



10<sup>th</sup>-12<sup>th</sup> Dec. 2012, Ciechocinek

# Agricultural policy supporting the structural development of farms and other rural enterprises in Finland

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Centre for Economic Development,  
Transport and the Environment  
South Savo



# Centres for Economic Development, Transport and the Environment

Regional division and offices

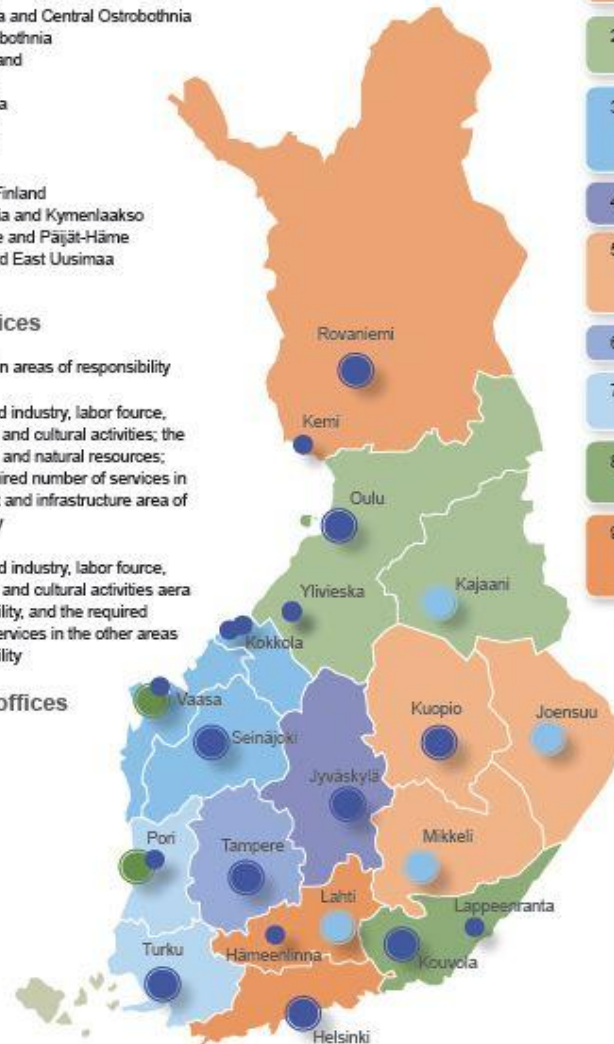
## Regional division

15 regions of operation

Lapland  
Kainuu  
North Karelia  
Ostrobothnia and Central Ostrobothnia  
South Ostrobothnia  
Central Finland  
North Savo  
North Karelia  
South Savo  
Pirkanmaa  
Satakunta  
Southwest Finland  
South Karelia and Kymenlaakso  
Kanta-Häme and Päijät-Häme  
Uusimaa and East Uusimaa

## Main offices

-  All three main areas of responsibility
-  Business and industry, labor force, competence and cultural activities; the environment and natural resources; and the required number of services in the transport and infrastructure area of responsibility
-  Business and industry, labor force, competence and cultural activities area of responsibility, and the required number of services in the other areas of responsibility
-  Branch offices



## Further division in regions

9 operational regions

1. Lapland
2. North Ostrobothnia and Kainuu
3. South Ostrobothnia, Ostrobothnia and Central Ostrobothnia
4. Central Finland
5. North Savo, North Karelia and South Savo
6. Pirkanmaa
7. Satakunta and Southwest Finland
8. South Karelia and Kymenlaakso
9. Uusimaa, East Uusimaa, Kanta-Häme and Päijät-Häme

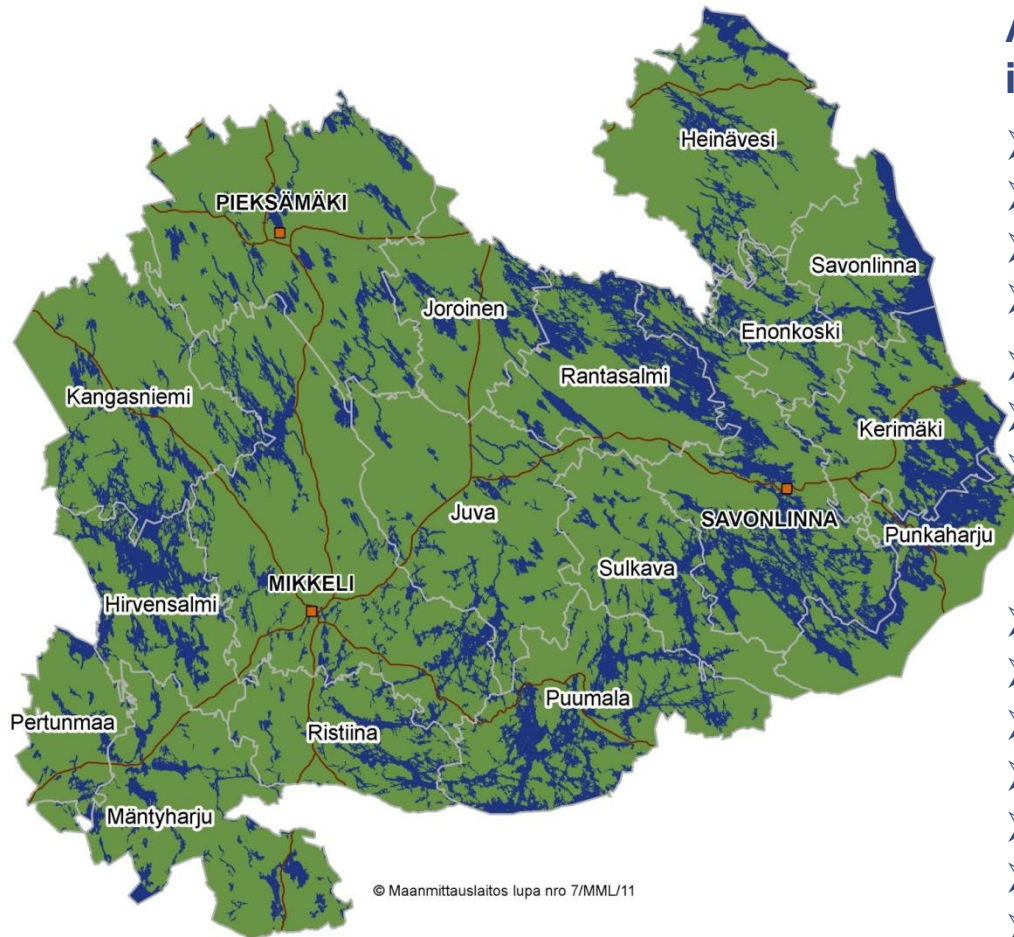


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## Province of Etelä-Savo



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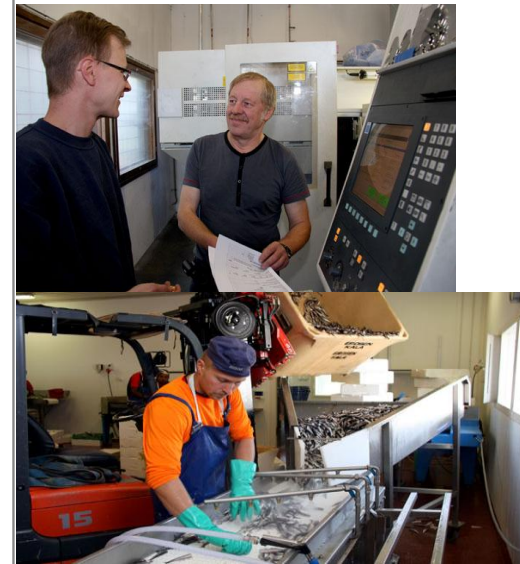
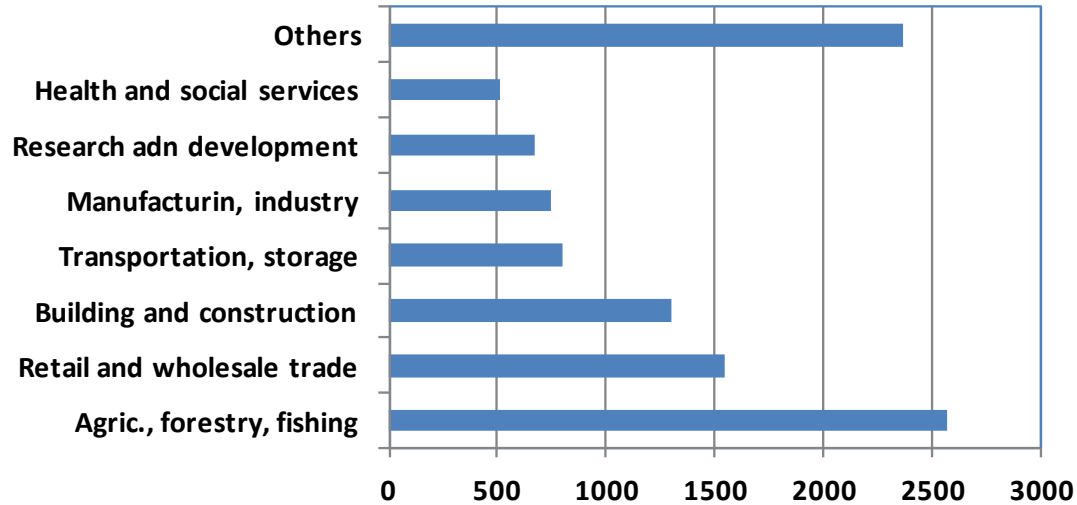
**Area 18 768 km<sup>2</sup>  
including**

- forests 88% of the area
- internal waters 4 785 km<sup>2</sup>
- over 4 700 lakes
- 14 000 islands
- Lake Saimaa 3 800 km<sup>2</sup>
- shoreline 30 102 km
- Saimaa Ringed Seals 310

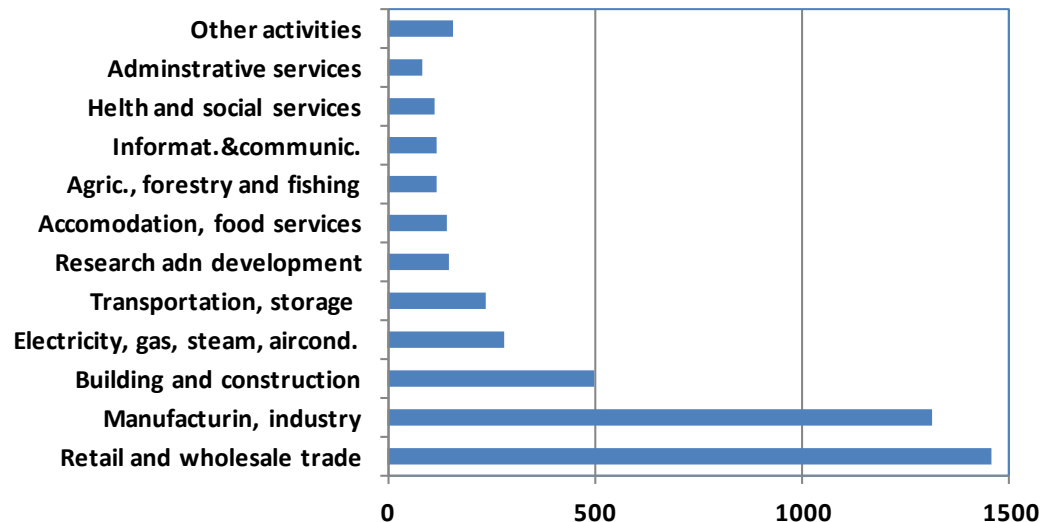
**Population 153 738**

- over 300 000 tourists/year
- over 46 000 summer cottages
- three towns
- 14 municipalities
- 11,1 residents/land km<sup>2</sup>
- 3 000 farms
- 10 500 enterprises
- unemploy. rate 10,7 %

