



PRODUCTION COSTS IN SPAIN

VII NATIONAL CONGRESS OF EUROPEAN CORN
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INTRODUCTION

- 🌽 For the last three years Spain has dedicated 375.000 – 400.000 ha. to corn crop production.
- 🌽 There are many regional differences to be found. Therefore, to make a more accurate cost analysis, we divided Spain into three main areas:
 - 🌽 the Ebro Valley, the Duero Valley and the Andalusia-Extremadura region.



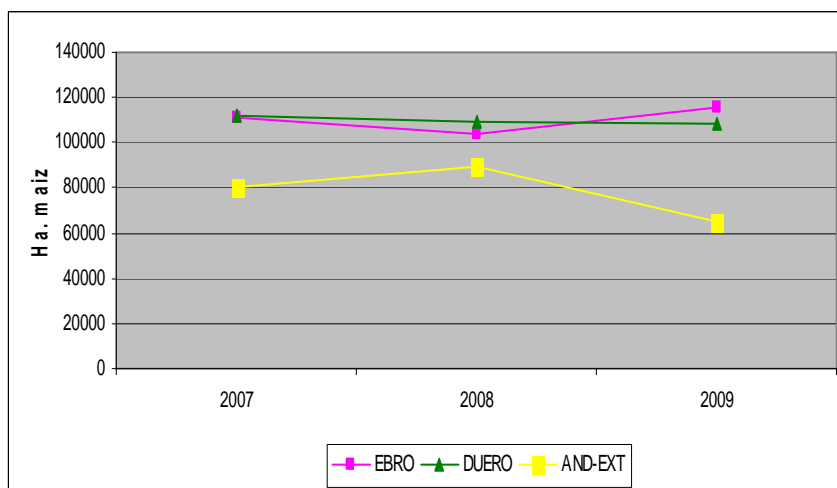
PRODUCTION COST ANALYSIS

- 🌽 The cost break down (as of the CEPM questionnaire) is:
 - 🌽 fertilisers
 - 🌽 chemicals
 - 🌽 seeds
 - 🌽 drying costs
 - 🌽 harvest costs
 - 🌽 irrigation
 - 🌽 other costs (insurance, taxes, etc.)
- 🌽 Labour and machinery costs are not included (the AGPME estimation for these costs lies by 200€ /ha).

ANALYZED REGIONS



CORN CROP SURFACE



EBRO VALLEY

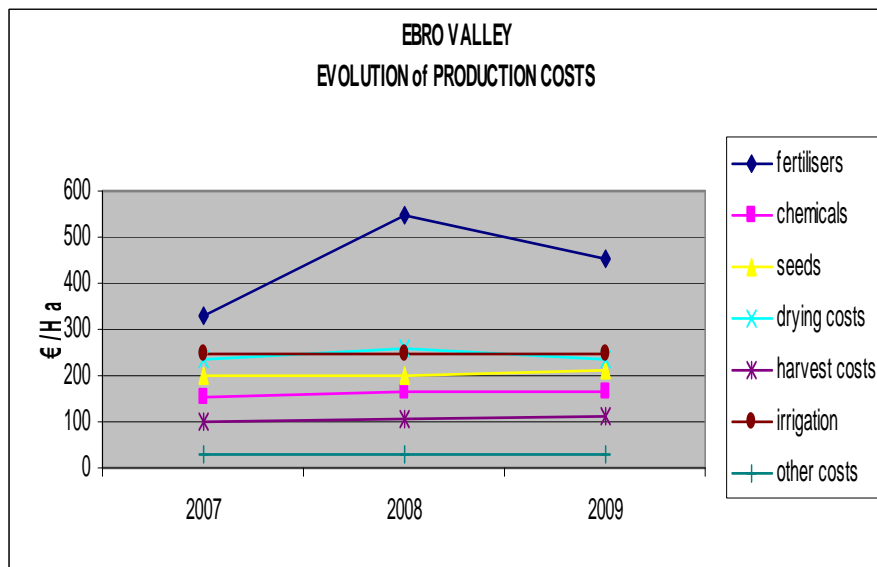


- Ebro Valley: Catalonia, Aragon, La Rioja, Navarre and Basque Country,
- 110.000 ha of corn,
- yield: 12-12,5 tm/ ha,
- first and second crop (sowing from March to June, harvesting from September to December),
- corn borer infestation (60% of Bt market in Spain) and MRDV (gaucho or poncho seed treatment).

