PRELIMINARY CONFIDENCE INDEX 2021Q1

CONFIDENCE LEVEL SHOWS A SLIGHT BUT RESILIENT INCREASE

Brussels, July 2021

STATISTICS AND ECONOMIC ANALYSIS

copa cogeca
european farmers european agri-cooperatives

Disclaimer

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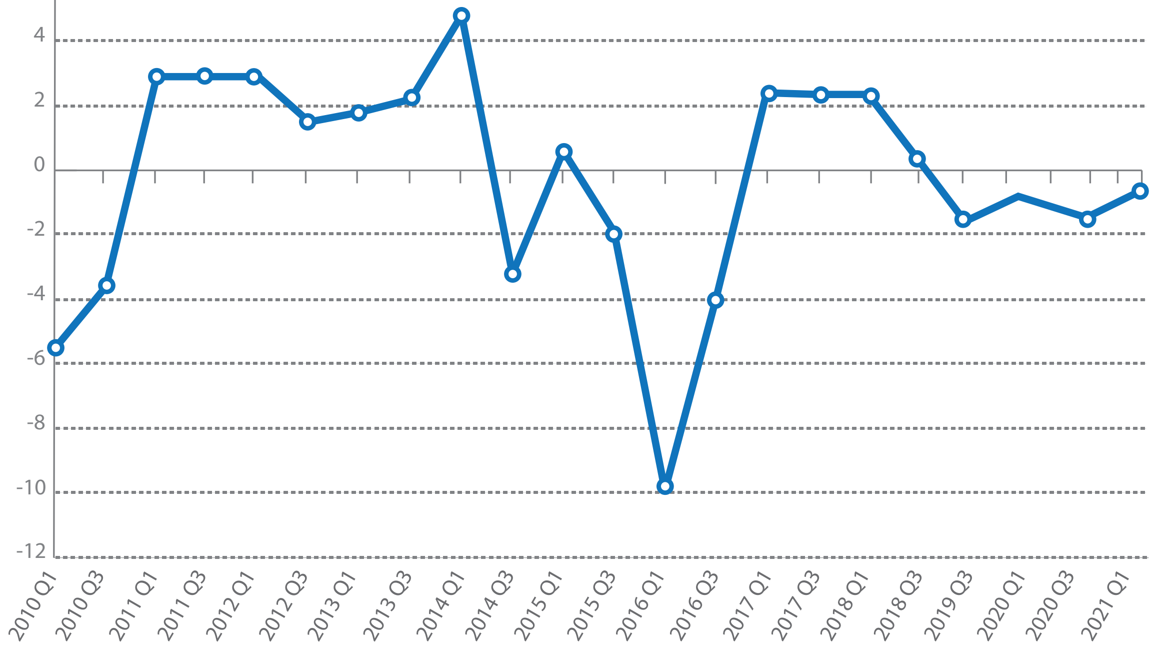
I. CHANGES IN CONFIDENCE IN AGGREGATE

The confidence survey carried out in seven EU Member States + UK* saw a tendency for a slight increase after autumn 2020. The results across countries and within countries are quite diverse. Where the sentiment has improved, it has improved significantly but remains overall in the negative spectrum. In other countries, the sentiment remained stable or has even decreased, with Italy continuing its decrease. In general, the results of the survey show a bit more optimism for the future. For Belgium (Flanders), the confidence index has generally increased, but the fruit sector has experienced a drop. For France, level of optimism regarding one's own activity is at the highest level since 2008. For Germany, the confidence index has stabilized at a low level. For the Netherlands, arable farming has shown a decrease in the confidence level while greenhouse horticulture index was at the highest level ever.

The Copa-Cogeca confidence index is calculated twice a year on the basis of the results of national surveys carried out in Belgium (Flanders), Germany, France, Hungary, Italy, the Netherlands, Poland*, Romania*, Sweden and the United Kingdom (England and Wales) on how farmers assess the current and expected economic situation of their farms[1].

Chart 1 – EU-7 + UK* confidence index development

Compiled by Copa-Cogeca using national data



[1] Please note that Copa-Cogeca's method may vary from methods used in national barometers, therefore figures in this document may not be directly comparable with national data.