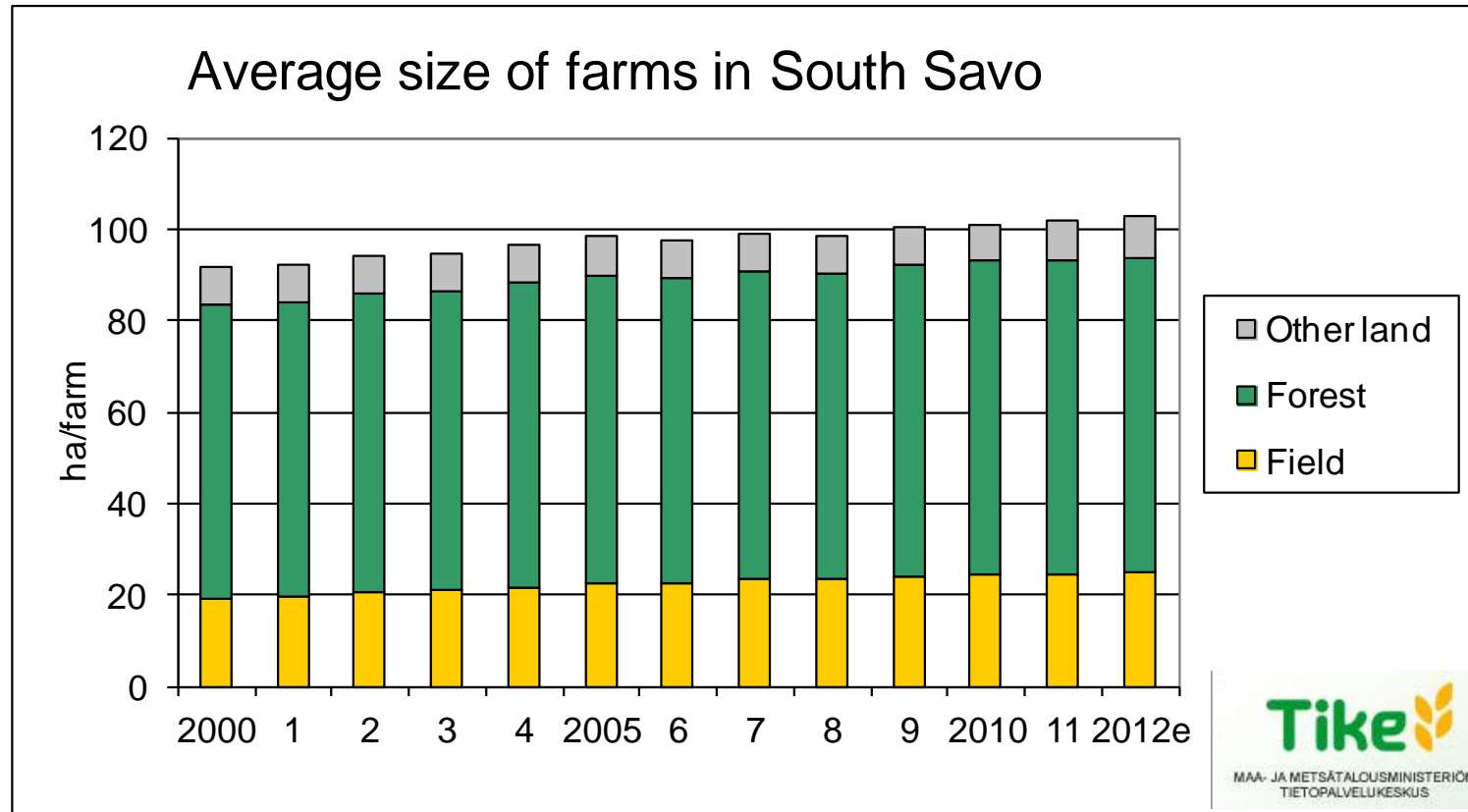
## No. of enterprises in South Savo in 2010 (total 10 500)



## Turnover of the South Savo region in 2010 (million €) (Total 4,65 billion €)

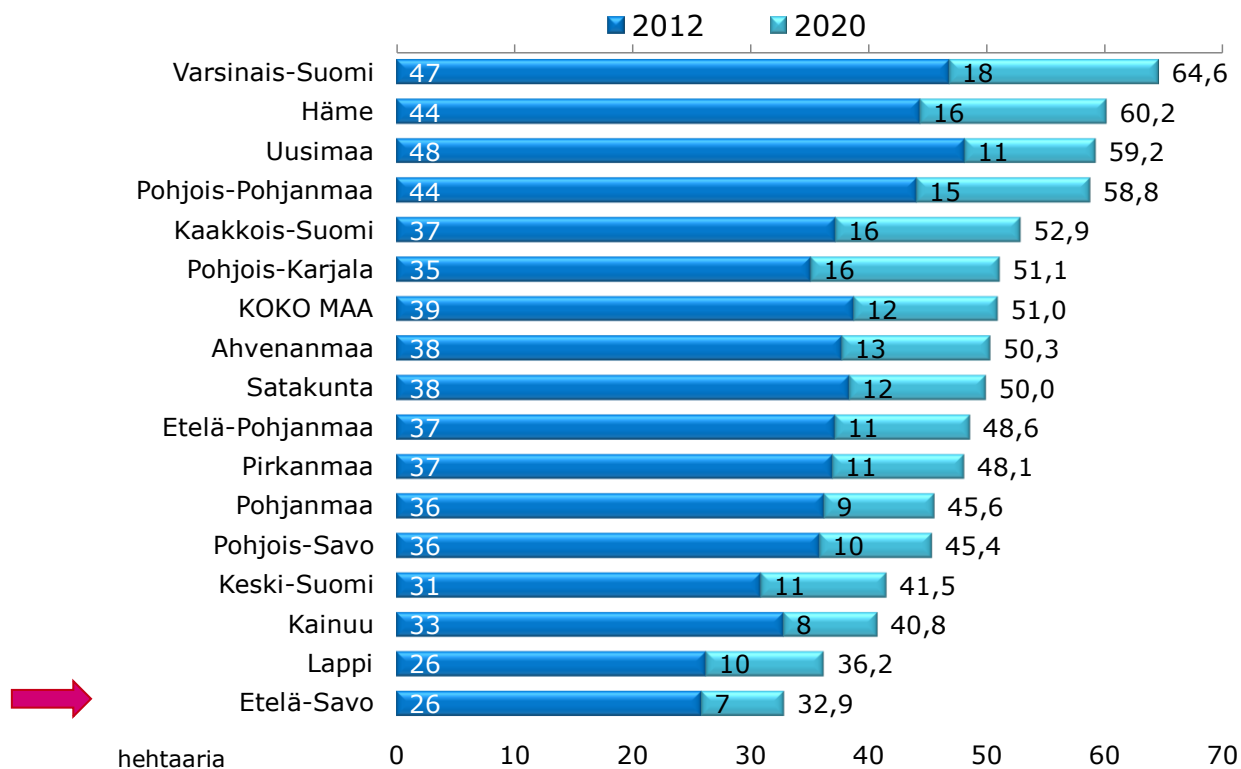


Source: Statistics Finland, Register of Enterprises and Establishments  
Standard industrial classification  
TOL 2008





## Growth of the average size of farms in South Savo is slow: from 26 hectares in 2012 to 33 hectares in 2020



Maatilojen kehitysnäkymät 2020 Etelä-Savossa: 221100079

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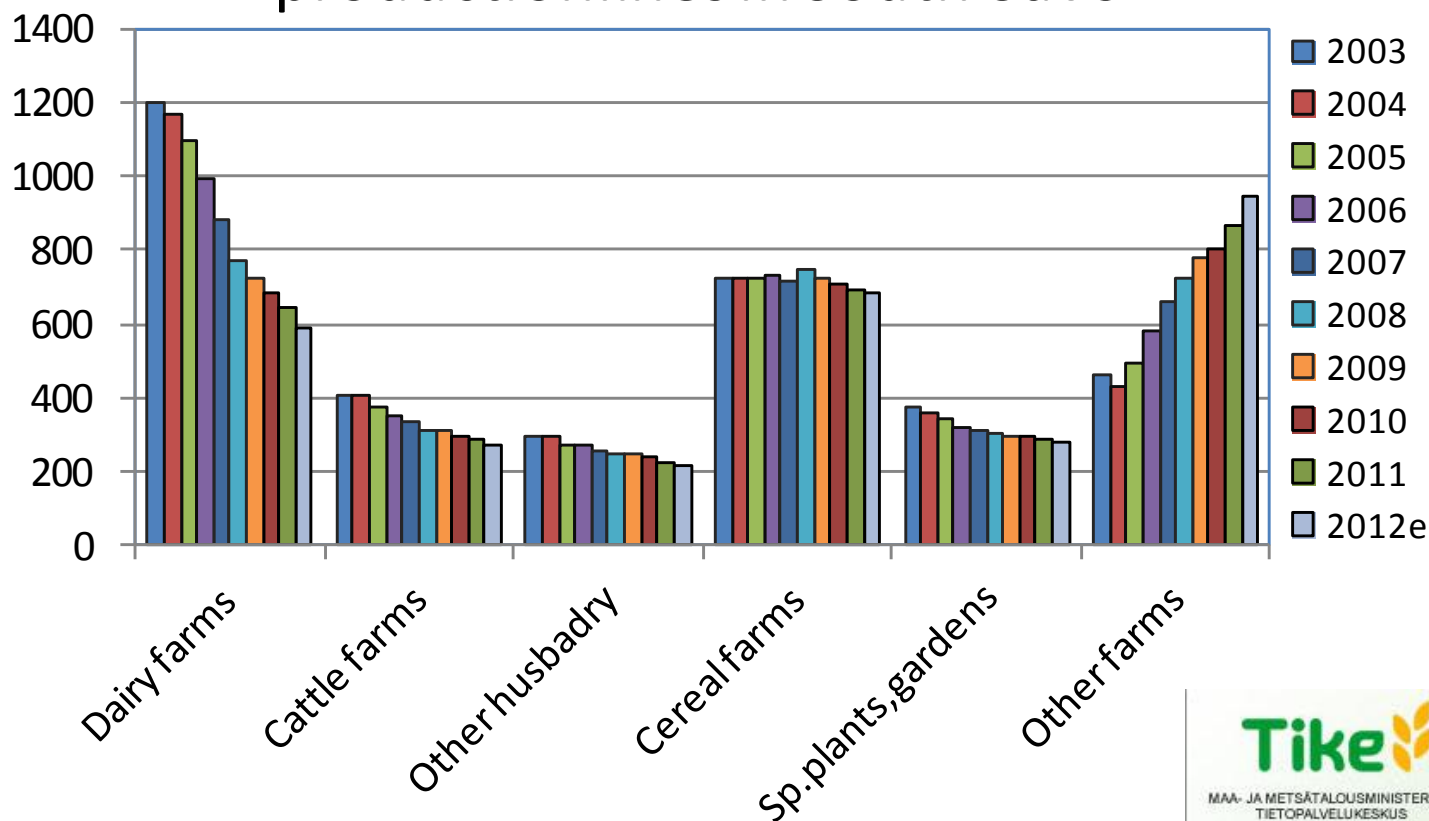
Tämän tutkimuksen tulokset on tarkoitettu vain tilaajan omaan käyttöön. Niitä ei saa lainata, luovuttaa, jälleenmyydä tai julkaista ilman tutkimusyrityksen lupaa.