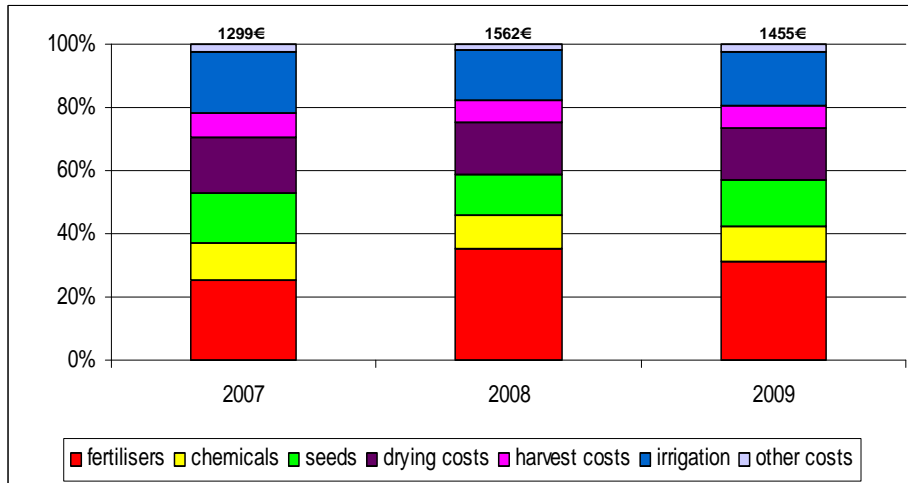
EBRO VALLEY



EBRO VALLEY
EVOLUTION of PRODUCTION COSTS



EBRO VALLEY



DUERO VALLEY

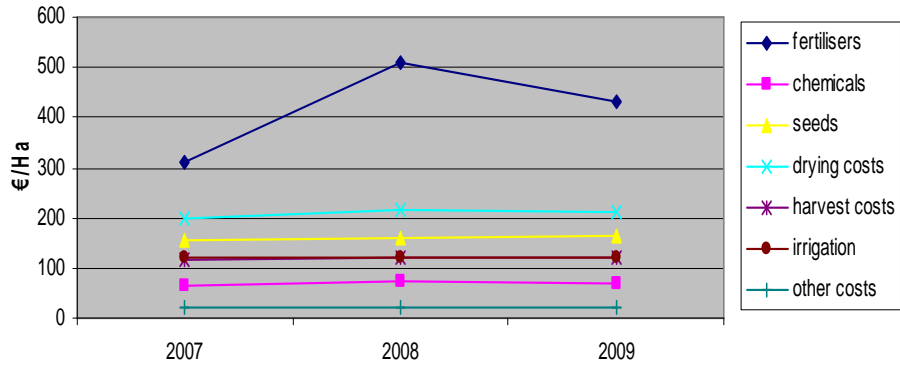


- Castilla y León region.
- 110.000 ha corn.
- yield 11,5 – 12 tm/ ha.
- conventional sowing in April with short cycles (FAO 500),
- harvest in the following year (february to march),
- no problems with pests and diseases; the key is a resistant stalk.

