

Nobody wants to see hungry people but the simple truth is that if food supply became short – commodity prices would rise and farmers would prosper.

It is interesting to note just how many commentators have jumped on the band wagon and now state that increasing world population and a changing climate is going to result in food shortages. The logic is easy enough to follow – more mouths to be fed by an industry which cannot increase production at the pace needed to keep up with demand. An industry which will be hampered by weather conditions becoming less favourable for food production.

This theory suits us. As an industry we have been on the receiving end of low prices for decades, primarily because worldwide agriculture has produced more food than needed by those countries able to afford it. Those that support the theory believe that farming looks forward to a very bright future. I sincerely hope they are right. Certainly investors around the world believe the arguments and agriculture is now beginning to attract big money from those who think it is going to be a very profitable industry. So is the prospect of empty supermarket shelves and rising food prices the saviour we have been waiting for?

Recently I visited Ukraine to help a large farming business attract foreign investment. As a part of this task I inspected some of their 30 farms, each 8,000 acres in size. The farms are spread all over Ukraine and considerable distances were travelled between each unit. This was an ideal way to see the country regularly described as the “bread basket of Europe”. There can be no doubt of that potential based on what I saw.

Since the end of the cold war journalists and political commentators have informed us that Ukraine (and other eastern European countries) have so much high quality land that the world would soon be swamped with wheat from that region. But twenty years on it is still no more than talk. Some wheat

Global food shortages – the saviour for UK farming?



Typical Ukrainian wheat storage

(and OSR, barley and sunflower seed) does find its way out of the country via the Black Sea ports but in volumes much smaller than expected. This is not because the Ukrainians do not know how to produce but simply because they do not have the cash to exploit their massive potential. Large areas remain uncultivated because they cannot buy inputs

and machinery to establish the crops. Even those that do grow crops do not have grain storage facilities and rely on antiquated stores located adjacent to tired railways. There has been a complete absence of any meaningful investment for thirty years or more.

At this point you might say “So what?” After all the Soviet empire disintegrated many years ago and if that region was to become a major

investors to regions with untapped potential. As well as Ukraine, countries such as Kazakhstan, Russia, Brazil and Argentina have very significant tracts of high quality land which could produce more. As grain prices rise the flow of investment will increase. These countries will welcome the cash and will quickly increase production as demand for their produce grows.

If this message is not strong enough then it is reinforced by also considering the latent potential in our own industry and in regions such as France and North America. In recent years there has been no incentive to maximise output. Despite regular reports to the contrary world stocks have been sufficient otherwise significant price increases would have been sustained. Furthermore, investment in new agri technology – in particular GM – has been only modest. However in developed countries price rises sustained over more than 12 months will quickly result in increased production and investment in technology will return at pace.

If these conclusions are anywhere near accurate then World Farming plc has the potential to meet growing demand. But prices will not rise constantly as demand increases – rather prices will rise and fall as production catches up and exceeds demand. I think we’ve heard of this before – it’s called volatility.



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exporter it would have done so by now. This inaccurate opinion completely misses the point. Ukraine, and its neighbours, are still getting used to political freedom and foreigners have so far been reluctant to invest in a country still finding its feet.

Perhaps however this is about to change. The growing perception that the food production industry is the place to be will lead

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