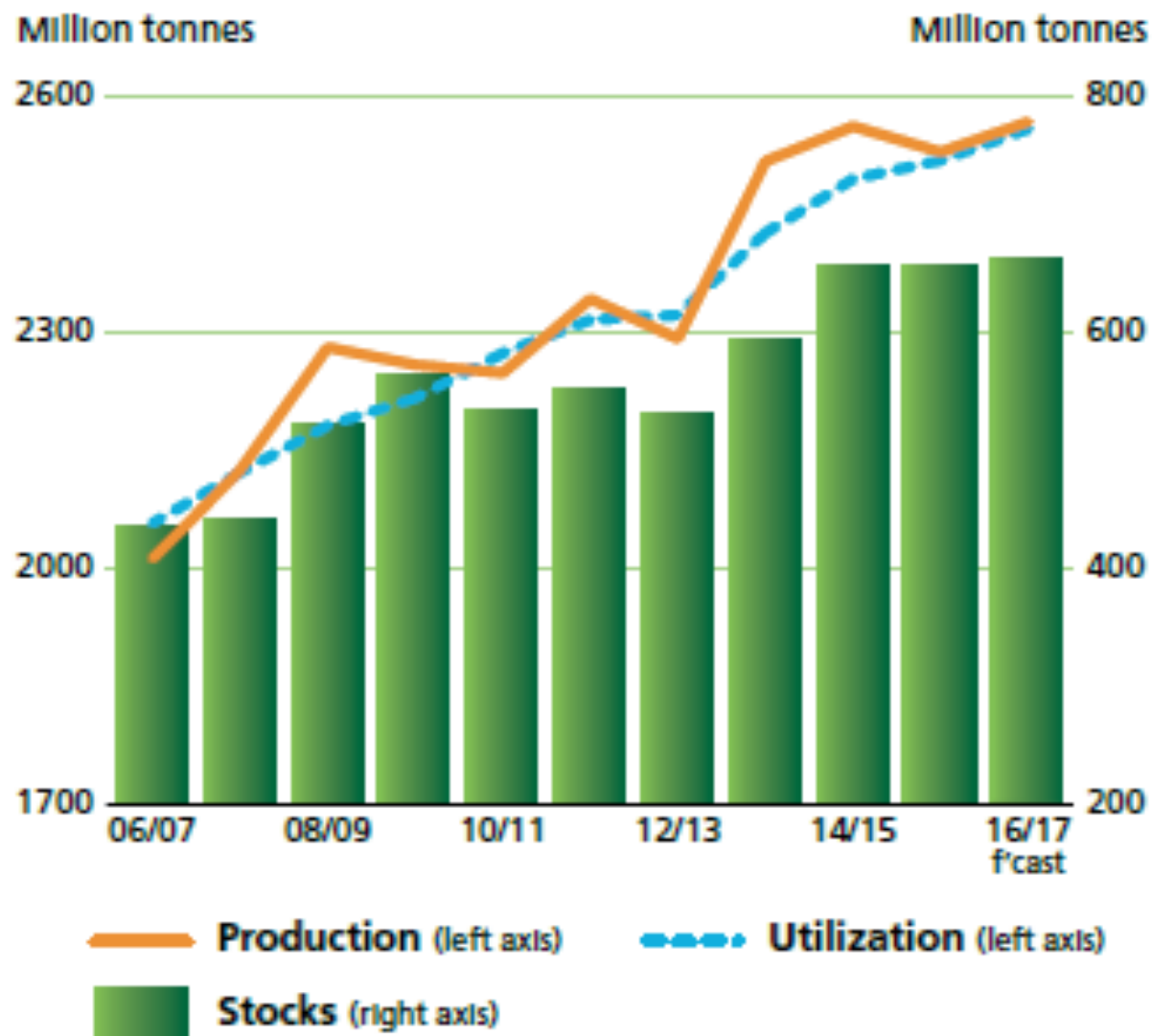
Real U.S. Commodity Prices CRB index deflated by CPI

Last Point 6/15: 93.93



Source: Bianco Research, Bureau of Labor Statistics and *Historical Statistics of the United States*

CEREAL PRODUCTION, UTILIZATION AND STOCKS



The long term situation

When agriculture meets
technology -agriculture
overshoots
1930's – 1980- (x 2007-13)

- Roosevelt agricultural adjustment act and the making of moder agricultural policy



Farmes strangled by own success: high productivity give low prices

Landmænd kvæles i egen succes: Høj produktivitet giver lave priser

SVIN - ØKONOMI | Mandag 26. oktober 2015 | 09:08

Skrevet af Stig Bundgaard | Udskriv 



Erik Larsen vil kæmpe for, at dansk svineproduktion bliver konkurrencedygtig.

