

The Financial Crisis has put the brakes on Danish Farmers

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The Financial crisis is making life extremely difficult for an increasing number of large Danish farmers to fulfilling their investment plans, and are borrowing further money from Danish banks for their farming expansion plans in Eastern Europe!

Director Torben Rifberg from 'Advice' Danish National Farmers Advice Bureau (Dansk Landbrugsrådgiving) says, " it is becoming extremely difficult to obtain Danish bank finances for investment plans abroad, this also includes investment in agriculture. Danish banks are increasing their demands for cast iron security in projects, and high dividends for investors particularly investors in agricultural projects. Danish banks are pressing for increasing profitability in agricultural particularly farming ventures abroad. Some of the present Danish Farmers / investors are going to face tough measures from their banks, as they have placed their own Danish personal equity at highly geared levels for security, and have even taken personal loans in these foreign projects, this is some thing they should never have done! "

Financial Crisis Sets its Footprint on Danish Agriculture.

The global financial crisis coupled with falling corn prices, and rising interest rates to defend the Danish Currency from speculative pressures, and retain Euro parity, threatens to cause falling agricultural land prices in Denmark. Experts are advising that Denmark which is a major agricultural food export producing country, faces a very serious economic crisis, which will be the catalyst for loss of many millions of Danish Crowns, both for Farmers, Danish Banks, and Agricultural Mortgage Corporations. During the last 10 years Danish agricultural land values have increased by 285 percent, which has created colossal reserves of free equity. Which has encouraged Danish farmers to take massively geared debt-laden loan based on the value of their agricultural land, estimated to be 300 billion Danish Crowns. Danish Farmers own economists and (Fødevareøkonomisk Institut) Danish Government Food Production Institute, estimate that Danish Agricultural Land prices can fall as much as 50 percent. A senior researcher Jens Hansen, (Fødevareøkonomisk Institut), says " if Danish interest rates, and corn prices stay at their present levels, then things will go badly wrong. We are looking at a crisis were the price of agricultural land will fall by 50 percent."

Danish farmers are living on borrowed money.

In 2002 Danish farmers had debts of 193 billion Danish Crowns, whilst the industry had a national income of 2.4 billion Danish Crowns. Today Danish farmers have debts of 315

billion Danish Crowns, whilst the industry had a national income of 3.7 billion Danish Crowns in 2007. Which shows that Danish farmers debt levels have grown precipitously, which they were advised against 6 years ago. The dramatic increases in the price of agricultural land, has made it possible for Danish farmers to survive economically, despite the fact that they were not making profits with their primary production of food. Jens Schjerning, agricultural accountant for the Danish cooperative N.F.U. South (Landbosyd), and analyst for 'Agro markets'; who provide Danish farmers with an analysis of amongst other things raw materials prices, and land values, says " What we will be faced with will be forced bankruptcy auctions amongst Danish farmers with weak production economies, who have only really survived this past few years by borrowing against the increasing value of agricultural land. But it will also badly hit farmers with high production, who have borrowed aggressively, and following on from that have very high debt levels. Many Danish farmers are going to have to leave the industry they do not know that yet but they will "!

Translated from Danish to English by David Ashton Agricultural Journalist.

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