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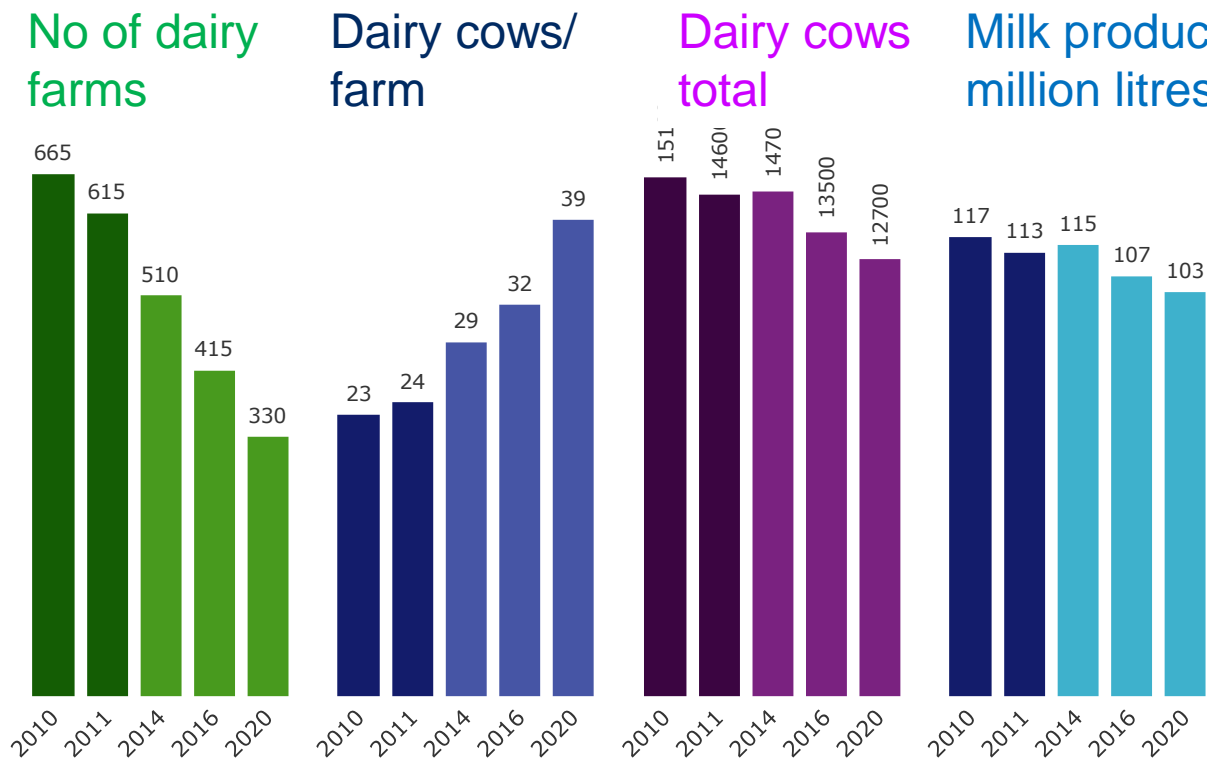
## Number of farms according to productionlines in South Savo







## MIKLPRODUCTION in South Savo in 2010/11 and estimated for 2014, 2016 and 2020 according to the farmers' plans



Quantity of milk  
2011-2016/ -5 %  
2011-2020/ -9%



Maatilojen kehitysnäkymät 2020 Etelä-Savossa: 221100079

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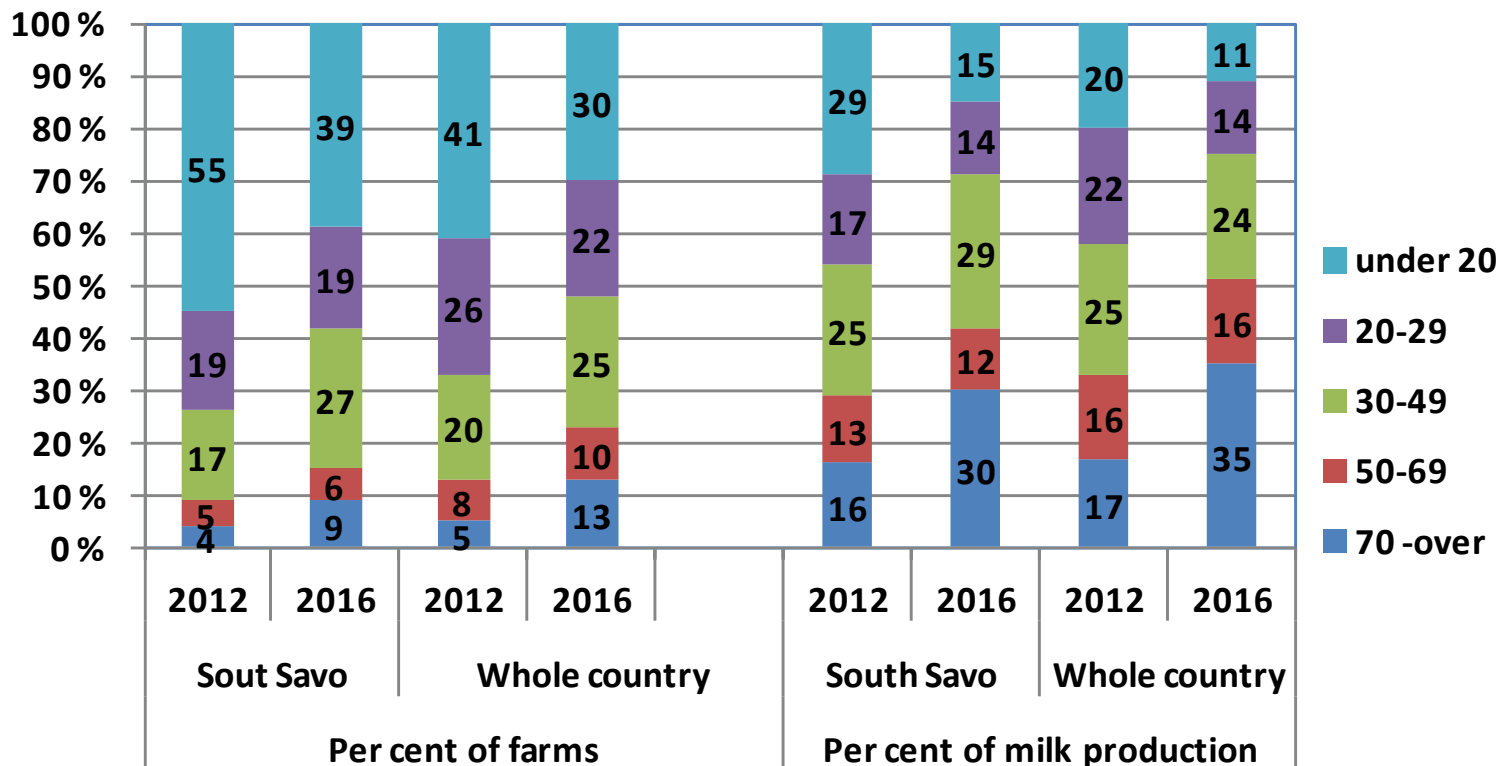
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## Distribution of number of farms and milk production by size of cattle



Maatilojen kehitysnäkymät 2020 Etelä-Savossa: 221100079

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Tämän tutkimuksen tulokset on tarkoitettu vain tilaajan omaan käyttöön. Niitä ei saa lainata, luovuttaa, jälleenmyydä tai julkaista ilman tutkimusyrityksen lupaa.



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## Automatic milking, milking robots

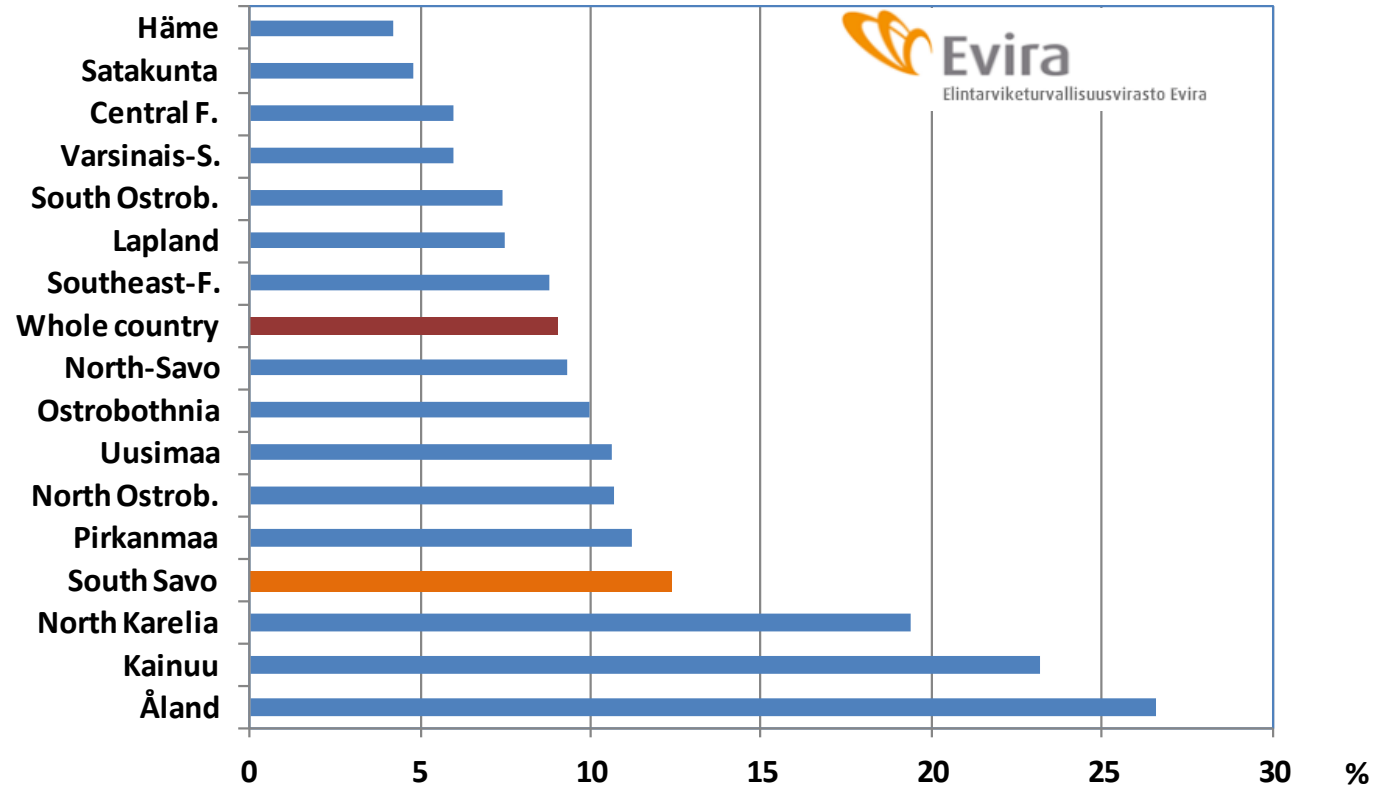
- the first milking robot in Finland started in 2000
- today about 830 in the whole country (milk farms total 9 800)
- in South Savo 29 milking robots and one roundabout milking system (milk farms total 580)



Kuvaaja: Martina Motzbäuchel

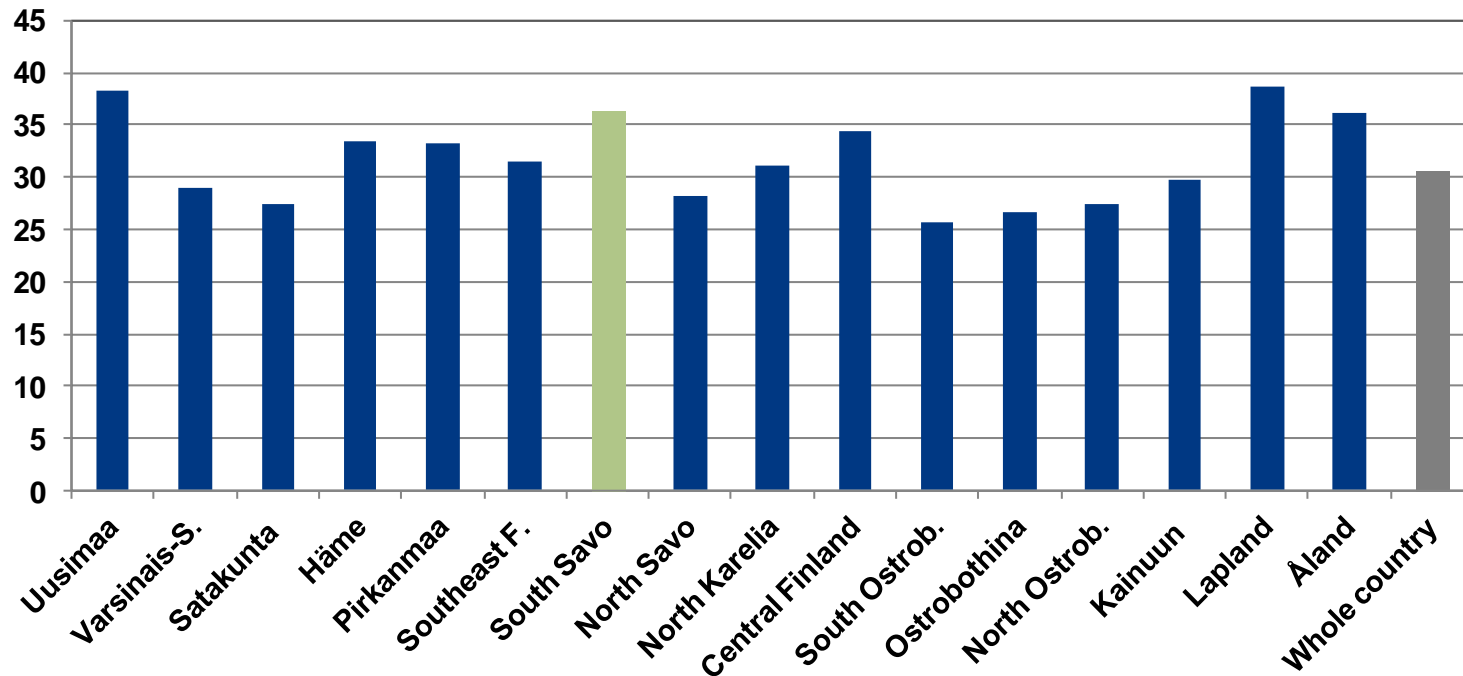


## Organic farming per cent of the conventional field area by regions in 1.9. 2012





## Diversified farms per cent of all farms by regions in 2010



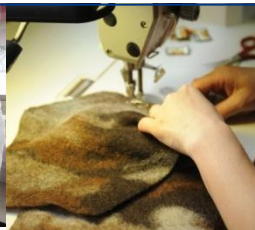
Martina Motzbäuchel



Kuvaaja: Studio Tomi Aho



Kuvaaja: Contum Oy



Kuvaaja: Lietso Oy



Kuvaaja: Lietso Oy



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# Finnish Agriculture and Rural Industries 2012