*The Netherlands have been included since 2012Q3. Hungary did not take part in the survey between 2016Q3 and 2018Q3 and joined again in 2019Q1. The UK runs the survey only once a year, in late autumn (results available only mid-December). The survey has stopped for Romania and Denmark. For Poland, there is a different one being conducted. The index values lie between -100 (farmers unanimously pessimistic) and +100 (farmers unanimously optimistic).

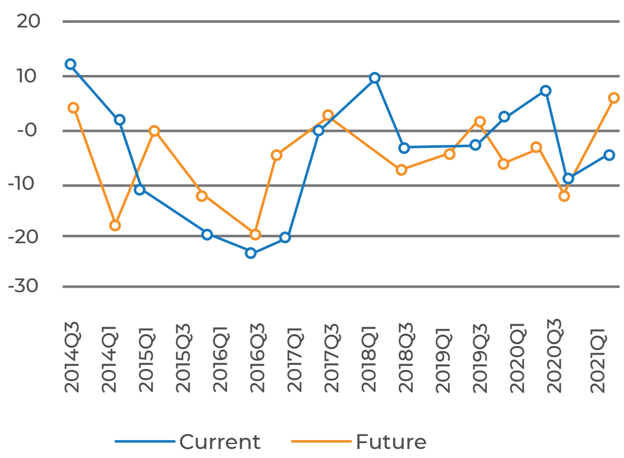
II. PROSPECTS PER COUNTRY

Belgium (Flanders)

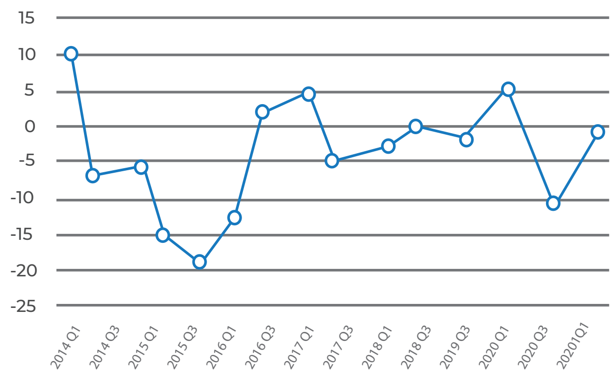
After a drop in autumn 2020, the general confidence index increased for the past six months. Most agricultural sectors are improving their confidence index and farmers believe in a recovery of their economic situation in the coming period. Only the fruit sector shows a decrease compared to the previous survey due to falling prices, in particular for pears due to high stocks.
The impact of Covid-19 pandemic is felt by sectors like potatoes, beef and veal.
Despite the increase in confidence level, the share of agricultural and horticulture planned investment in the coming year is not increasing.

The number of agricultural and horticulturists who have experienced obstacles in the past six months is falling, but many still report more governmental restrictions, sale problems and financial problems, mainly by pig meat and beef meat producers.

Chart 2 - Belgium (Flanders)



Economic situation of the farm



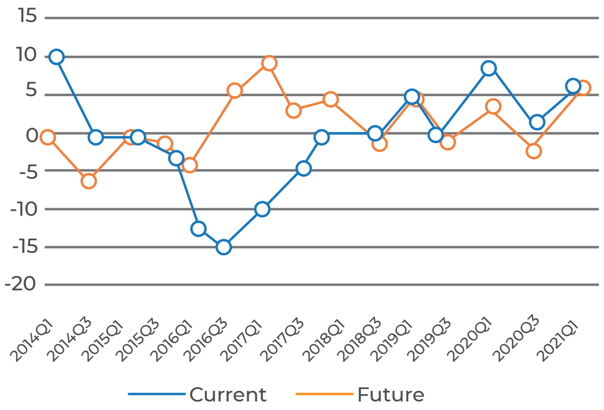
National confidence

France

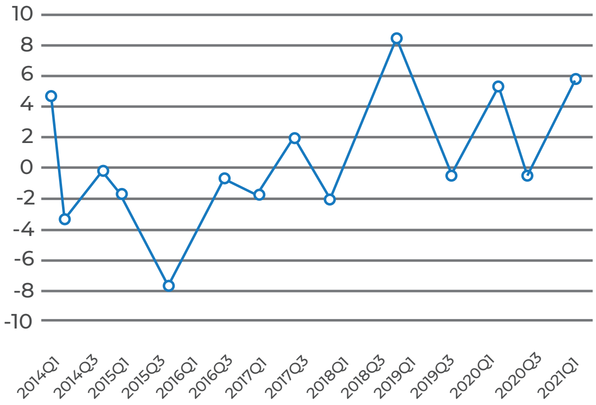
A third of the French farmers consider that the current economic situation of their farm is bad, a similar situation with 2020, before the start of the pandemic. The level of optimism about one's own activity is at the highest level since 2008. Beef, sheep and goat producers are among the most pessimistic farmers.
Less farmers have encountered significant difficulties compared to last quarter. 1 out of 3 farmers have not encountered any difficulty. The costs with running the farm and the decrease in prices of agricultural products were among the most important difficulties encountered.