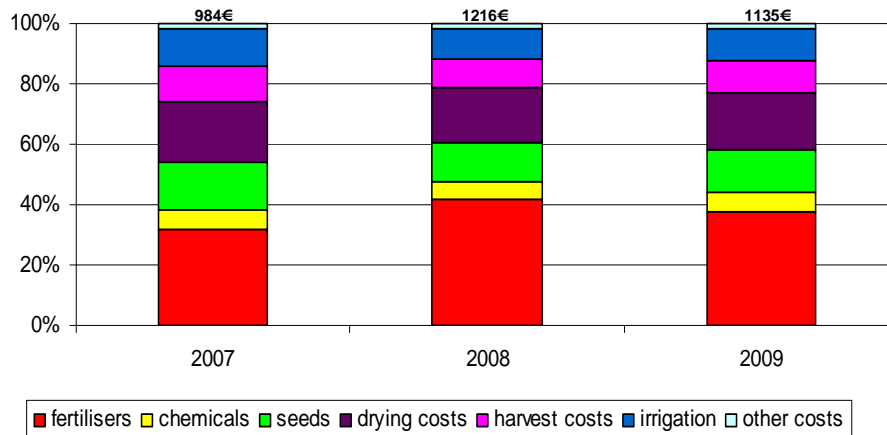
DUERO VALLEY



DUERO VALLEY
EVOLUTION of PRODUCTION COSTS



DUERO VALLEY



ANDALUSIA-EXTREMADURA REGION

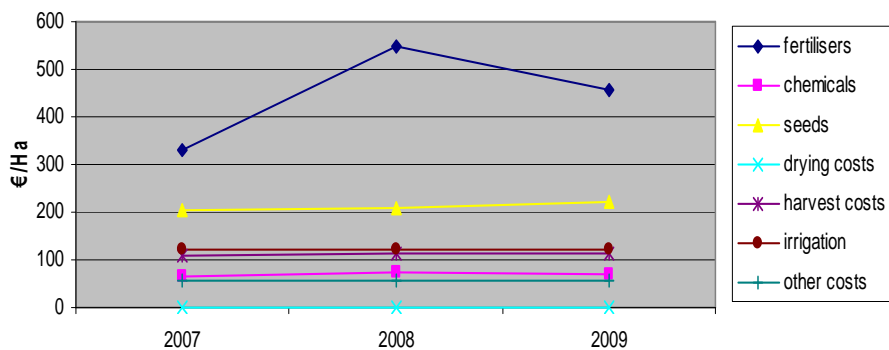


- 80.000 ha of corn, decrease of 25% in 2009 (vs tomato Ex)
- yield 13-13,5 tm/ ha,
- particular irrigation system (drip irrigation),
- Bt corn in Extremadura in initiation phase,
- highest sowing densities,
- drying cost = 0€ (humidity at harvest:14°).