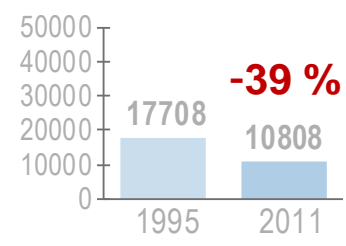
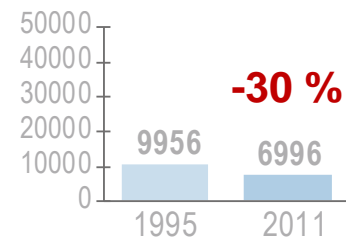
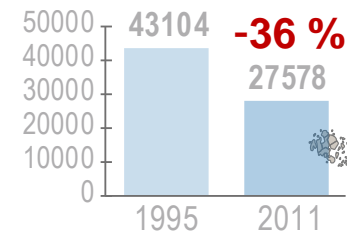
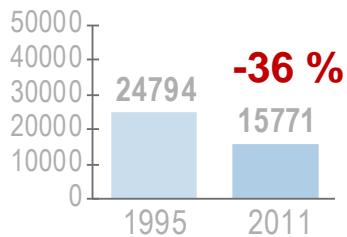
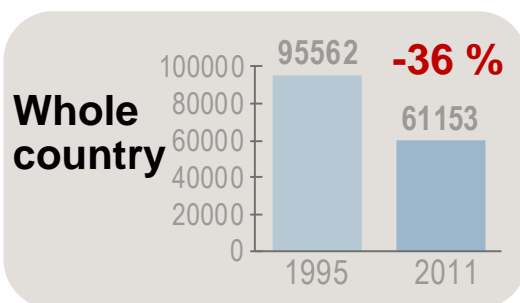
## MTT Economic Research

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## Number of farms receiving agricultural support in 1995 and 2011



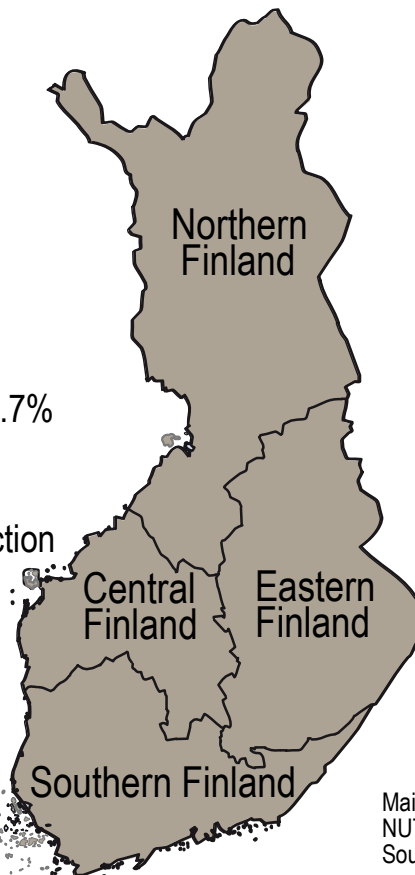
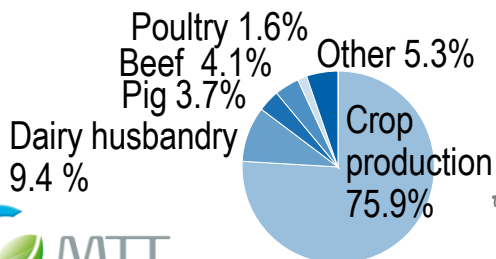
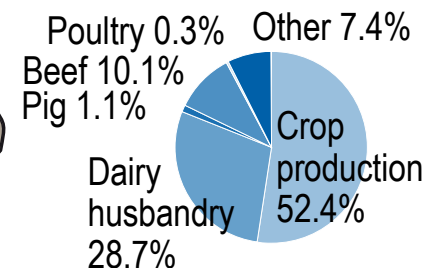
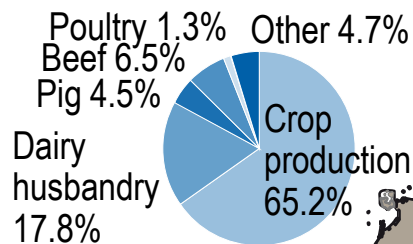
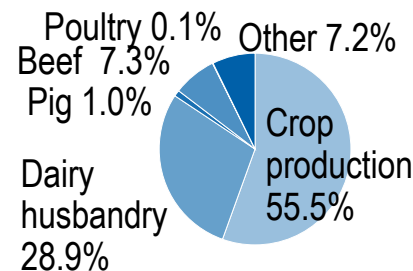
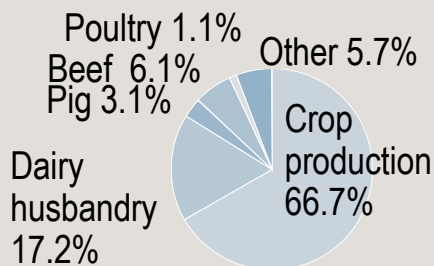
Main regions of Uusimaa and Åland according to NUTS II have been included in Southern Finland.  
Source: Finnish Agency for Rural Affairs.





# Distribution of farms receiving agricultural support according to production line in 2011

## Whole country



Main regions of Uusimaa and Åland according to NUTS II have been included in Southern Finland.  
 Source: Finnish Agency for Rural Affairs.



