



CHAVEREYS

CHAVEREYS.CO.UK

MONTHLY FARMING UPDATE

January 2018



I Policy issues

- 1 Defra has published its “single departmental plan” with its objectives being “a smooth and orderly exit from the EU”; “a cleaner, healthier environment, benefiting people and the economy”; “a world leading food and farming industry”; “a rural economy that works for everyone, contributing to national productivity, prosperity and wellbeing”; “a nation better protected against floods, animal and plant diseases and other hazards, with strong response and recovery capabilities.”
- 2 As forecast, the Government has published the Animal Welfare (Sentencing and Recognition of Sentience) draft bill which, if passed, will increase the maximum prison sentence for animal cruelty from six months to five years. The bill also records that the Government “must have regard to the welfare needs of animals as sentient beings in formulating and implementing government policy.”

II CAP/Brexit (etc.) support details/payments

- 1 The Defra “single departmental plan” has the objective of a smooth and orderly exit from the EU, to develop new approaches tailored to the needs of the country and to manage Defra group’s EU exit programme. It aims to achieve this by ensuring arrangements are in place at the outset so there is no gap in regulatory and delivery frameworks; by providing clarity and certainty to its customers, businesses and the public; by playing a role in forging a new, strong, constructive partnership with the EU, securing the right deal for all parts of the UK; by building new functions as responsibilities are repatriated from the EU; by ensuring the voices of its sectors and stakeholders are heard as the UK departs the EU; by taking an active role in the negotiating process for the EU Withdrawal Agreement, the new relationship with the EU, the negotiations around fisheries, trade agreements with third countries, and the UK’s schedule at the World Trade Organisation; by developing primary and secondary legislation, including the Withdrawal Bill, to achieve a smooth exit; and by building new delivery systems to enable a smooth and orderly exit, and new approaches that are tailored to the needs of the country, in particular the environment.
- 2 As at 20 December the Rural Payments Agency was reported as having paid 84 per cent of eligible claimants the 2017 Basic Payment.
- 3 A report by the European Court of Auditors suggests that the greening direct payment introduced in 2013 has added complexity to the system and has had little impact on environmental and climate performance.
- 4 Individual EU member countries are to be allowed to choose how to invest CAP funding to meet common goals on the environment, climate change and sustainability under changes to CAP.

III Grants/regulations/legislation/environment

- 1 The Defra “single departmental plan” has the objective of increasing biodiversity, improving habitat and expanding woodland areas, conserving and enhancing landscapes, ensuring greater enjoyment of natural environments and improving protection against invasive non-native species. It aims to achieve this by developing a 25-year environmental plan; planting 11 million trees; maintaining protected sites and increasing the area of designated habitat; monitoring the self-generated income of National Park Authorities; providing well-maintained, navigable waterways; promoting the social and wellbeing benefits of fishing; identifying the threats posed by new non-native invasive species; and ensuring high priority forest pests are on the UK Plant Health Risk Register.

- 2 Total waste from households in England in 2016 increased by 2.5 per cent to 22.8 million tonnes, equivalent to 412kg per person, an increase of 1.6 per cent. The recycling rate rose from 43.9 per cent to 44.2 per cent while the rolling annual rate for the year to March 2017 has increased to 45.1 per cent. The EU has set a target of 50 per cent by 2020.
- 3 Defra has published a new water abstraction reform plan which will prevent unsustainable abstraction by reviewing existing licences and introducing more controls to protect rivers, lakes and groundwater. Water bodies are to be encouraged to work more closely with the Environment Agency, abstractors and catchment groups to protect and enhance the environment and improve access to water. The abstraction service will be modernised to allow online applications for licences and bring water resources regulations in line with other environmental permitting regulations.
- 4 Defra has made available grants under the Badger Edge Vaccination Scheme. The first round of applications is open until 19 January with potential grants of at least 50 per cent of the cost of vaccination. The total available fund is £700,000 over a 4 year period.
- 5 Raptor persecution maps for England and Wales have been published which present the number of shootings, trappings, poisonings and nest destructions that took place between 2011 and 2015. The worst affected area is North Yorkshire followed by Norfolk, Cumbria and Derbyshire.
- 6 Natural England has approved plans of the Forestry Commission to release four beavers in the Forest of Dean.

IV Other matters of farm finance and tenure

- 1 Final figures have been published relating to the farming sector as at June 2017. The total utilised agricultural area in the UK increased by 0.7 per cent to 17.5 million hectares. The area of total crops increased by 1.7 per cent while the uncropped arable area fell by 7.8 per cent. The total number of people working on agricultural holdings rose by 1.7 per cent to 474,000.
- 2 During the latter part of 2017, the Gangmaster and Labour Abuse Authority opened 200 new investigations into human trafficking with poultry farms and food processing plants the primary targets.
- 3 The price index of all outputs in October rose by 1.2 per cent compared to September and by 7.7 per cent compared to a year earlier while the index of all inputs rose by 0.4 per cent and 4.7 per cent respectively.
- 4 In the third quarter of 2017, persons unemployed in rural areas rose to 3 per cent compared to 2.9 per cent in the previous quarter although the percentage of the working age population claiming Jobseeker's Allowance was static at 0.5 per cent. The number of redundancies per 1,000 workers rose from 2.7 per cent to 2.8 per cent.
- 5 In the second quarter of 2017 average house prices in rural areas rose by 1.2 per cent to £316,600 and by 5.1 per cent compared to a year earlier.