When it comes to future expectations, the share of farmers which expect their economic situation to deteriorate in the next two to three years is lower than one year ago but remains important. On short-term, the pessimism is decreasing considerably and 7 out of 10 farmers consider that their financial situation will remain stable. 12% of farmers plan to stop farming in the coming year due to financial difficulties, a stable proportion since June 2019.

Chart 3 - France



Economic situation of the farm

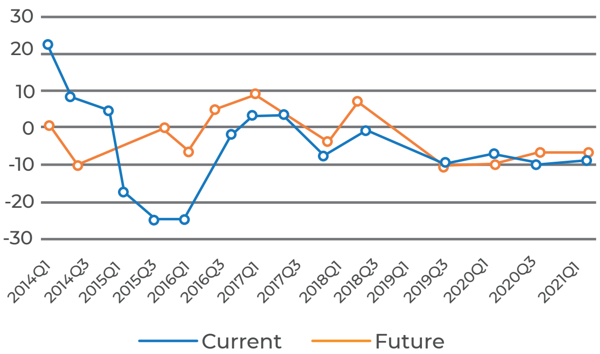


National confidence

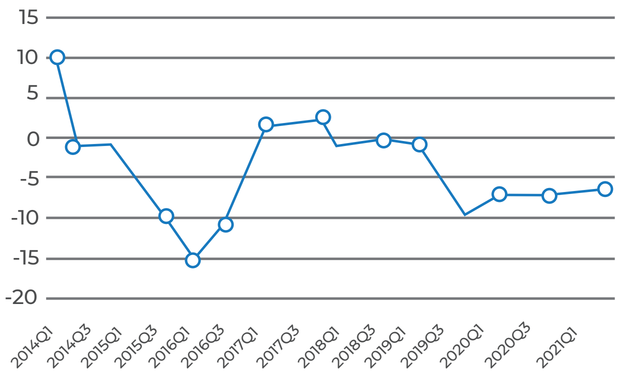
Germany

The confidence level has recovered slightly, due to higher producer prices, but remains at a negative level. Future expectations are negatively influenced by the discussions on the plant protection products and the CAP.
The proportion of farmers who want to invest has risen significantly, especially in environmental and climate-friendly agricultural technology, stables, storing and processing of manure. On the other hand, investments in renewable energy is falling sharply.
The liquidity of the farms has slightly improved but the situation remains tensed in the pig meat processing and fodder farms.
28% of farmers say they are suffering from sales losses due to the corona pandemic, while 14% have identified new sales opportunities. Only 21% of farmers share the view that the corona situation will positively impact the way agriculture is seen by society again (compared to 46% in the March 2020 survey). On the other hand, 49% (March 2020: 47%) believe that because of corona pandemic, the concerns and difficulties of agriculture are being ignored.