DEL



TIP OS

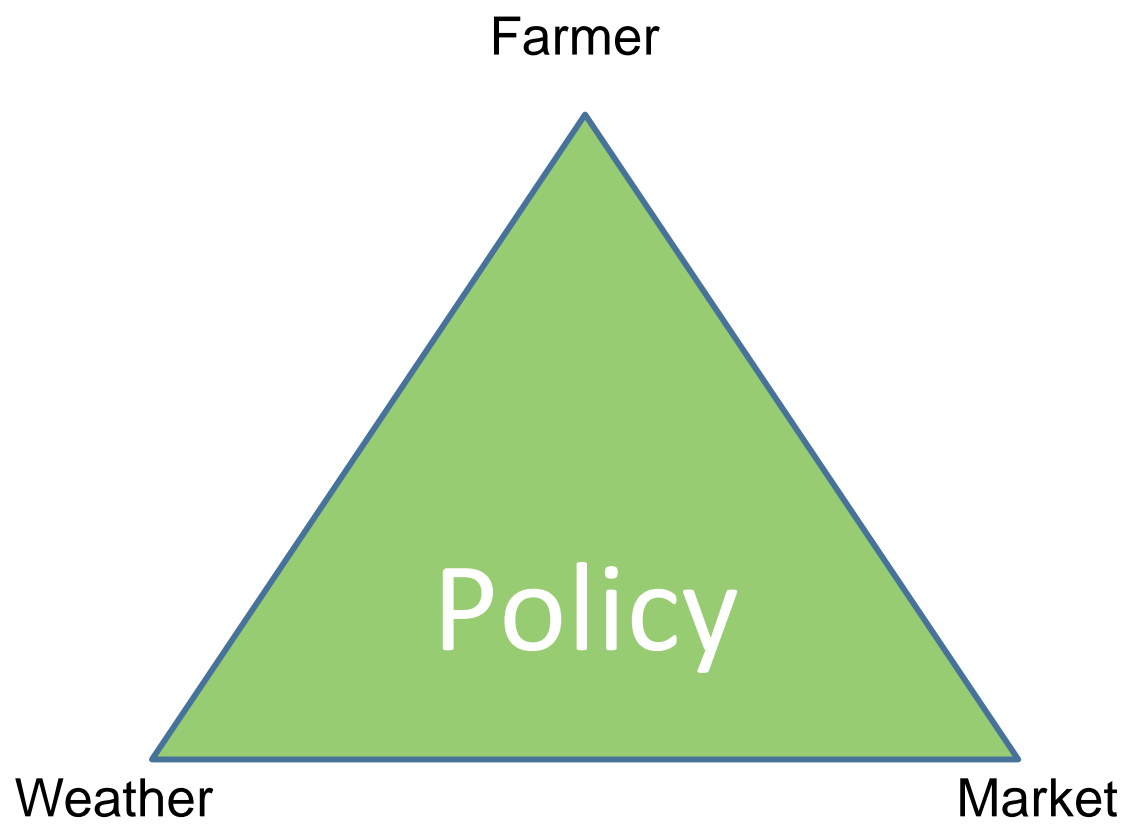
Teknologiske fremskridt betyder at markederne oversvømmes med svinekød

Landvindinger inde for genomisk selektion og dna-test i svineavlen er med til at forstærke og forlænge krisen i dansk svineproduktion. Det skriver Jyllands-Posten.

Resultatet er nemlig en markant produktivitet fremgang, som øger udbuddet af svinekød og dermed sætter priserne under pres.

"Brugen af genomisk selektion betyder, at vi langt hurtigere og mere præcist end tidligere kan udvælge de allerbedste avlsdyr.

Agricultural politivity – a buffer



What do we negotiate about?

- Target prices
- Subsidies
- Do NOT negotiate:
 - Tariffs and import regulations
 - Taxes
 - Rules and regulations
- The outcome gives us RIGHTS, but also a DUTIES
- Do not negotiate about a guaranteed minimum farm income, but about the possibilities for farmers to make an income



Target prices

- Maximum price on representative goods for meat, grain, vegetables, egg and milk
- Not the price the farmer will receive; further out in the foodchain i.e after the pig is slaughtered
- Reflect the price paid in a balanced market and with the existing level of tariffs
- Market regulation is linked to the target prices

