

# Structure of Agriculture in Germany

Report by Dr. Peter Pascher, Deutscher Bauernverband  
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## Arrangement

- Total economic survey
- Structure and development of structure
- Prospects

## Total economic survey

The agriculture with its preceding and subsequent economic sections is still nowadays an important part of German political economics.

As per last information for 1995 4,2 million people in Germany are gainfully employed in agriculture (without forestry and fishing) as well as in preceding and subsequent sections, the so-called agribusiness.

Besides agriculture this agribusiness includes the preceding sections (agricultural equipment, fertilizer, plant-protective and feeding industry), food production as well as food trade.

Thus about 12 % of all gainfully employed people (each 8th job) are directly or indirectly engaged to provide the population with foodstuff and for eating and drinking and to produce vegetable raw material for other purposes than foodstuff.

Little less than 3 % of all gainfully employed people in Germany do their job in agriculture. The number of farms in Germany has been drastically reduced within the past decades. At same time the

**productivity of agriculture has been considerably increased.**

**Statistically a German farmer today provides 108 people with foodstuff, compared to only 10 in 1950 (not considering the production out of imported feeding stuff).**

**The steadily increasing number of people "nourished" by one farmer entailed a strong reduction of persons employed in agriculture.**

**At same time much more capital has been invested. Dividing the capital invested in production equipment of agriculture (without real estate, estimated replacing costs) to the number of employed population the costs of a working place in agriculture amount today (1990) to nearly half a million DM.**

**In other industries these costs amount to only a quarter of one million DM.**

**Thus the production in a farm needs nearly the double of the capital required in other industries.**

**This capital intensity covers modern farm equipment, efficient machinery (e.g. milking and feeding machines) as well as stable systems suitable for species of animal.**

**The production value of German agriculture is presently about 64 Million DM. 61% arise from animal production, 39 % from vegetable production.**

**The most important production fields of animal production are milk with 16 Mrd. DM, pigs with 11 Mrd. DM and heifers/calves with 7 Mrd. DM.**

**In vegetable production the most important fields are cereals with abt. 7 Mrd. DM, flowers with 4 Mrd. DM as well as fruits and sugar-beets with 3 Mrd. DM each.**

**Germany is leading within EU home-market for milk, pork and other essential productions like rape and potatoes.**

**Regarding other products like sugar, cereals, beef and veal as well as eggs Germany is the second producer within EU.**

**In export of agricultural and food products Germany keeps position No. 4 of the world trade.**

**That means, abt. 6 % - value 41,9 Mrd. DM (1997) of exported**

**agricultural products throughout the world come from Germany.**

**Significant for the German agricultural export is the export of high quality products, especially refinement products (milk products, meat, sweets and baker's ware, wine).**

**As to agricultural imports valuing to 71,5 Mrd. DM (1997) Germany is even leading in the world. A little less than 10 % of worldwide traded agricultural products are of German origin.**

**Comparing exports to imports Germany is the second importer of agricultural products, following Japan and followed by United Kingdom and Italy.**

**But the importance of agriculture in Germany is more than only economic.**

**By keeping and caring of landscape as well as securing the natural life basis the agriculture is making an essential contribution to quality of life of the people living in this country.**

**This is evidenced by the great number of people living in overcrowded areas who spend their weekends and holidays in the country looking for retaxing, diversion and regeneration.**

**By cultivating fields, meadows and forest 30 million ha area (84 % of the German country) is kept and cared by farmers and forestry experts.**

**Thus the life basis, earth, air and water, is secured and contribute to strengthen rural areas in their function of settlement and economic regions.**

**About 17,3 million ha are agriculturally used in Germany. 8 % of it -- or 11,8 million ha -- are farming area.**

**The production of growing raw material is becoming more and more important although today only a little less than 500.000 ha farming area (4 % of total farming fields) are used for this type of raw material for energy and industrial purposes.**

**By vegetable production and substituting fossil raw material agriculture and forestry make an essential contribution to release from carbon dioxide.**

**The climatic disturbances caused by carbon dioxide from fossil fuels could be reduced even more in future when increasing production of**

**growing raw material.**

**But for this aim the global conditions of environmental policy must be improved.**

**5,3 million ha and thus about one third of the agriculturally used area in Germany is constantly green field.**

**In all green fields disadvantaged by nature it proves to become steadily worse to farm here. In general, such areas can only be used by roughage animals.**

