Beef competitiveness: different strategies to improve the farm efficiency in French beef farms.

Patrick SARZEAUD
French Livestock Institute
Copenhagen – EAAP 2014
The economic efficiency of the beef farming systems is in the heart of the concerns regarding the context of international competition.

The huge growth of costs of production leads farmers to develop new strategies to resist and remain competitive.

➢ Who are the most efficient beef farmers: type of production, size, strategy, basement for the herd management?

Contents

1-basements
2- tools and method of the study
3-results: farmers classification
4-conclusion
Weakness of the beef rentability
Estimated in minimum wage per labour unit ....

... and hudge variability between farms

Source: French beef farm livestock networks 2011
The main trends of the rentability

From statistic approach aimed to describe relationship between costs and income (1)

95% of income variation

Two axes

Productivity

Animal management

Labour efficiency

Economic efficiency

Costs Management

Returns optimisation

(1) French Livestock Institute 2011 – EAAP - 2012
In 2013, from a database of 461 farms, chose 20 “top farms” economically speaking. To describe farm management and strategies.

**French livestock networks farms**

- Specialized CC
- Specialized CCBF
- CC + grain producers
- CCBF + grain producers
- Suckler calves producers
- Finishers
- Cattle + soilless breeding
- Organic farms

**Tools and methodology**

**Qualitative analysis... Farm classification**

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**Economic efficiency evaluated upon 4 criteria** (average 3 years)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Definition</th>
<th>Average on 2009-2011 (20 top farms)</th>
<th>Gap to the population (461 farms)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency of returns</td>
<td>% income/total returns</td>
<td>54%</td>
<td>+6%</td>
</tr>
<tr>
<td>Farm rentability</td>
<td>Gross farm income per labour unit</td>
<td>79 650 €/AWU</td>
<td>+ 22 K€</td>
</tr>
<tr>
<td>Beef rentability</td>
<td>Beef Profit per Specialized AWU</td>
<td>2,2 mini wage/farmer AWU</td>
<td>+1,4 MW/AWU</td>
</tr>
<tr>
<td>Capital efficiency</td>
<td>Capital/gross farm income</td>
<td>4,6 years</td>
<td>-1,2 years</td>
</tr>
</tbody>
</table>

**Tools and methodology**
Dispersion for the Labour productivity
Total liveweight par AWU
gap averaging to the Beef prod/AWU

Results

<table>
<thead>
<tr>
<th>Nb with gap averaging</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;0</td>
<td>13</td>
</tr>
<tr>
<td>&lt;0</td>
<td>7</td>
</tr>
</tbody>
</table>

Gap between top farm and population in the same system
Dispersion for the animal productivity
(Kg LW/LU)

gap average to the animal prod/LU

<table>
<thead>
<tr>
<th>Nb with gap averaging</th>
<th>16</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Gap between top farm and population in the same system
Dispersion for the land productivity (stocking rate)

Gap between top farm and population in the same system

<table>
<thead>
<tr>
<th>Nb with gap averaging</th>
<th>&gt;0</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;0</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

Gap averaging to the stocking rate (LU/ha)
Points in common

• “Complete » breeders
  « nothing leave in rest »

• Good level of animal productiveness

• Raisonnable investissements, focused on productive equipement

• Good inputs efficiency

• Motivation in farming
  « everything is done to optimize »
Behind figures: strategies

- Classification in 4 types

For beef farmers with a high level of efficiency
High level of labor productiveness in live weight per AWU

- Labor organisation
- Input using and intensification
- Scale economies before added value

Capital financement and transmission
Labor organisation

4 farmer types with a high level of efficiency

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency of returns</td>
<td>50-51 %</td>
</tr>
<tr>
<td>Farm rentability</td>
<td>78-112 K€</td>
</tr>
<tr>
<td>Beef rentability</td>
<td>1,8-3,7 MW/AWU</td>
</tr>
<tr>
<td>Capital efficiency</td>
<td>4,8-5,8 years</td>
</tr>
</tbody>
</table>
4 farmer types with a high level of efficiency

Thrifty
«nothing loose, everything is useful»
– Looking for efficiency
– Low level of inputs but possibly intensive
– Technicals astuteness (innovation)
– High level of pasture management

Economy <=> self sufficiency

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</thead>
<tbody>
<tr>
<td>Efficiency of returns</td>
<td>54-68 %</td>
</tr>
<tr>
<td>Farm rentability</td>
<td>43-80 K€</td>
</tr>
<tr>
<td>Beef rentability</td>
<td>1,6-2,4 MW/AWU</td>
</tr>
<tr>
<td>Capital efficiency</td>
<td>2,7-5,3 years</td>
</tr>
</tbody>
</table>

6 farms

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Efforts on products and prices

- A good level of animal efficiency
- Overlooking for added value (prices)
- Engagement in specific markets (label rouge...)

Outlet maintenance (contracts)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>4 farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency of returns</td>
<td>56-59 %</td>
</tr>
<tr>
<td>Farm rentability</td>
<td>74-76 K€</td>
</tr>
<tr>
<td>Beef rentability</td>
<td>1.9-2.4 MW/AWU</td>
</tr>
<tr>
<td>Capital efficiency</td>
<td>3.1-4.4 years</td>
</tr>
</tbody>
</table>
Performant in livestock management
animal productivity

– The priority for the flock
– + inputs for + performances
– Breeding as a passion

Know-how
Transmission

4 farmer types with a high level of efficiency

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</thead>
<tbody>
<tr>
<td>Efficiency of returns</td>
<td>50-73 %</td>
</tr>
<tr>
<td>Farm rentability</td>
<td>59-74 K€</td>
</tr>
<tr>
<td>Beef rentability</td>
<td>1.7-2.7 MW/AWU</td>
</tr>
<tr>
<td>Capital efficiency</td>
<td>3-5.8 years</td>
</tr>
</tbody>
</table>

4 farms

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Those farms are spread over the country and point up the diversity of the beef activity.

They witness the variety and the difference of strategies implemented by the farmers.

Some could have increased the size of the operation in order to reach some scale economy.

But other could in the contrary find their high level of rentability in a drastic management of the input uses.

Another orientation is based on the good valorization of the products.

In all, the herd management need to be completed and efficient.
Thanks for your attention