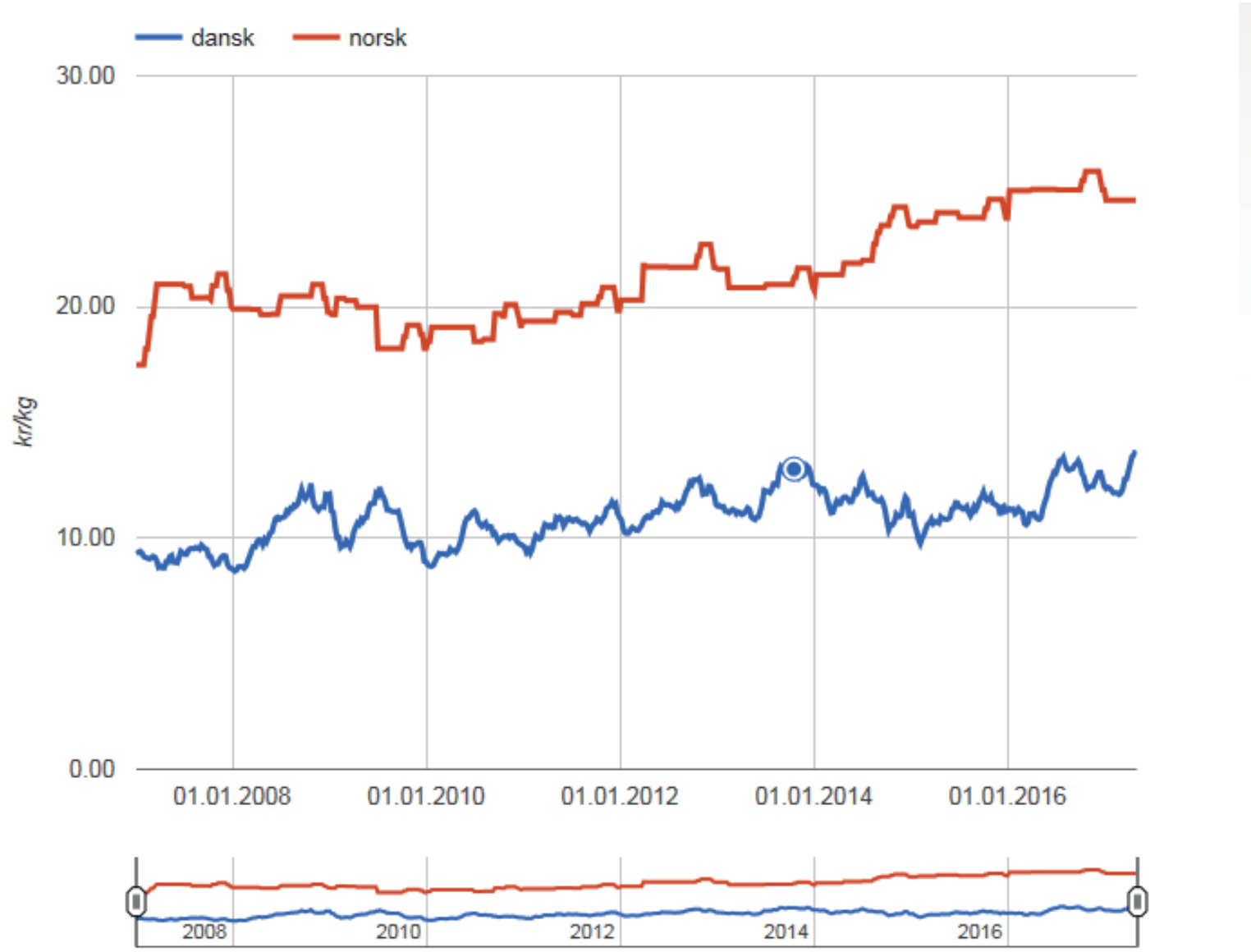


Main policy set in negotiations

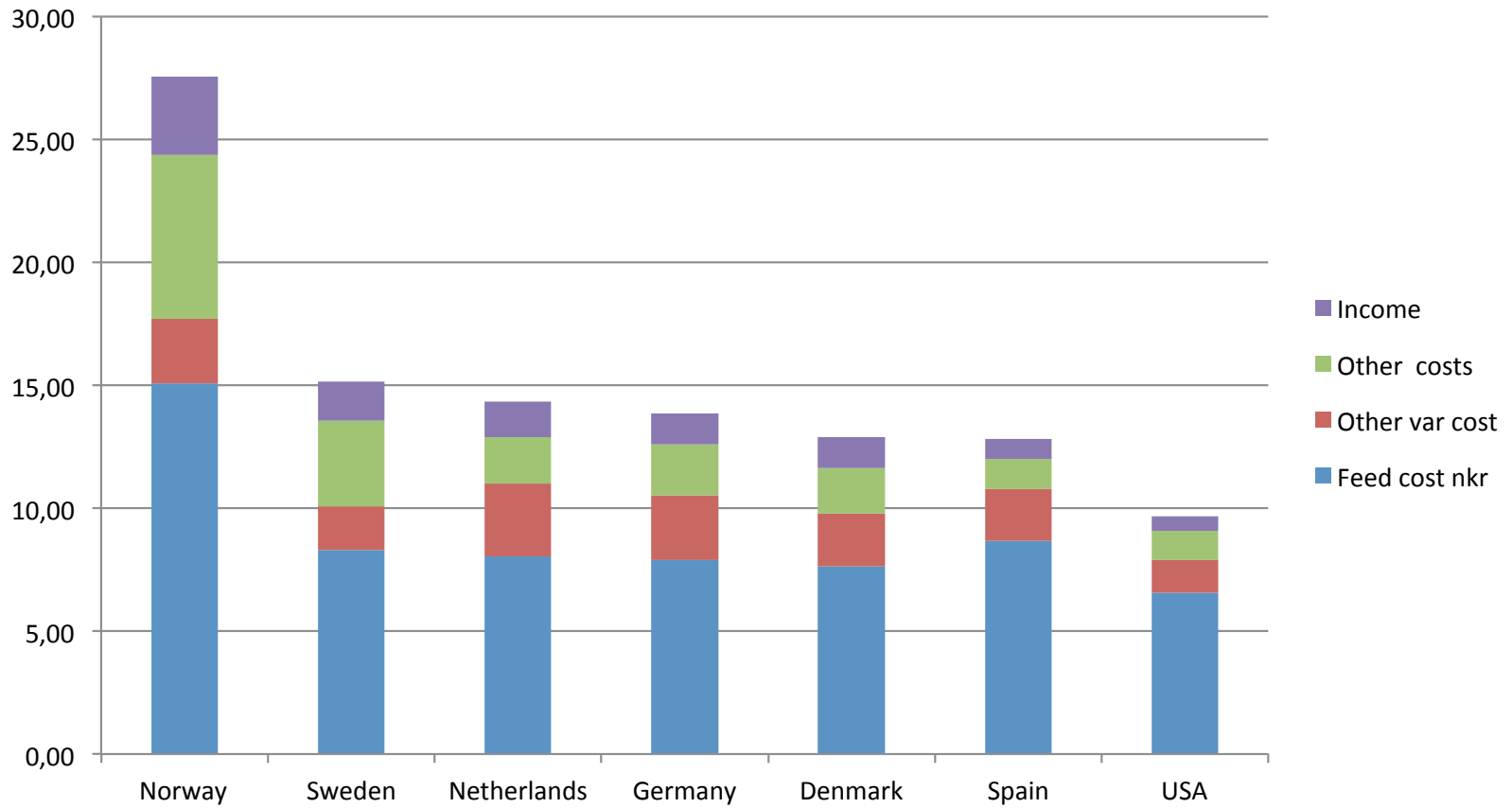
- Annual negotiations between the state and the two farmers organisations
- Lead by ministry of AG
- Approved by Parliament
- Split - but increasing political consensus on system and policy