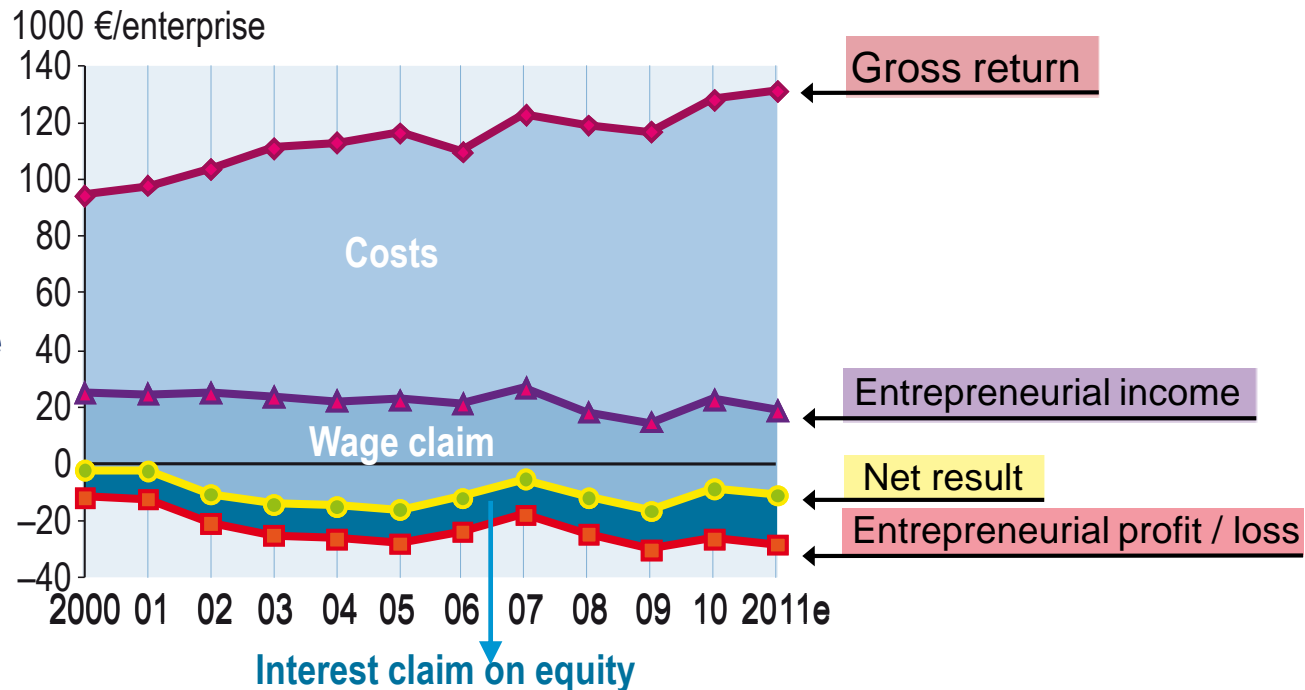




# Result and profitability development of agriculture and horticulture enterprises in 2000–2011e

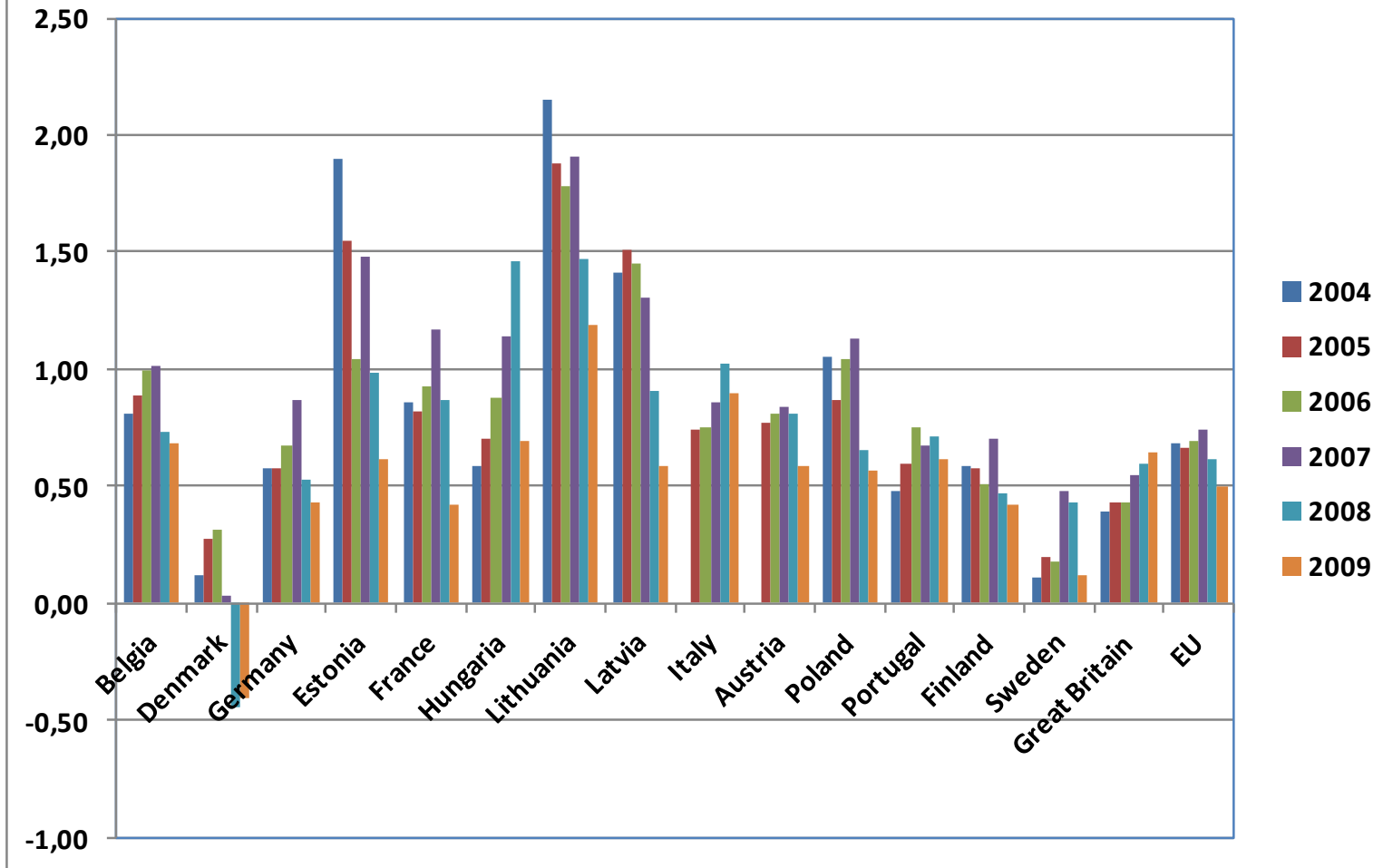
- Entrepreneurial profit

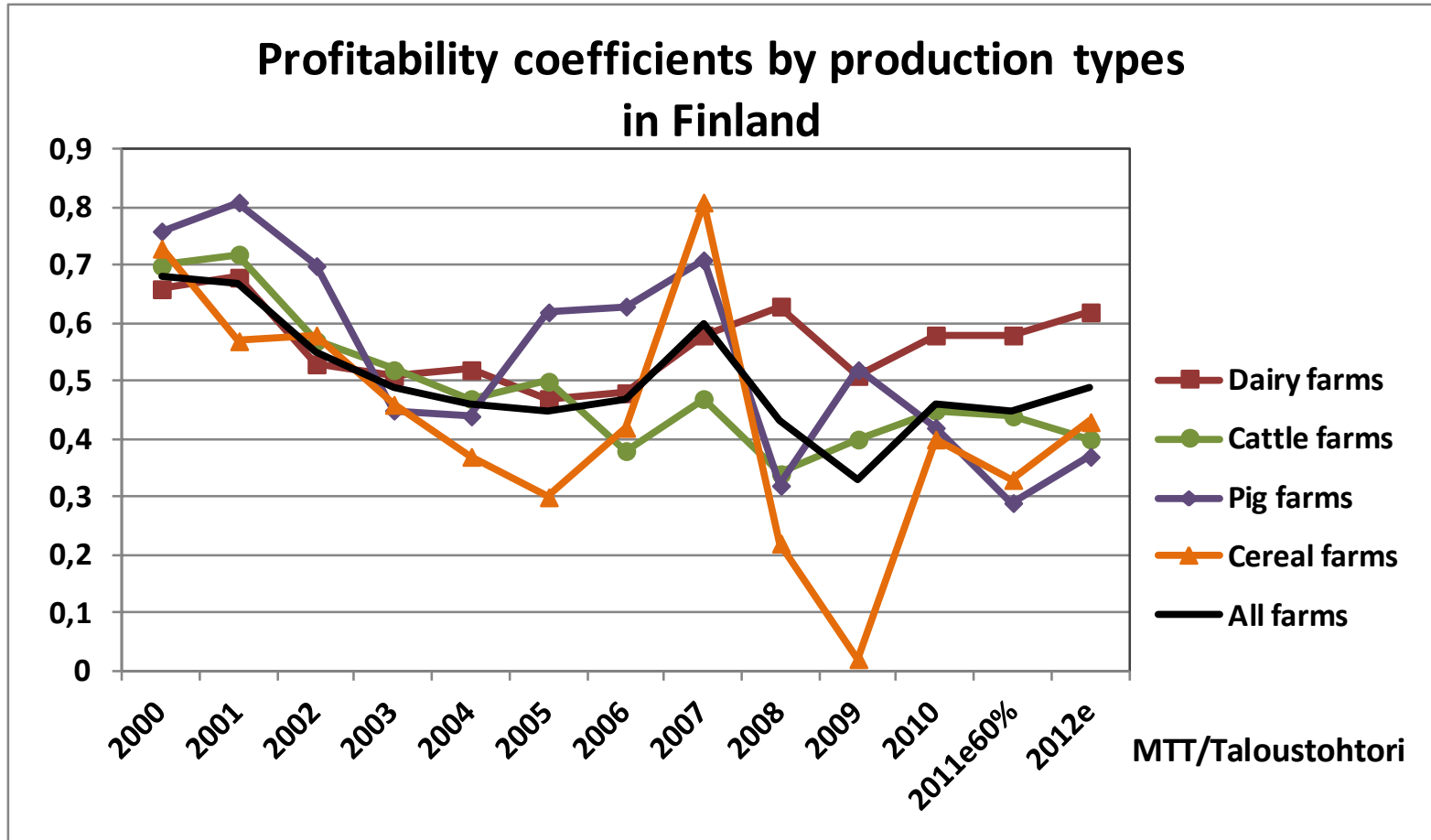
**Profitability Coefficient**  
=  
**Entrepr.income**  
./.  
**(Wage claim+ Interest claim)**





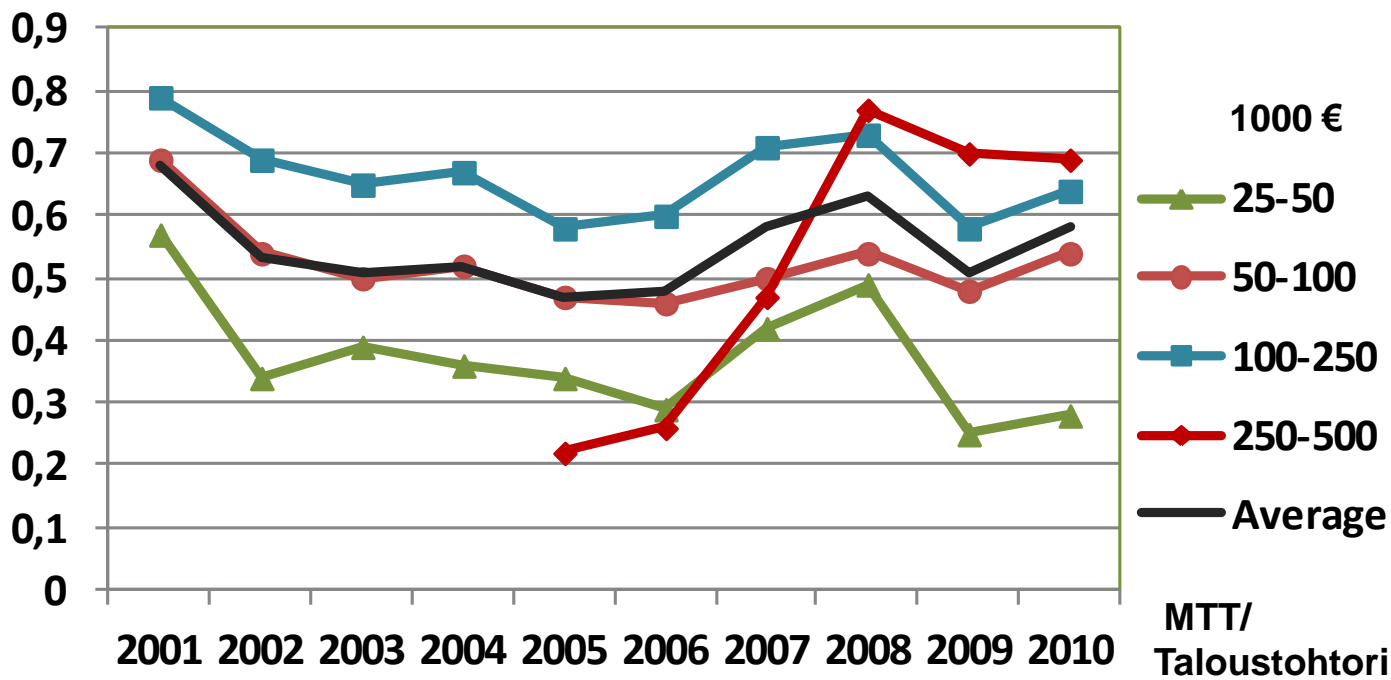
## Profitability coefficient in selected EU countries