Chart 4 - Germany



Economic situation of the farm



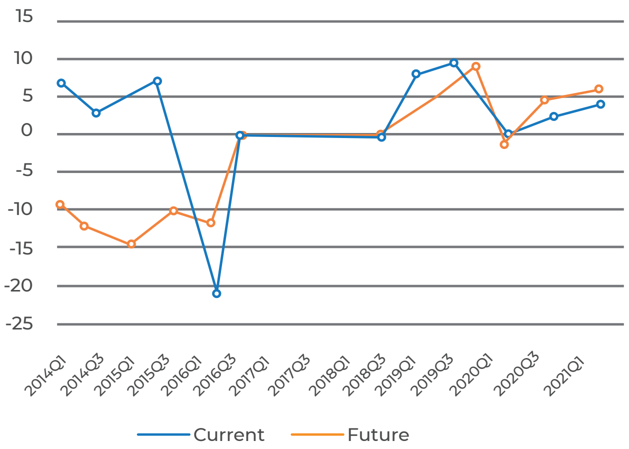
National confidence

Hungary

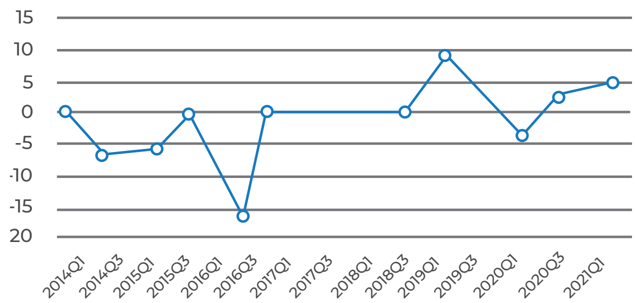
The confidence index continued increasing in Hungary but at a slower pace compared to the previous survey. In the past three months, around 41% of farmers have not experienced any problems, with 36,7% experiencing minor problems. 22% of farmers have experienced fairly and very significant difficulties in running their farm.

There is also a cautious degree of optimism for the future which makes the confidence index stable for the next six months.

Chart 5 - Hungary



Economic situation of the farm



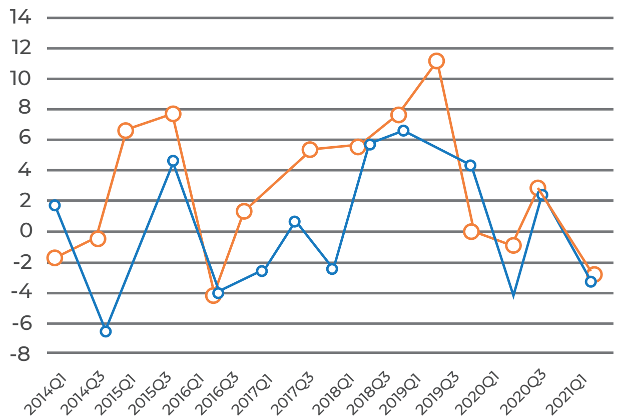
National confidence

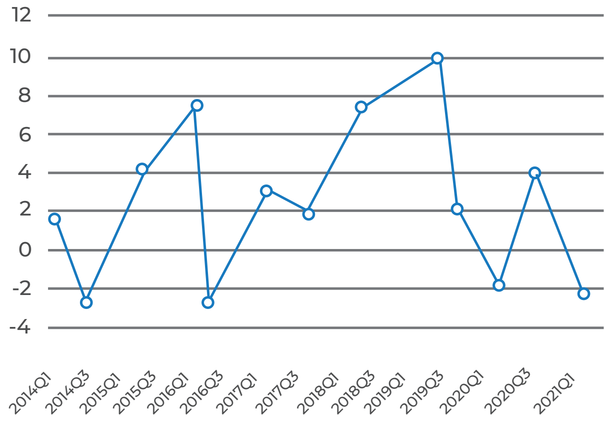
Italy

After the inevitable slump during 2020, the decline in agribusiness confidence eased in the first quarter of 2021. The agricultural sentiment index, while remaining negative (-4.3 points), improved compared to the first quarter of 2020, when the pandemic started but is lower than in the third quarter of 2020, when the easing of restrictions had boosted the confidence.
While the opinion on the present situation is still strongly negative, there is optimism for the future.
In fact, 53% of the farmers interviewed stated that they had faced difficulties in the first quarter of this year, mainly related to the weather and the drop in demand for certain products. Agrotourism operators, in particular, continue to suffer because business has dropped to zero.

For the second quarter of 2021, 23% of respondents expect an improvement in the situation, 69% believe there will be no change compared to the first quarter, while the remainder expect a worsening of the situation.