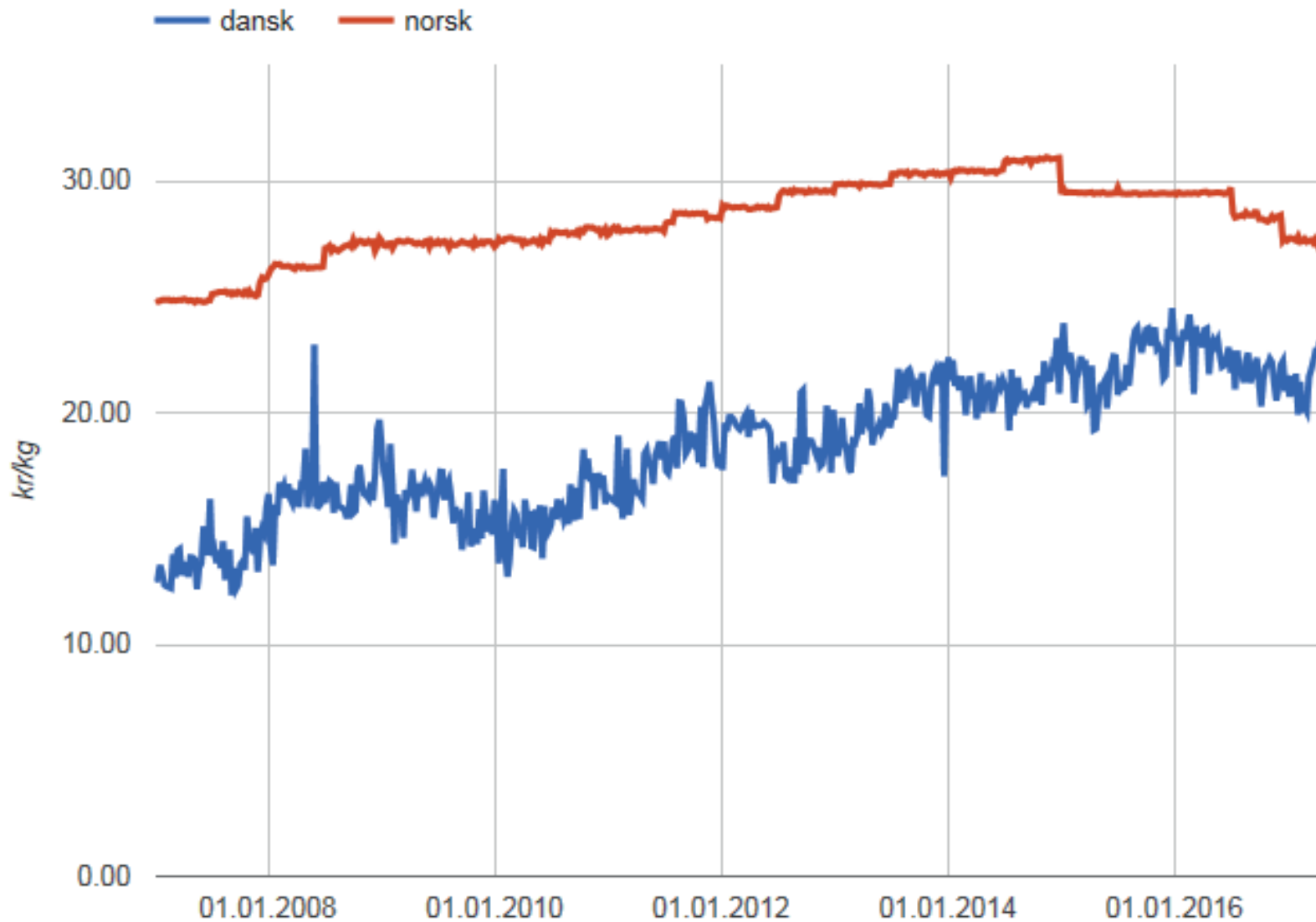
Danish and Norwegian pigmeatprices



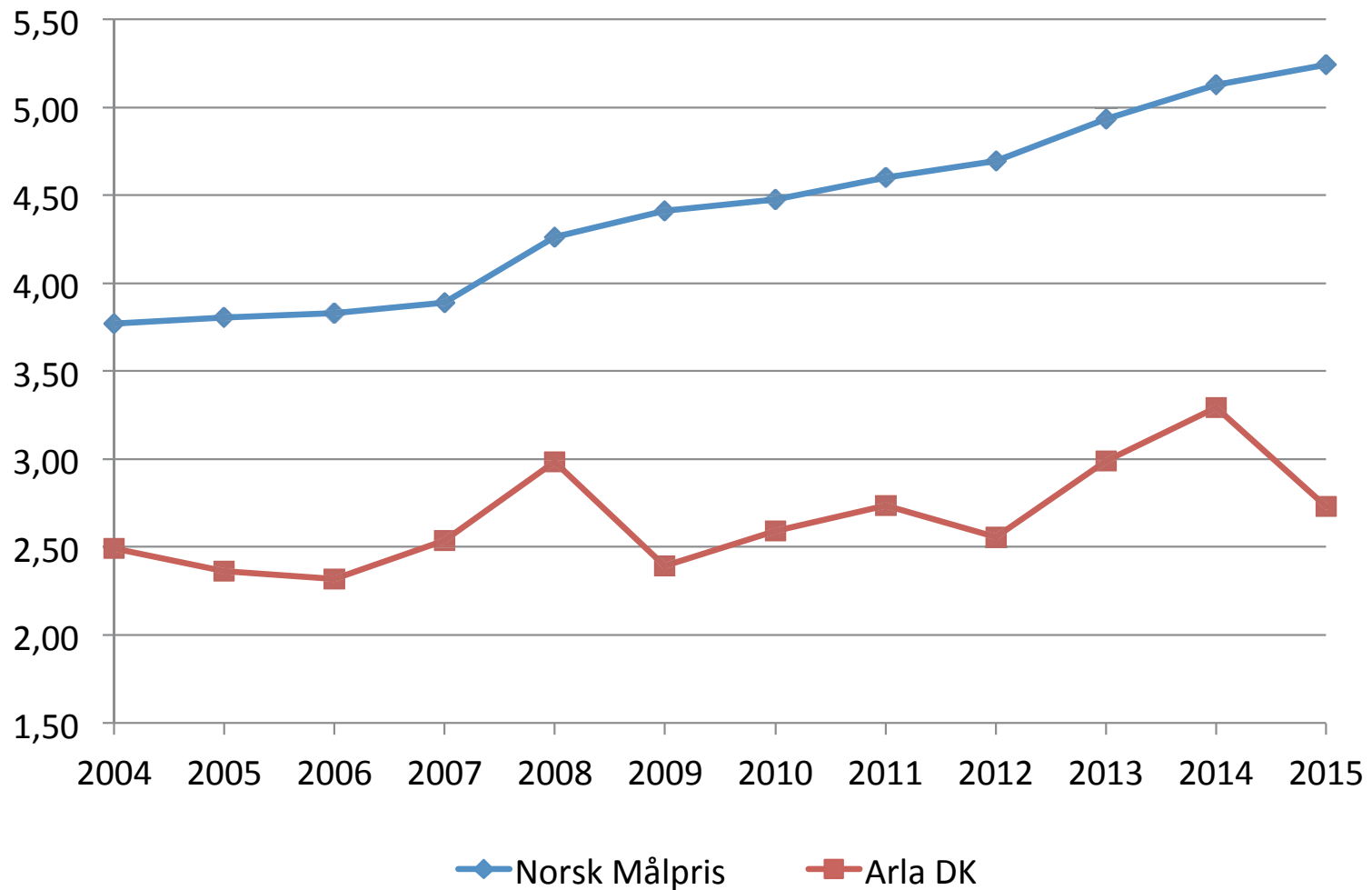
Production cost per kg



Danish and Norwegian chicken prices



Milkprice – Norway vs Arla Dk