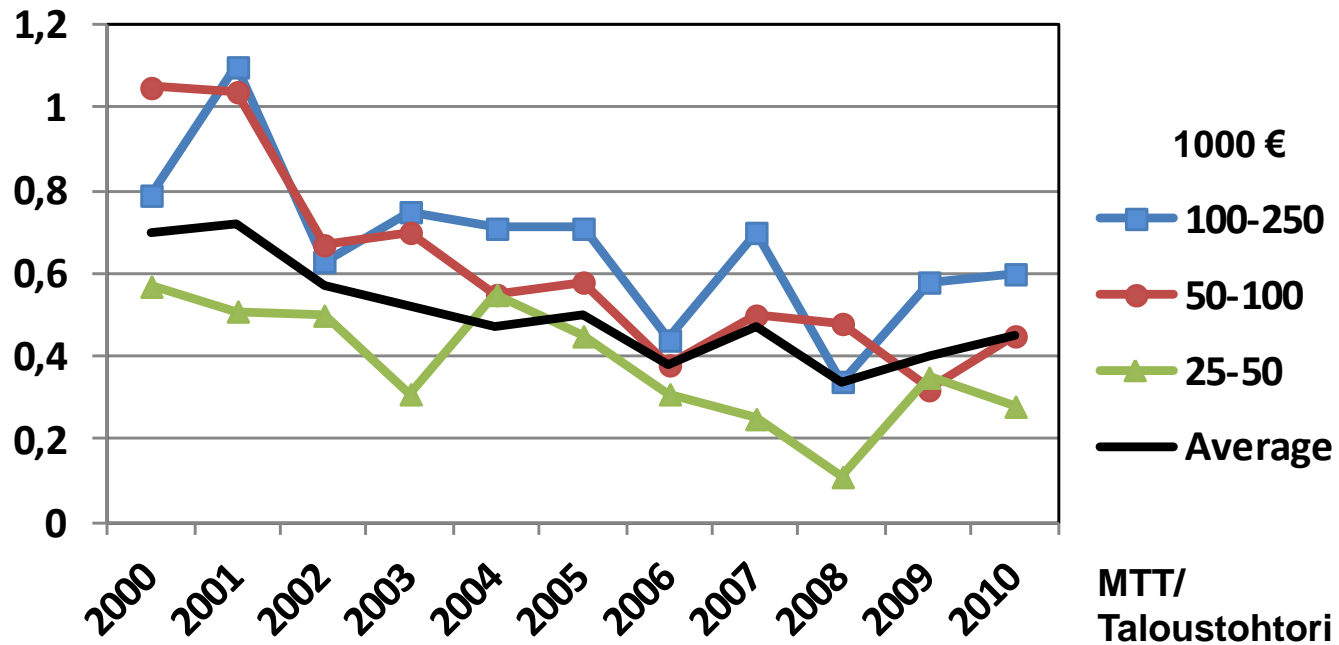


## Profitability coefficient by economic size on dairy farms in Finland



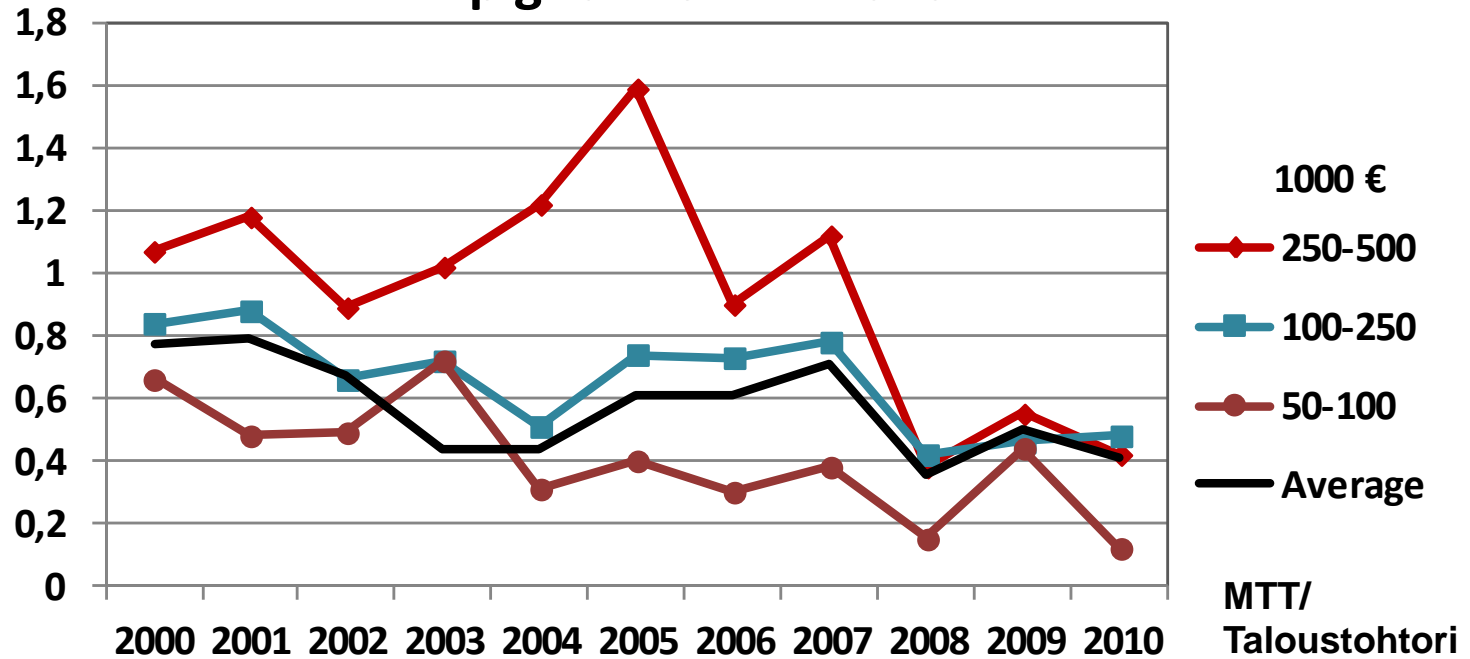


## Profitability coefficient by economic size on cattle farms in Finland



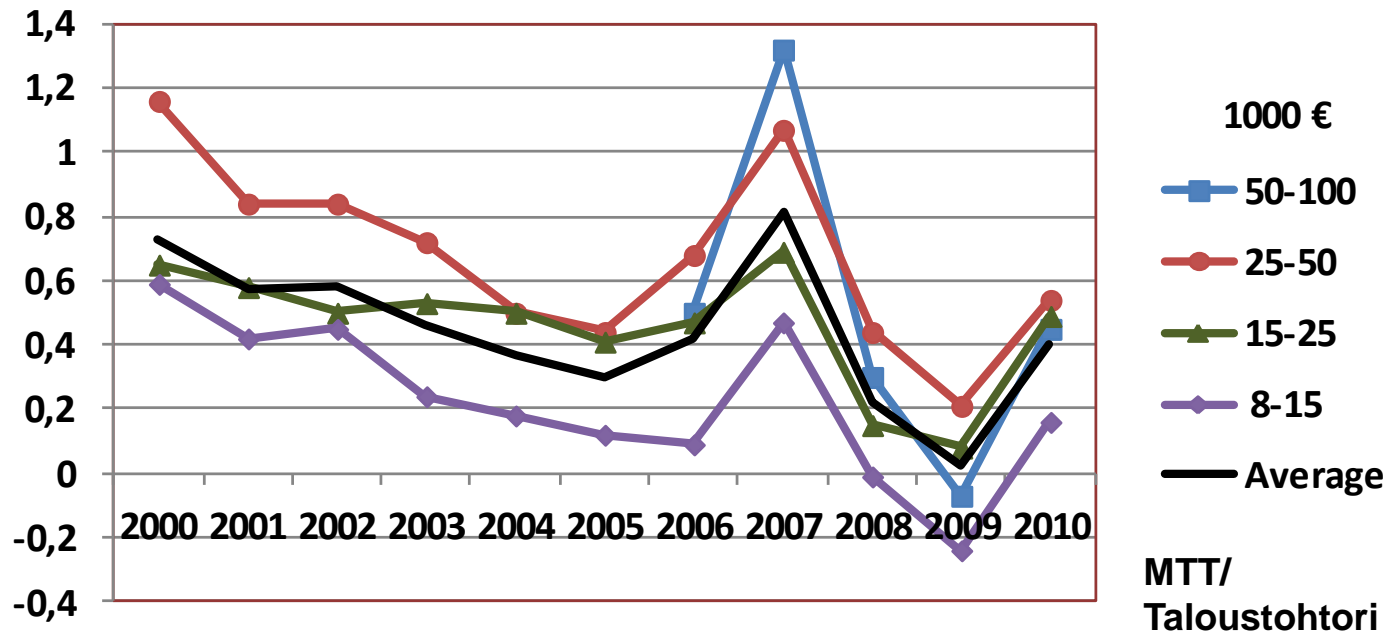


## Profitability coefficient by economic size on pig farms in Finland



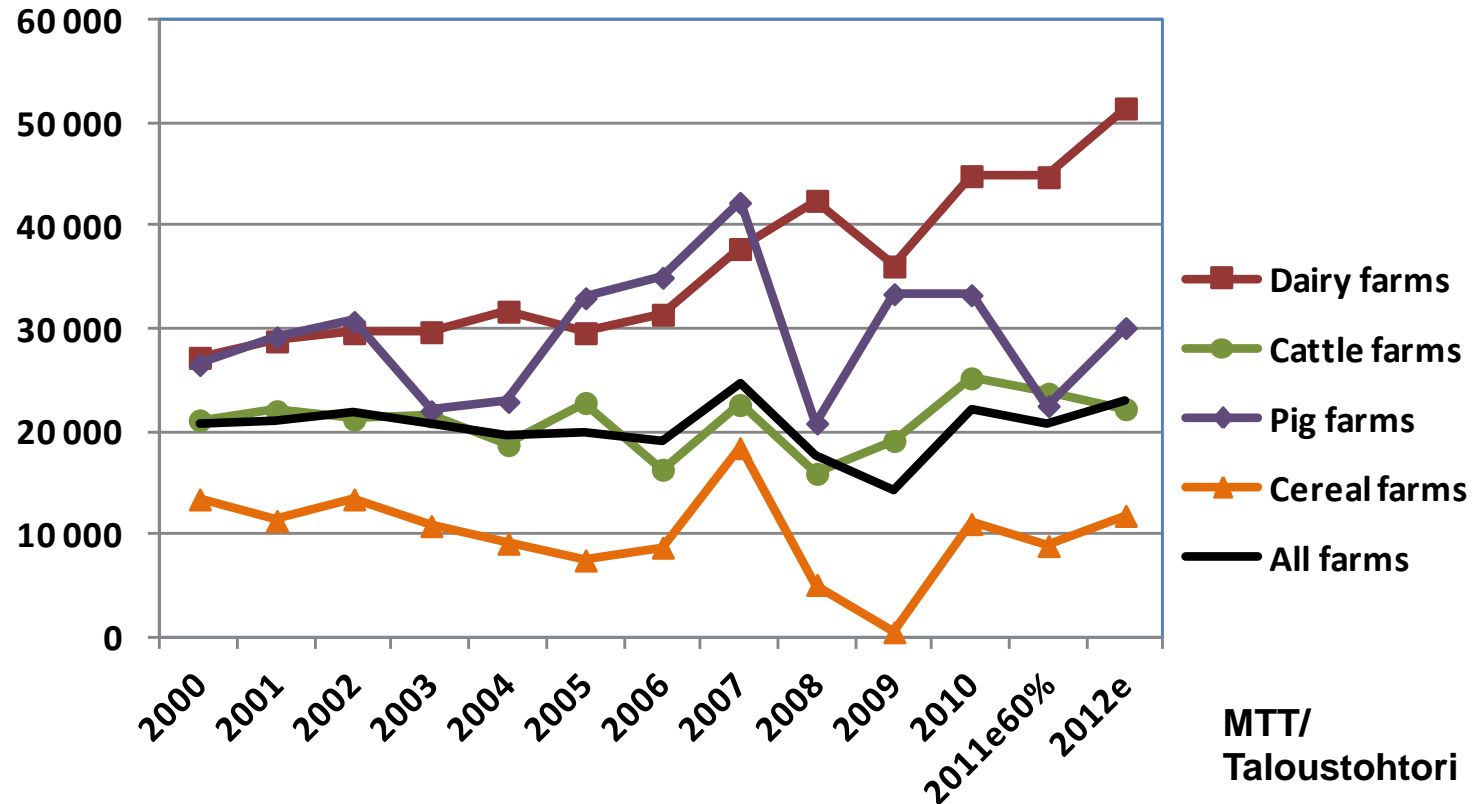


## Profitability coefficient by economic size on cereal farms in Finland





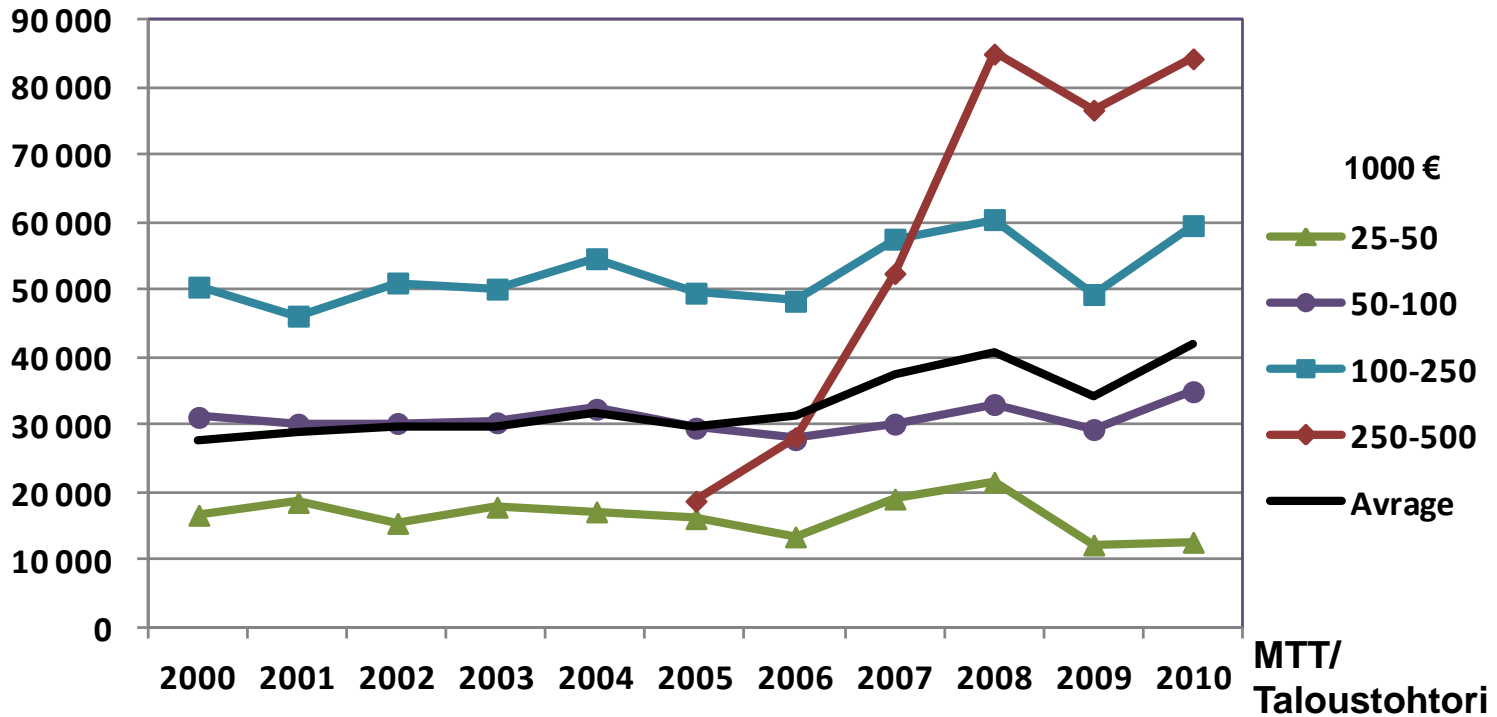
## Farm income (€/farm) by production types in Finland