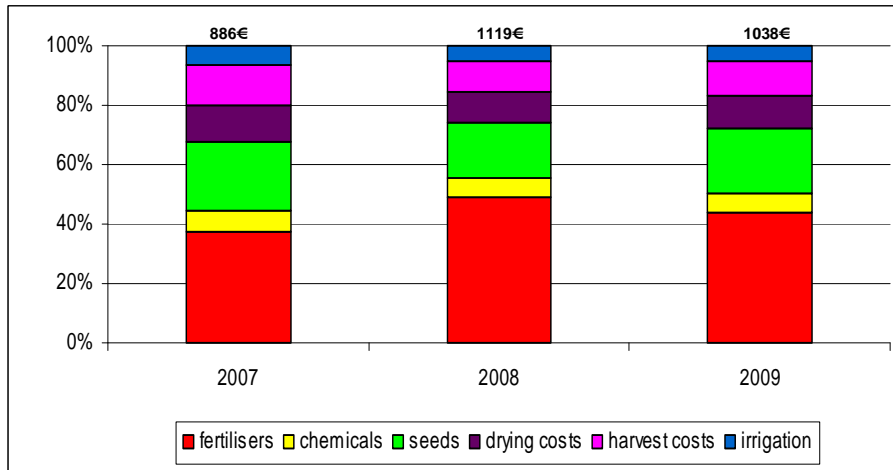
ANDALUSIA-EXTREMADURA REGION



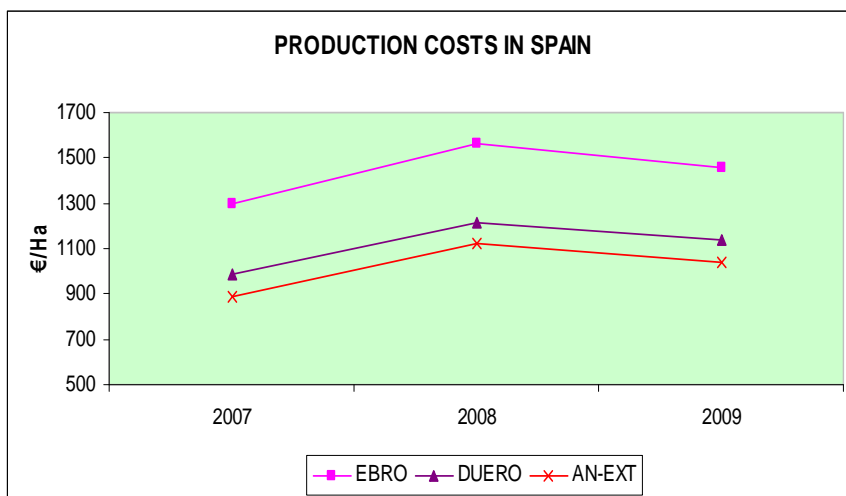
ANDALUSIA-EXTREMADURA REGION
EVOLUTION of PRODUCTION COSTS



ANDALUSIA-EXTREMADURA REGION

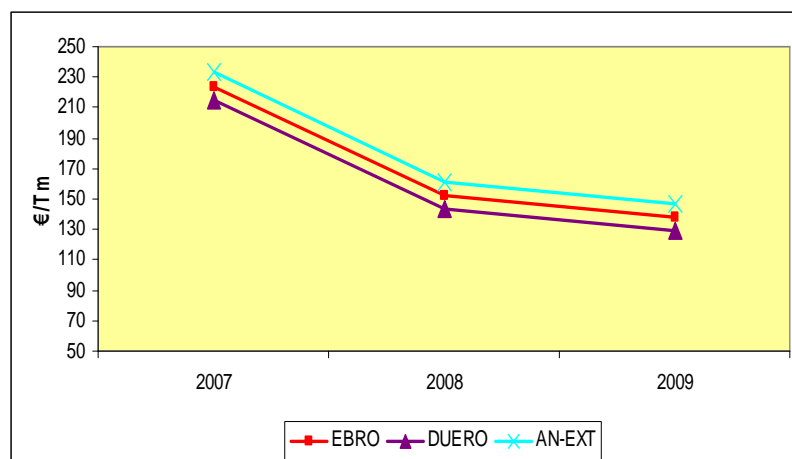


Summary

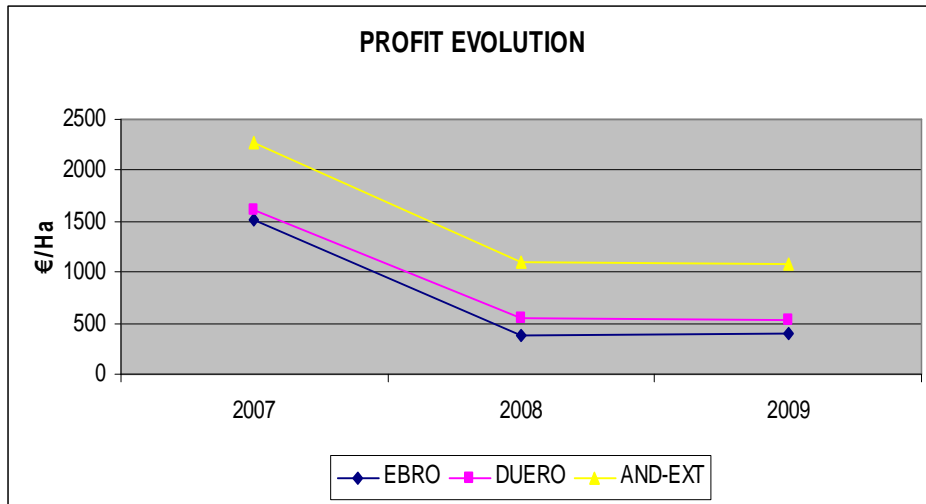


- 2007: production costs within average range;
- 2008: high increase of production costs, in Spain, the highest increase lied with the fertilisers, + 60%; other inputs increased slightly;
- 2009: reduction of some production costs (fertilisers -25%, seeds and drying costs increased).