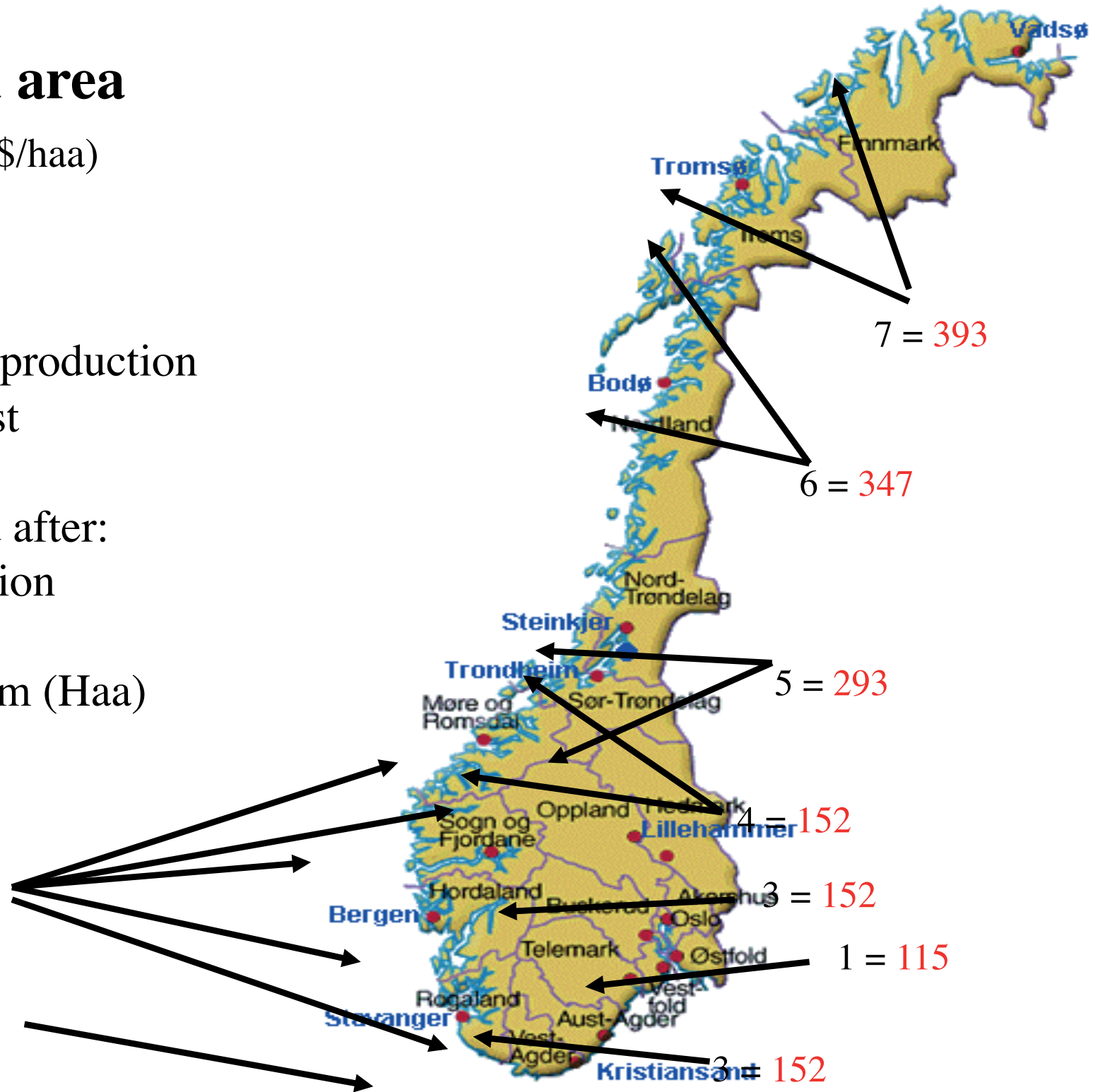
Market regulation system

- Balance flow of products
- Costs paid by producers through fee
- Regulation, information and competence building
- Administered by farmer owned coops
- Milk, meat, cereals