V Product prices

A Market background

- 1 Sterling's volatility against the Euro subsided this month, giving way to a trend of steady weakening: from its opening position of 88.1p per €, and after an early spike to 87.1p, Sterling lost ground against the Euro, closing 0.7p weaker at 88.8p per €. The US Dollar / Sterling exchange rate was more volatile this month: from a starting point of 73.9p per \$ the rate fluctuated between 74 and 75p per \$ throughout the month, eventually closing almost where it started at 74.0p per \$, 0.1p weaker overall.

Crude oil prices remained volatile in the first half of the month but then found buoyancy in the latter half. Brent crude, from a start point of \$63.73 per barrel, dropped early on to \$61, before the later improvements saw it close the month at \$67.23 per barrel.

B Crops

- 1 In the lead up to the Christmas break the grain market remained flat, as has historically been the case. Wheat prices moved by less than £1 throughout the month and physical movements have been comparatively small. Initial reports that the hard wheat on the US Plains remains susceptible to frost damage, in light of the lack of insulating snow fall, are peaking interest but with little financial effect at this early stage in the season; whilst the USDA's estimates of 2017/18 world production have been revised higher to record levels (755.2Mt) applying downward pressure to prices. Oilseed prices took a £10 tumble over the course of the month as a result of stronger Sterling, a 10% increase in French plantings for 2018 harvest and an overall increase in anticipated world production. LIFFE feed wheat futures remained relatively flat this month with gradual movements and a moderate swing. In late December, deliveries for November 2018 and 2019 stood at £142/tonne (-) and £144/tonne (+1) respectively. Average spot prices in late December (per tonne ex-farm): feed wheat £136 (-); milling wheat £151 (+1); feed barley £123 (-2); oilseed rape £300 (-10); feed peas £133 (-2); feed beans £142 (-2).
- 2 The average potato price continued the trend of improvement this month, although the Christmas break meant information in the latter half of the month was limited. By early December the largely pre-agreed 'Christmas period regime' was in place for most buyers leading to reduced movements outside contract. The average price gained a further £9 over its opening position of £129 per tonne to reach a mid December close of £138 per tonne, whilst the free-buy average also improved but to a lesser extent; improving £6 from its opening position of £89 per tonne to a mid December close of £95 per tonne. 2017 crop prices for grade 1 in mid December (per tonne ex-farm): Maris Piper had reduced its spread to between £135 and £230, whilst Desiree were holding steady at between £100 and £150. King Edward again weakened at the lower end and improved at the top end, increasing the spread to between £95 and £185, whilst Estima and other white varieties were slightly lower at between £50 and £100.

C Livestock

- 1 Cattle prices improved in the first half of the month but dropped back thereafter. The average finished steer price, from the opening position of 197p/kg lw, peaked mid-month at 207p/kg but dropped back sharply to a pre-Christmas average of 198p/kg lw (1p up in the month and 11p/kg above the closing average a year earlier). The average finished heifer price followed a different path, improving from its opening average of 211p/kg lw to peak at 215p/kg before dropping back to close the month 7p lower at 204p/kg lw (3p above the price a year earlier). The average dairy cow price dropped from £1,221 per head to £1,094, where it closed the month (£1,167 at the end of December 2016).
- 2 The lamb market improved further this month, but with a mid-month dip. The average new season finished lamb price (SQQ live weight), rose from an opening price of 172 p/kg lw to peak early on at 177p/kg then, after dropping back to 175p/kg, went on to reach 178p/kg where it closed the month (up 6p in the month to sit 8p/kg above the average a year earlier).

- 3 The additional demand arising from preparation for Christmas consumption, particularly from exports to mainland Europe, slowed the decline in pig prices this month. The average UK all pig price (APP) dropped from the opening position of 156.60p/kg dw to a pre-Christmas closing position of 155.0p/kg dw (down 1.6p/kg, to sit 0.5p/kg above the closing average a year earlier).
- 4 The UK average 'all milk' price for October, published in mid December, reported a material improvement, reaching 31.61ppl (up 1.48p, to sit 7.41ppl above the price a year earlier) still materially above the 5 year average of 27.40ppl. In the context of the 'EU28' farmgate milk price, the UK's ranking for October improved by one place to 17th with an average of 31.74ppl. The EU28 weighted average for October was 34.32ppl (0.42ppl above the September 2017 average).