**Caused by continuous price and market pressure (due to BSE crisis) and the German reunion (drastic decrease of cattle in the new countries) the number of cattle kept in Germany has been reduced from 20,4 to 15,6 million between 1990 and 1997 and the number of sheep has been decreased from 5,1 to 2,9 million.**

**There are about 30.000 Galloways among the aforesaid 15,6 million cattle kept in Germany.**

## **Structures and development of structures**

**The German agriculture is marked by great differences in structure not only between North and South but especially between the former Federal Western countries and the new ones in Eastern Germany.**

**1997 there were totally 525.000 agricultural plants with more than 1 ha surface to be cultivated.**

**494.000 of them with an average area of nearly 24 ha are in the former Western countries and 31.000 plants with an average area of 178 ha are in the new countries.**

**During the past 50 years the process of structural adjustment entailed the reduction of agricultural plants by 1,1 million to 494.000 as mentioned before.**

**The situation in the new countries is quite different. Due to the reunion the number of farms in the new countries is slightly increasing.**

**After the reunion the 4.200 agricultural and gardening production cooperatives existing in the GDR had to be changed or cancelled.**

**About 1.200 production cooperatives have been cancelled or had to be cancelled for financial reasons.**

**The remaining 3.000 cooperatives changed to abt. 3.100 so-called legal persons (agricultural cooperatives, Private Limited Companies, Stock Cooperatives).**

**These corporations cultivate nearly three thirds of the area in the new countries.**

**Besides the 3.100 farms (legal persons) there are presently about 28.000 family owned farms working mainly or side-line in agriculture or in form of personal companies.**

**the change of structure in the agriculture of the former GDR since the reunion is very impressing.**

**1989 there were 850.000 people engaged in agriculture and now this figure has been decreased to abt. 150.000.**

**The structural change in Germany is developing and renting of agricultural area is becoming more and more important.**

**Between the regions there are great differences in the agricultural property and tenancies. In old Federal countries the share of rented area increased from 34 % in 1985 to 48 % in 1997. The share of rented area in new countries is nearly the double, i.e. 91 %. The relatively low average area in the old countries is partially compensated by more livestock.**

**In old countries the livestock quota amounts to 118 units per 100 ha whilst in new countries it is only a quarter, i.e. 34 units per 100 ha.**

**In old countries there are 4,7 units manpower per 100 ha compared to 2,3 in the new countries.**

**Also the livestock quantities between the regions differ considerably.**

**In 1996 in the new countries 96 % of cows were kept in stocks with more than 50 animals compared to only 27% in the new countries.**

**Similar is true for piggery. Compared within Europe there are relatively few animals kept in greater stocks in Germany.**

**When comparing the average areas and livestock of each farm it must also be considered that there is a great part of side-line farms in**

**Germany.**

**In 45 % of all agricultural plants the manager has an additional jobs besides the farm.**

**47 % of all agricultural plants in Germany are producing food and are, therefore, gaining their profit mainly from keeping cattle and thus from producing milk and beef.**

**39 % are engaged in agricultural fruit and finishing production and thus gaining their profit from agricultural production and finishing of foodstuff to pork, poultry and eggs.**

**8 % are plans for constant culture (hop, fruits, wine) and 6 % for mixed culture.**

**The greater share of agricultural fruit plants and lower share of finishing and food-producing plants in the new countries is due to the totally lower live-stock.**

**Especially due to the capital required for the modern systems of keeping animals the live-stock in the new countries has been decreased by 50 to 70 % since the reunion (1989/90) depending on species of animal.**

## **Prospects**

**Under economical aspects today one third of farms in the old countries might obtain a similar income per manpower as also obtained outside agriculture.**

**In the new countries this share is considerably greater.**

**Despite difficult conditions presently about 20 % of plants mainly engaged in farming invest in an agricultural future.**

**Their investments considerably extend the depreciations. For the lot of other plants the future cultivation presents to be more difficult.**

**Due to the age structure of farm owners which became more unfavourable but also due to the decreasing number of young people trained in farming another change of structure must be expected within next years.**

**Experts suppose an annual decrease of farms by 3 to 3,5%.**

**The results of discussions regarding AGENDA 2000, the future GATT negotiations and the EU eastern extension will be decisive for the future of German agriculture.**

**But also the steadily increasing demand of population especially in Germany for production under environmental and proper animal keeping aspects will be decisive for the competitiveness of German agriculture.**

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