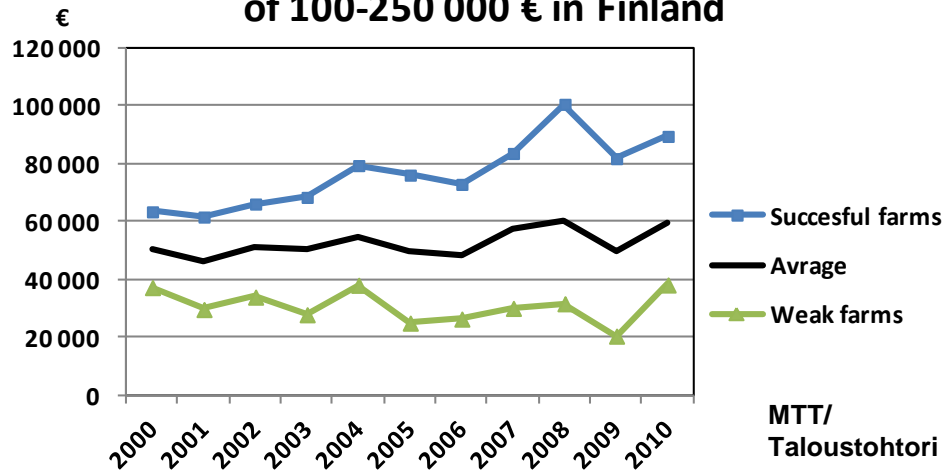


## Farm income (€/farm) on dairy farms by economic size in Finland

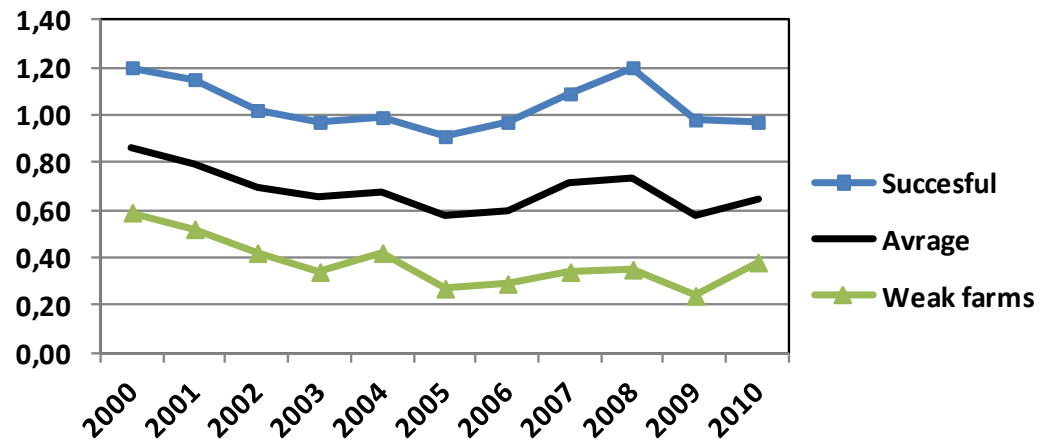




### Farm income on dairy farms economic size of 100-250 000 € in Finland

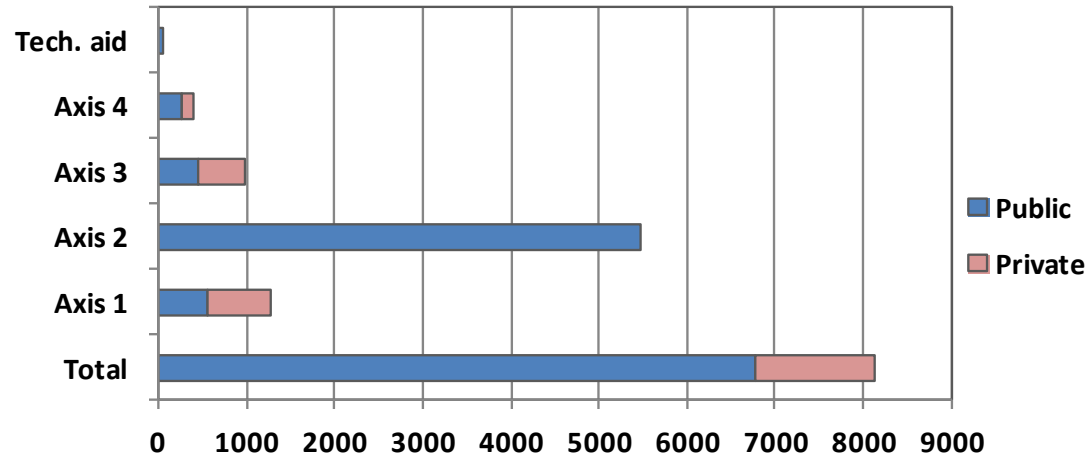


### Profitability on dairy farms of economic size 100-250 000 €

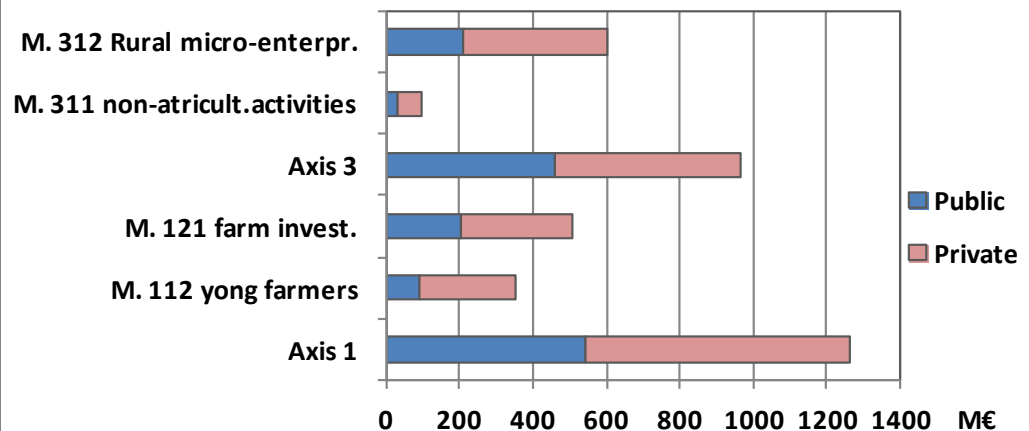




## Financing frame of the Rural Development Program 2007-2013, M€

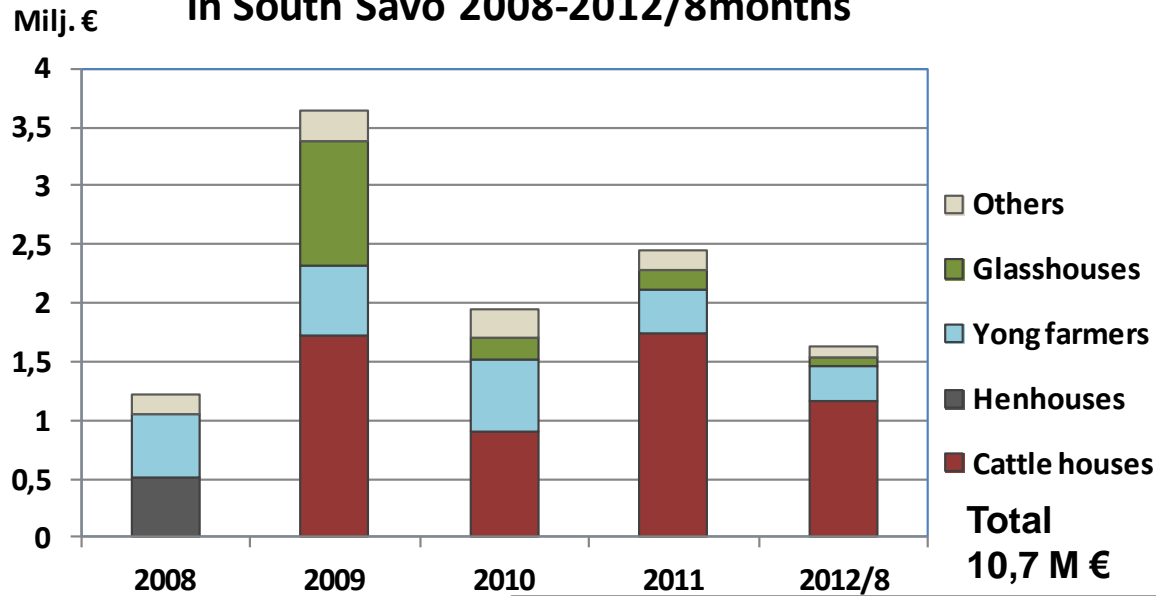


## Financing of investments in agriculture and other rural enterprises in RDP2007-13

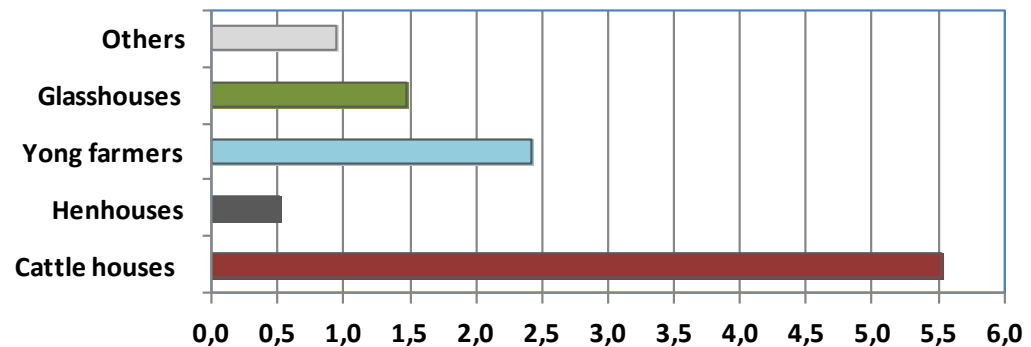




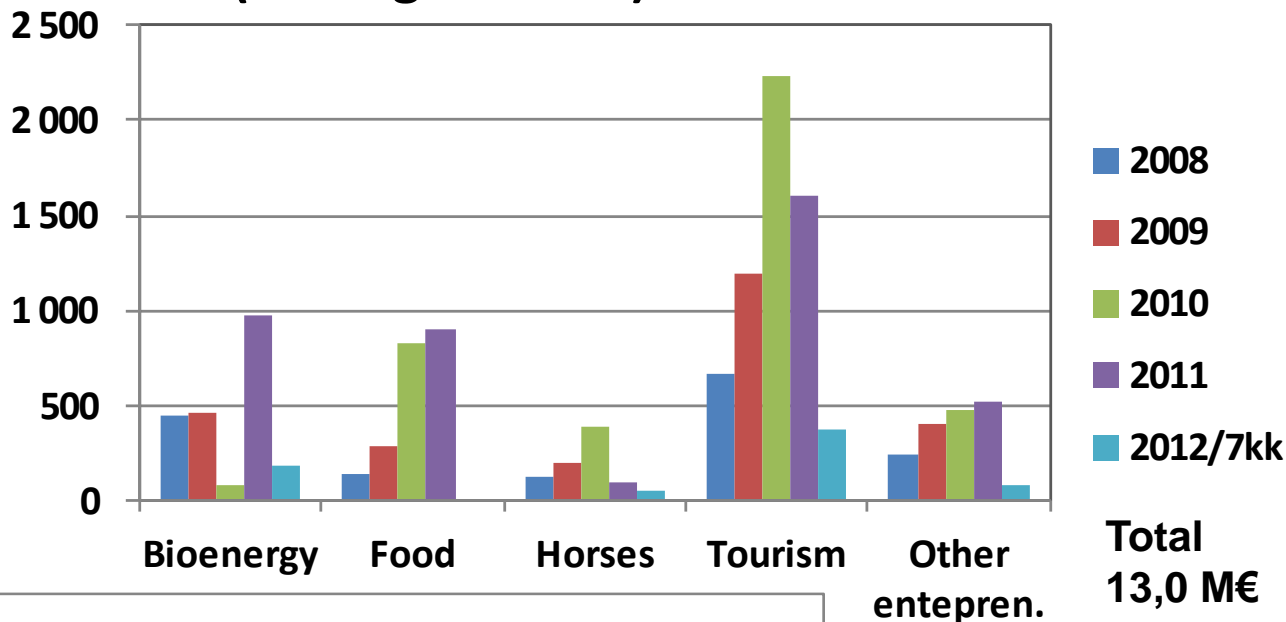
## Investment aids for agriculture (M €) in South Savo 2008-2012/8months



