

## SCANDIVAVIAN HORSE INDUSTRY – FUTURE SCENARIOS AND FORESIGHT ANALYSIS

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**Abstract.** *As in most industrialized countries, the horse number declined in Norway and Sweden as agriculture and forestry became mechanized. The number of horses was probably at its lowest around 1970. In 2012, there were 362 700 horses in Sweden and 100 000 to 125 000 horses in Norway or 39 horses per 1000 inhabitants in Sweden and 20-25 in Norway. The Swedish figure is high by international comparisons. A few horses are still used in agriculture and forestry, but today most horses are used for other purposes, both commercial and for leisure. The commercial horse sector consists of i.a. trotting and horseracing, riding schools, and boarding activities, and has been regarded as a possible contributor to rural development by the agricultural authorities in both countries.*

*Based on a literature review important drivers for supply and demand of horse related services and development of the horse industry were identified. On the demand side, fashion and trends were regarded as important. Trends include population growth and demographic changes, economic liberalization, animal welfare concerns etc. Stochastic incidents, such as the financial crisis in 2008-12, are also of importance. The demand for equine services might be more elastic to changes in income than the demand for other farm products (Bailey et al. 2000). The horse industry could experience a growth if income per capita increases, but also a serious decline in a recession. Costs are important for the supply of horse-related services. Many horse services are labour intensive, and the costs are closely related to the development of wages. Tighter regulations regarding animal welfare and manure handling might also increase costs. Especially in urban and semi-urban areas conflicts on use of area and on manure handling might arise. Recent scenarios for the agricultural sectors do not indicate development that would drastically affect the cost of feed (Sundström et al. 2014) in the Scandinavian countries.*

*The sensitivity of the horse industry to the economic environment is demonstrated by Hess et al. (2014) who found that the price of riding lessons was positively influenced by the average income level in the nearest town or city. Also, close proximity to larger urban areas contribute to an increase in the price of boarding services (Surry et al., 2013). Both urbanization, increasing level of education and economic growth tend to promote developments in the horse industry. The cost of stabling is relatively high in Sweden (Liljenstolpe 2009) and this may mitigate the expansion of the industry in urban and semi-urban areas. Rural areas have a competitive advantage by having access to sites with more interesting trail characteristics (Blackwell et al. 2009). An analysis using I/O-models reveals that the closed model multipliers were in the range of 2.61-3.19 for the different sector of the Swedish horse industry and between 2.28-3.51 for Norway (Lindberg et al. 2014). The multipliers are in line with multipliers for the food industry in both countries. Hence, the economic impact of changes in the size of the horse industry in Norway and Sweden appears to be rather similar.*

*Based on results from econometric modelling and future scenarios regarding GDP growth, the horse population is expected to remain rather stable in Norway, while it is much more sensitive to the economic environment in Sweden. Projections reveal that the Norwegian horse industry is quite resilient to economic shocks of the magnitude experienced during the aftermath of the Lehman Brothers crisis in 2008-2012. The Swedish horse industry does not reveal equally resilient features. In Sweden there is also a statistically significant time trend that implies a substantial reduction in the number of horses over time, all else equal. Key issues for the future are the growth in per capita income, a high level of education but also the supply of reasonably priced stabling services and other horse activities particularly in urban and semi-urban areas. Finally, a more far reaching question is how well the horse industries in Norway and Sweden in the future will be able to compete in terms of financial resources as well as for available leisure time among its prospective consumers.*

**Key words:** Horse sector, future developments, driving forces, Scandinavia.

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