Finely tuned area subsidies (US\$/haa)

- 7 zones
- Highest rate where production conditions are poorest
- Rates differentiated after:
 - type of production
 - geography
 - size of each farm (Haa)



Differentiated livestock subsidies

- Type of livestock
- Number of animals per farm
- Subsidy for outfields

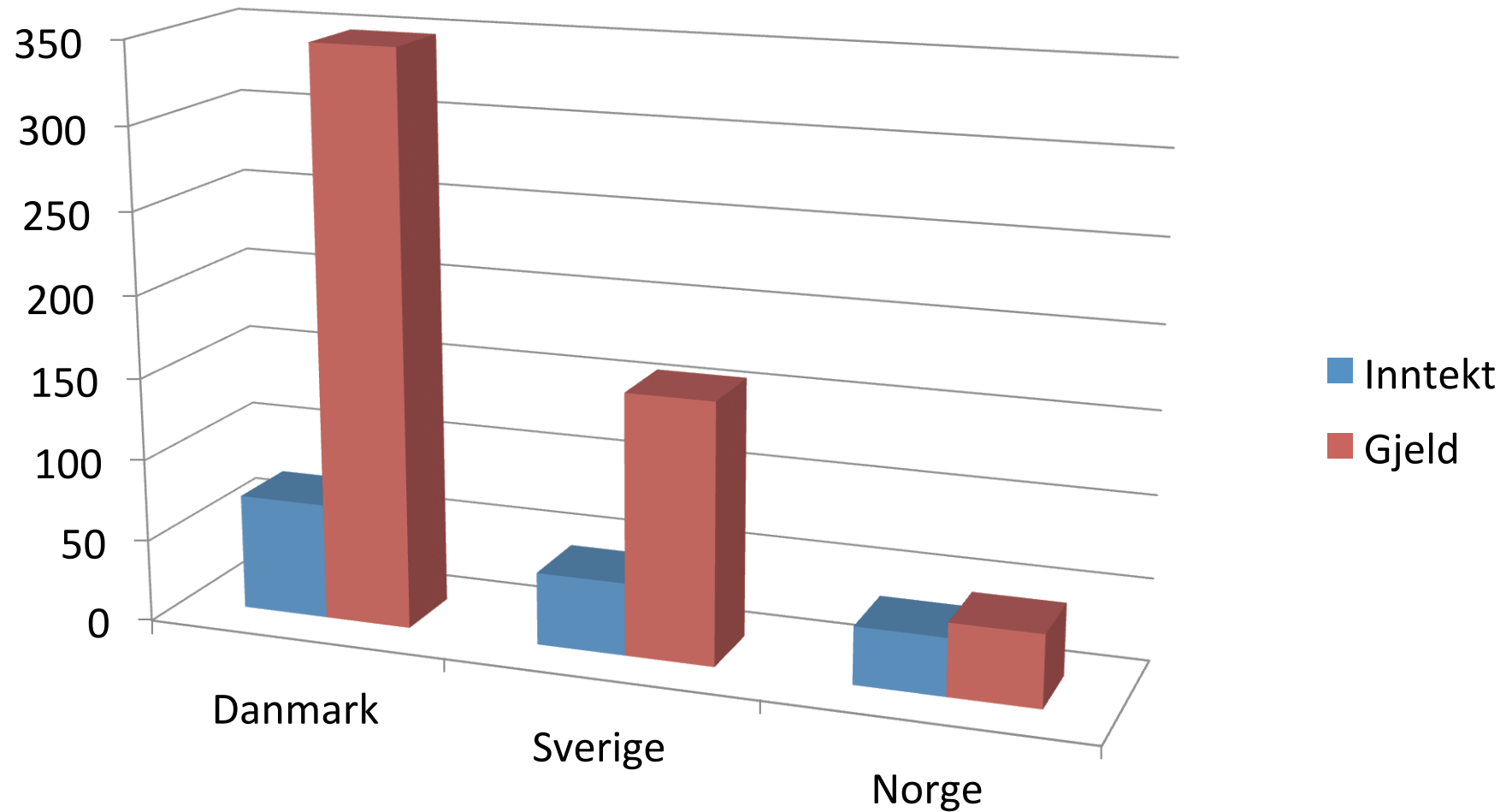


Regulation of properties

- Plight of living on the farm (5/10 years)
- No-split rule for the property
- Allodial law, right to buyback sold property for brothers, sisters and cousins
- Max prize on farms