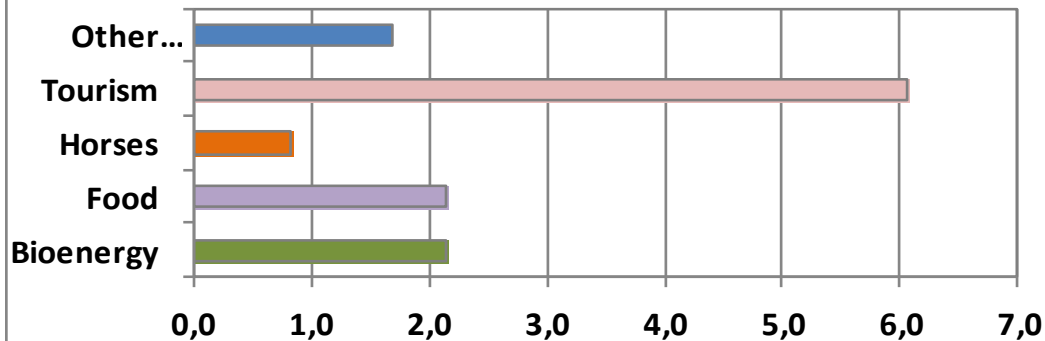
## Agric. investment aids (M €) in 2009-2012/8



## Aids for the rural enterprises (excl. agriculture) in South Savo

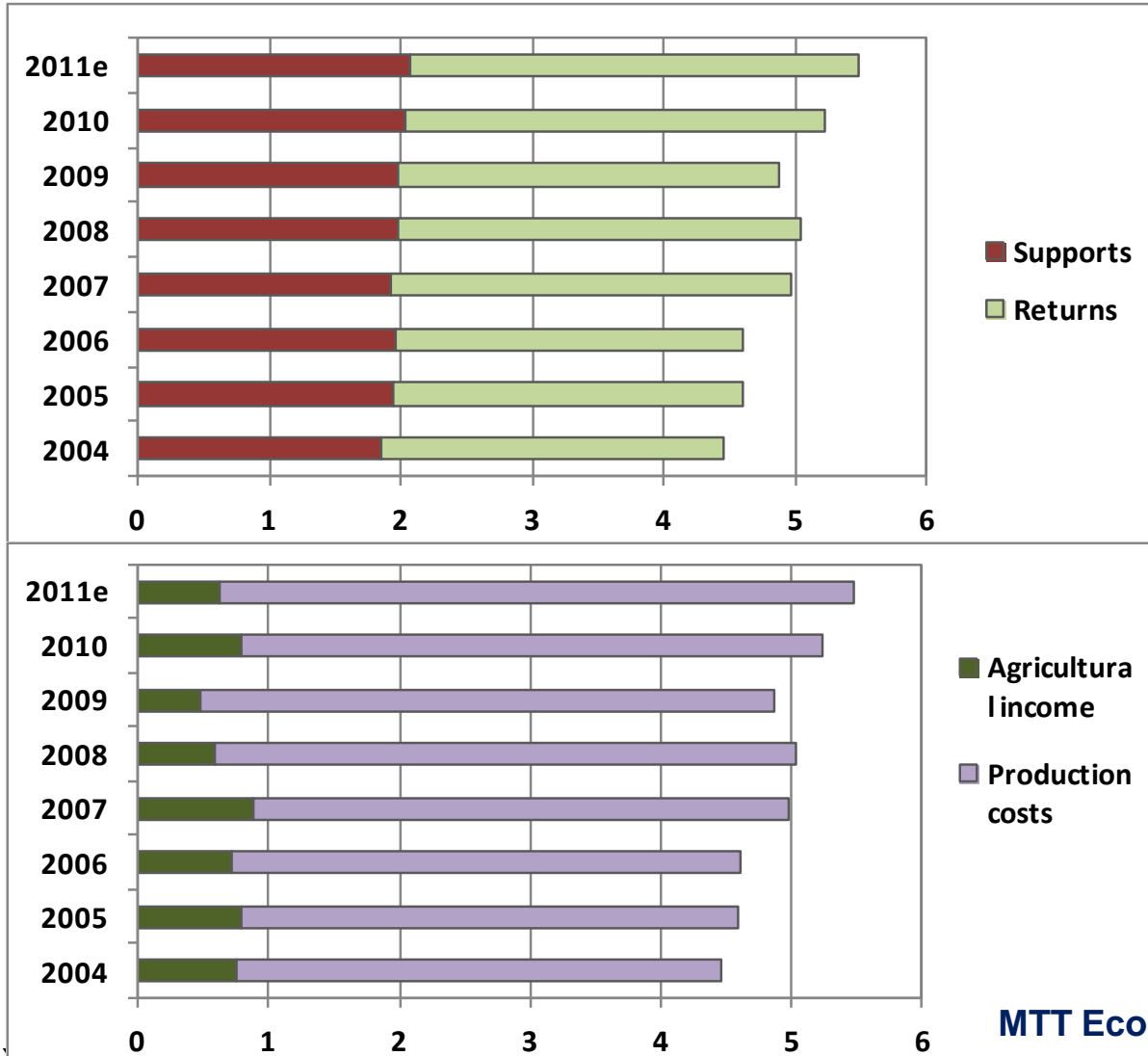


### Enterpren.aids (M €) by line of business in 2008-2012/7

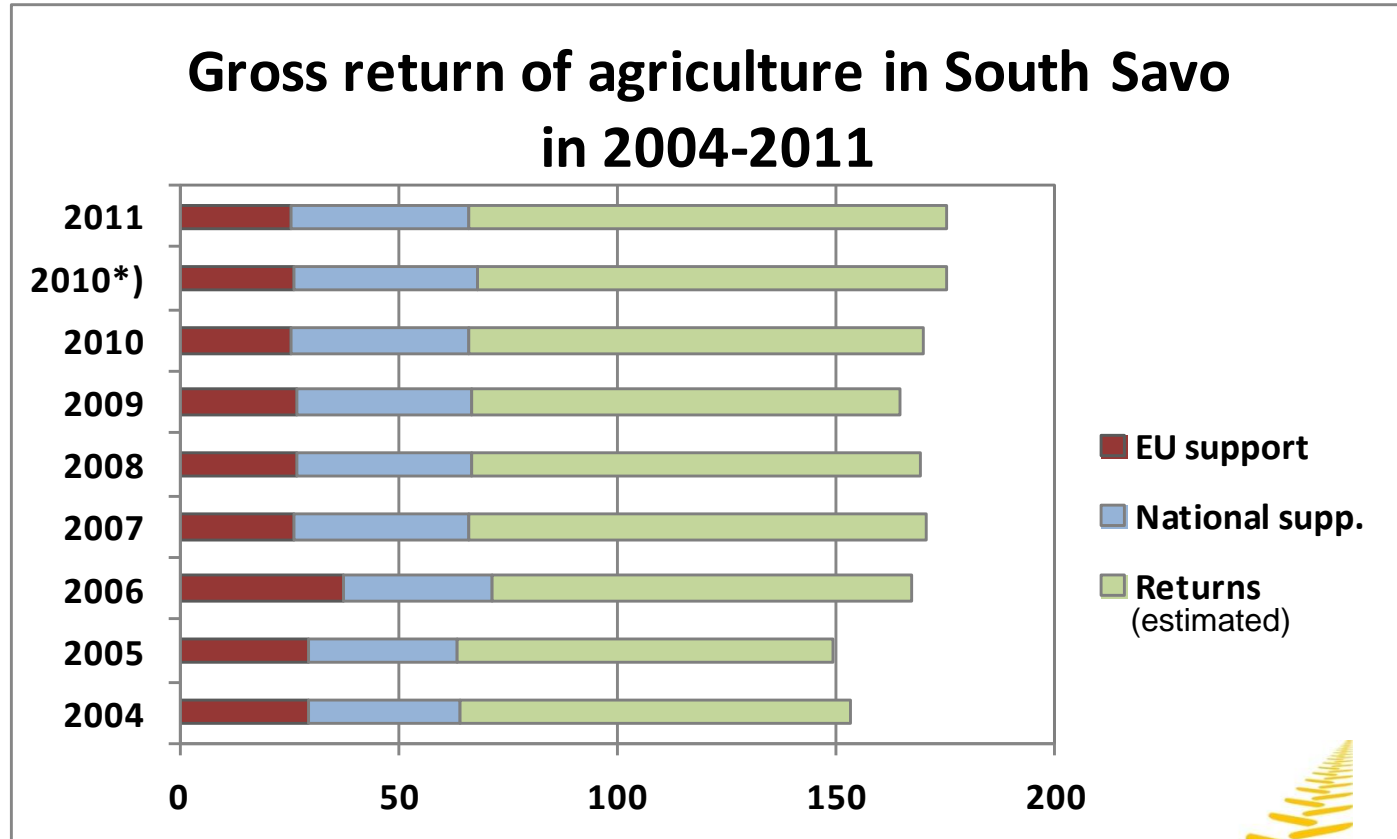




## Gross return, production costs and agricultural income, mrd €

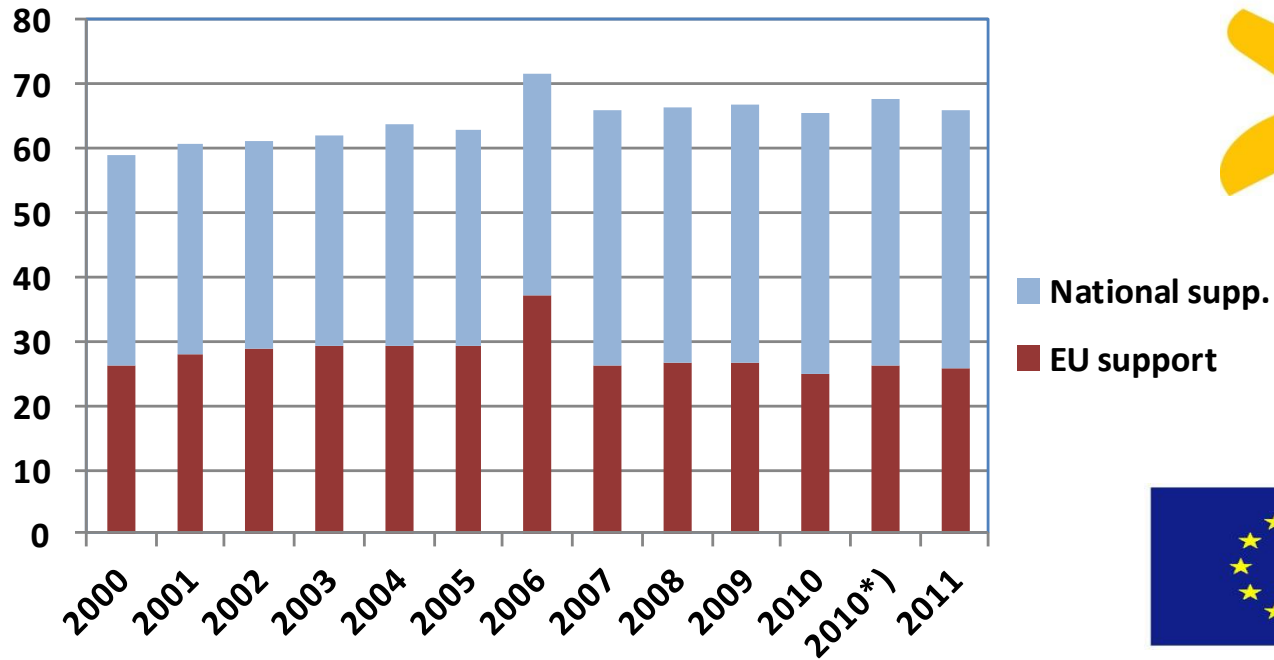


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## Production supports in South Savo, M€







## Conclusions

- Domestic agricultural production is very important in Finland for many reasons (e.g. over 60 000 farms get their livelihood, ab. 300 000 people employees in food industry, local food, inhabiting remote rural areas, cash flows in local economy)
- So far the state and EU have invested a lot of taxpayers money for the structural change of Finnish agriculture, so there is a lot of interest to keep at least the biggest farms running on profitable way (still farmers have risk for policy change e.g. milk quotas)
- Structural development, i.e. enlarging farms and adding productivity have to continue for making possible better profitability and higher income for farm family
- Another way for reaching higher income is diversifying farm activities; forestry, contract work, farm tourism, services, part time farming and salary work
- Relatively high support level even the effects of global changes in produce prices and conform possibilities of Finnish farmers to produce, but at the same it makes farmers extremely dependent on national and EU policy as well as consumers and taxpayers
- Bigger and better managed farms can best resist the effects of failure of crops (two very bad years per 10 years is normal in Finland and the climate change will force the phenomenon)
- Open field areas between forests and lakes belong to the Finnish cultural landscape, agriculture can promote diversification of nature (environmentally friendly farming)
- Without agriculture 2,278 million hectares of field in Finland would start to grow forest.



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*Thank you!*