Chart 6 - Italy





Economic situation of the farm
Compiled by Copa Cogeca national data

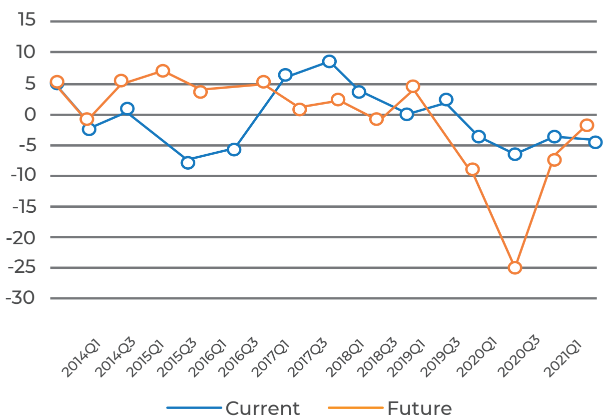
National confidence

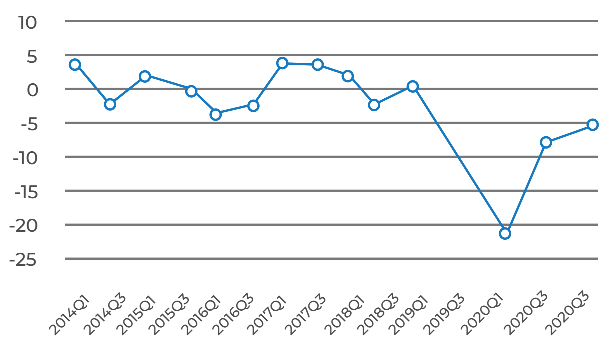
The Netherlands

The confidence that farmers and growers have in their businesses continued to recover in the first quarter of 2021, but was somehow limited. After the low point in the first quarter of 2020, the rise that initially started thereafter levelled off. However, most of the sectors show an increase in confidence. Arable farming is an exception.
The index for greenhouse horticulture and pig farming rose quite significantly, with greenhouse horticulture index being at the highest level ever. But dairy farming and poultry farming also saw an increase in confidence. For open-field horticulture, the index improved slightly.

The confidence index reflecting the current situation on the farm increased while the expectation for the next 2 to 3 years decreased. The expectation for the medium term shows a cautious approach. The total index for agriculture and horticulture also includes other agricultural companies such as goat, sheep and calf farms, which are included but not shown separately, for which the confidence level fell.

Chart 7 - The Netherlands





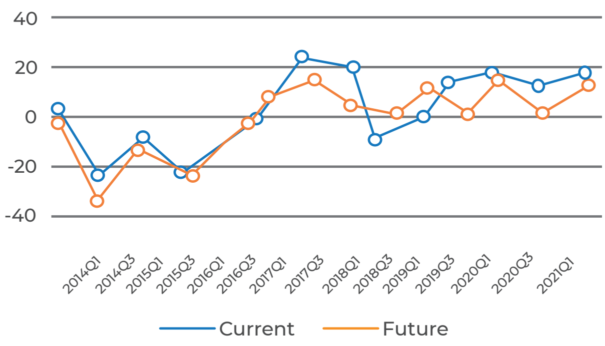
Economic situation of the farm
Compiled by Copa Cogeca national data

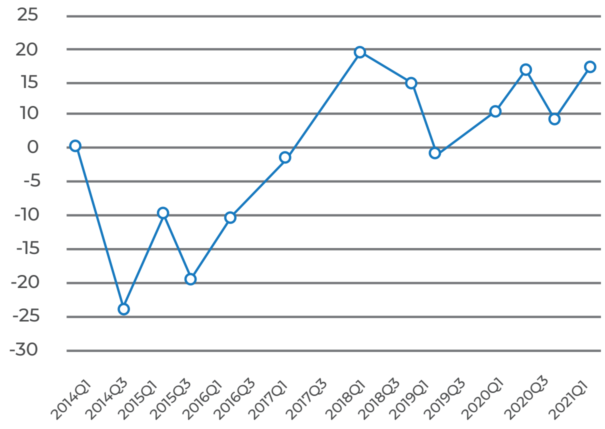
National confidence

Sweden

The confidence index has been increasing since third quarter of 2018. But since the first quarter of 2020, it followed a volatile trend. It now shows an increasing trend again.
Despite the high demand in Swedish products and good price levels, farmers feel uncertain about their profitability. Probably mostly because of the reduced agricultural part of the EU budget. There's also a lack of long-term decisions in the Swedish politics that makes farmers more uncertain about the future.