Debt and income in Nordic Agriculture

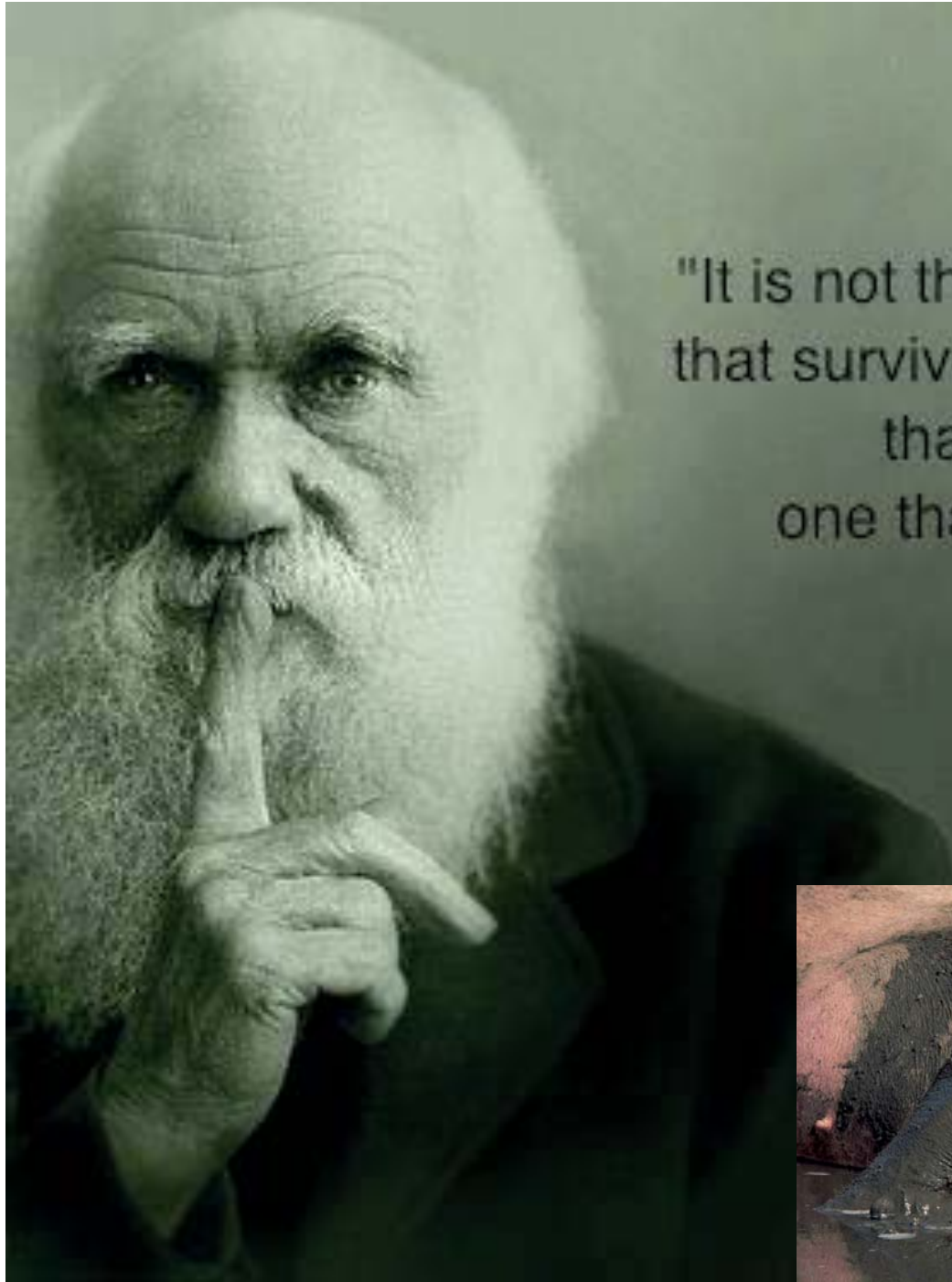


The invisible hand of the market?

©Cartoonbank.com



CORPORATE LEADERS GATHER IN A FIELD OUTSIDE DARIEN, CONNECTICUT, WHERE ONE OF THEM CLAIMS TO HAVE SEEN THE INVISIBLE HAND OF THE MARKETPLACE.



"It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change".

Charles Darwin



Jetzt ist die Zeit!

- Norway is a case that shows that agricultural policy work
- Canada has a part of its agriculture under market regulation, ie dairy and poultry
- Reregulation i Switzerland
- Alternatives have been tried
- **Nothing is as strong as an idea whose time has come**