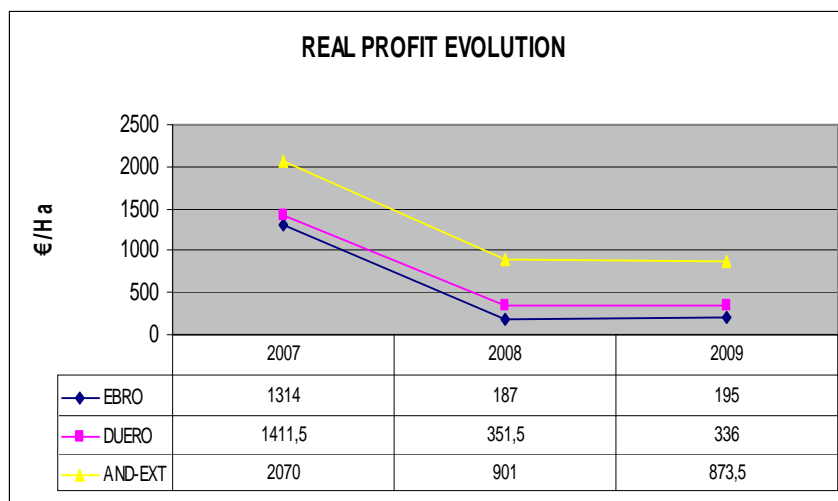
PRICE TREND



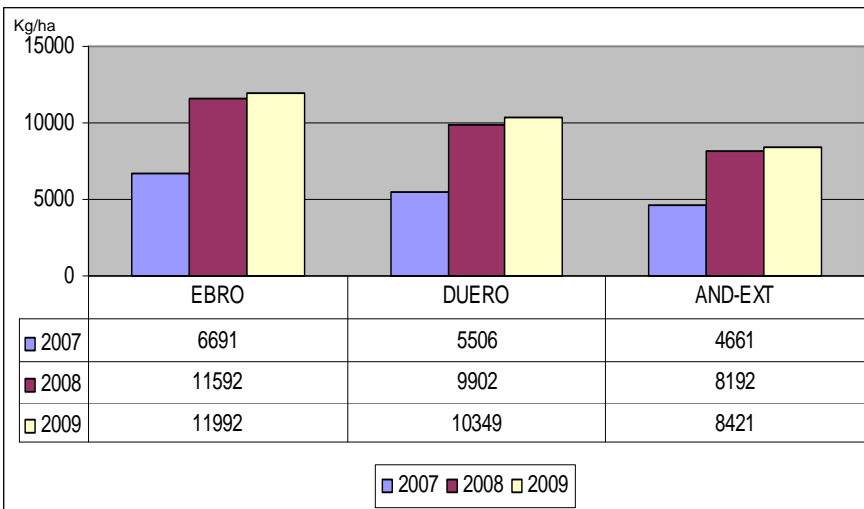
PROFIT EVOLUTION



Adding the before mentioned 200 € /ha (labour+machinery), the real profit evolution is as follows:



BREAK EVEN



CONCLUSION

- profitability of corn crop has been very tight for the past two years;
- low profit after heavy investment with high risks;
- noticeable volatility of market prices;
- farmers will have to reduce production costs in order to increase profit;
- it's time for a technical approach.



THANK YOU