Chart 8 - Sweden

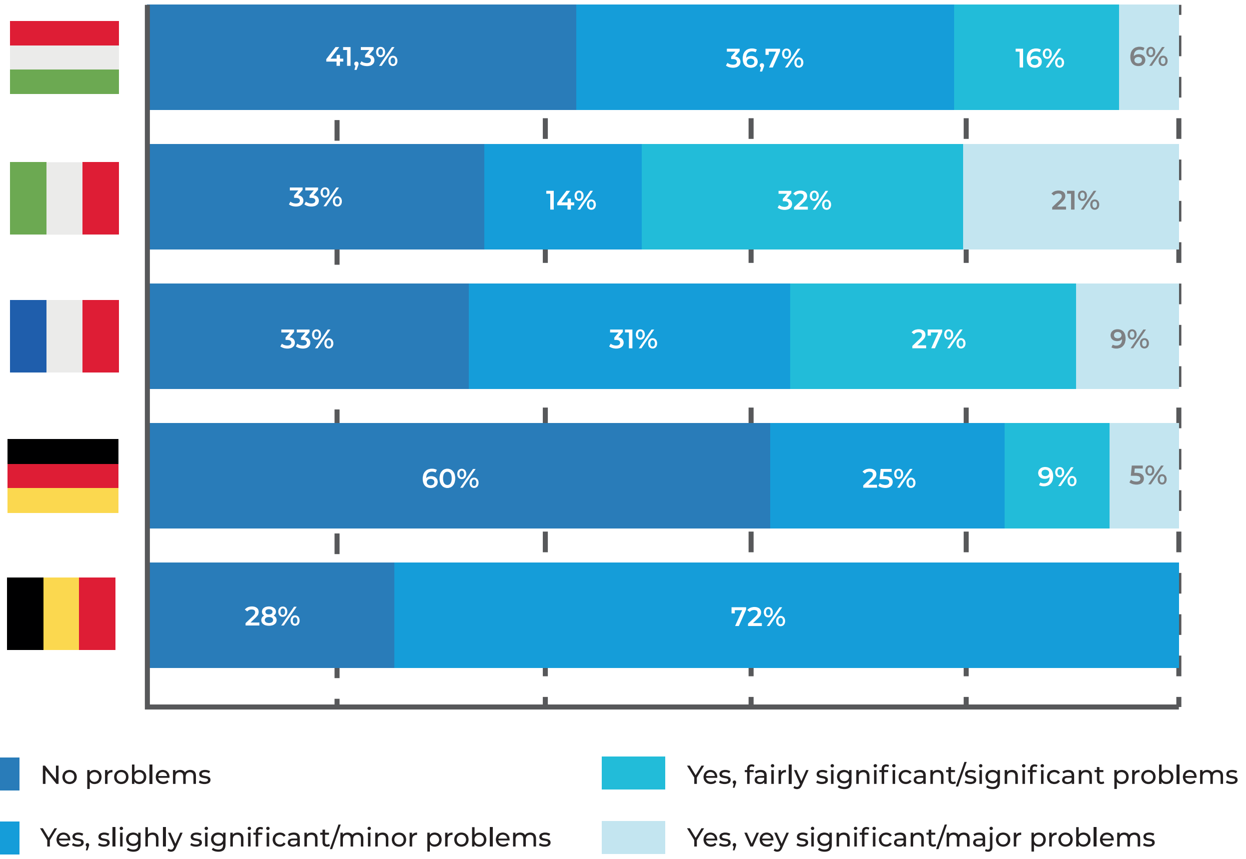




Economic situation of the farm
Compiled by Copa Cogeca national data

National confidence

Chart 9 – Answers to the question "have you had any problems/difficulties whilst running your farm during the last three months?"



The chart shows that in spring 2021, the proportion of those replying that they did not face any problems slightly increased compared to autumn, with a big proportion of German farmers having faced no problems (60% of farmers), followed by Hungary (41,3%). France and Italy were at the same level (33%). Belgium had the lowest share of farmers with no issues, but increasing since last survey and now representing 28%. On the other side of the spectrum, the highest share of farmers facing very major issues was recorded in Italy with 21% and France with 9%. Belgium did not have any farmers in this category.

Amongst the issues most commonly encountered were price decreases of agricultural prices, weather conditions, health and environmental regulations.

Copa and Cogeca are the united voice of farmers and agri-cooperatives in the EU. Together, they ensure that EU agricultureis sustainable, innovative and competitive, guaranteeing food security to half a billionpeople throughout Europe.Copa represents over 22 million farmers and their families whilst Cogeca represents the interests of 22,000 agricultural cooperatives.They have 66 member organisations from the EU member states.

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