VI Other crop news

- 1 Latest figures from the United States Department of Agricultural suggest that 2017/18 global wheat production will increase to 755.2 million tonnes with total EU production at 152.5 million tonnes.
- 2 Final forecast production figures for the 2017 harvest have been published. UK wheat yields increased by 5 per cent to 8.3 tonnes per hectare producing a crop 3.2 per cent higher at 14.8 million tonnes. The UK barley yield increased by 2.7 per cent to 6.1 tonnes per hectare with total production at 7.2 million tonnes. The area of oats increased by 14 per cent to 161,000 hectares and, while the yield fell by 6.2 per cent, total production rose by 7.2 per cent to 900,000 tonnes. The planted area of oilseed rape fell by 2.9 per cent but a yield increase of 26 per cent to 3.9 tonnes per hectare led to a production increase of 22.1 per cent to 2.2 million tonnes. The area of horticultural crops increased by 3.5 per cent to 168,000 hectares.
- 3 In 2016 132,000 hectares of land in the UK was used to grow crops for bio energy, just over 2 per cent of all agricultural land. Of the total, 53 per cent was for bio fuel for the road transport market, a total of 217 million litres. Of the total area, 66,000 hectares comprised wheat, 52,000 hectares maize, 3,000 hectares sugar beet, 7,000 hectares miscanthus and 3,000 hectares short rotation coppice. The sugar beet area fell by 60 per cent while the wheat area increased by the same percentage.
- 4 The price index of all crop products in October fell by 2.8 per cent compared to September but rose by 1.6 per cent compared to a year earlier; the index for cereals rose by 0.9 per cent and 13 per cent respectively; the index for wheat rose by 0.7 per cent and 12 per cent respectively; the index for barley rose by 3.1 per cent and 15 per cent respectively; and the index for potatoes fell by 11 per cent and 20 per cent respectively.
- 5 The AHDB Recommended Lists for 2018/19 have been published. New varieties are, for winter wheat, Elicit (group 3, UK); KWS Jackal (group 4, soft, North); Elation (group 4, soft, UK); RGT Gravity (group 4, hard, UK); and Gleam (group 4, soft, UK). For winter oilseed rape, Elevation, Butterfly and Kielder (conventional, North); and Architect (restored hybrid, UK). For winter barley, Electrum and Coref (two-row, malting); Hyvido Belmont (six-row, hybrid, feed); KWS Astaire (six-row, conventional, feed); and Hyvido Libra (six-row, hybrid, feed). For spring barley LG Diablo (brewing and malt distilling); LG Tomahawk (malt distilling); and RGT Asteroid (brewing, malt distilling and grain distilling). For winter oats, RGT Southwark. For spring oats Delfin (husked); and Olive and Kamil (naked).
- 6 The European Commission has agreed to recognise Red Tractor assured crops for the European bio fuels supply chain until 2023.

- 7 Cefetra has acquired crops trader Premium Crops.
- 8 The European Commission is considering reducing the legal limit of erucic acid in low erucic acid oilseed rape to 2 per cent from the current 5 per cent.
- 9 The James Hutton Institute has reported an increase from 3 per cent to 24 per cent of the incidence of blight strain 37_A2 in the 2017 potato crop. The main affected variety was Maris Piper.
- 10 BerryWorld Group and Beekers Holdings BV are to merge their European joint venture into a single entity.
- 11 CPM Retail Ltd, part of the AG Thames Group, has changed its name to Soloberry Ltd to align the business with the Spanish division Soloberry SL.
- 12 Belgian fresh and frozen foods company Greenyard NV is in advanced negotiations to acquire Dole Food Company, the world's largest fruit and vegetable producer.

VII Other livestock news

- 1 Scotland's Rural College is to create a Centre of Excellence for Digital Agriculture and Animal Health on its Inverness campus.
- 2 Final figures as at June 2017 show the UK total of cattle and calves as being 10 millions with the female breeding herd standing at 3.5 millions. The total number of pigs rose by 2.1 per cent to 5 millions with the number of fattening pigs increasing by 2.3 per cent and the female breeding herd increasing by 0.4 per cent. The total sheep and lamb population stood at 34.8 millions with the number of lambs increasing by 3 per cent and the female breeding flock by 2.2 per cent. Poultry numbers increased by 5.3 per cent to 182 million birds largely due to a rise of 6.3 per cent in broiler numbers.
- 3 Defra is to introduce six-monthly routine tests for all herds in the High Risk area which comprises mainly the South West and parts of the Midlands. Annual tests will remain for herds that have endured five or more years without disease and for farms accredited under the Cattle Herd Certification Standards scheme.
- 4 In the year to September, the number of bovine TB new herd incidents per 100 years increased by 10.9 per cent in England compared to a year earlier with increases of 19.2 per cent in the High risk area, 7.1 per cent in the Edge area and 1 per cent in the Low risk area. In Scotland and Wales there were increases of 0.7 per cent and 7.6 per cent respectively. The number of herds which were not officially TB free increased by 12 per cent in England with increases of 10 per cent in the High risk area, 22 per cent in the Edge area and 33 per cent in the Low risk area. There was a rise of 14 per cent in Wales but a fall of 12 per cent in Scotland.
- 5 In November UK prime cattle slaughterings fell by 5.3 per cent compared to a year earlier to 167,000 head; beef and veal production fell by 8.8 per cent to 78,000 tonnes; sheep slaughterings fell by 7.3 per cent to 1,131,000 head; mutton and lamb production fell by 7.1 per cent to 25,000 tonnes; pig slaughterings rose by 1.5 per cent to 964,000 head; and pigmeat production rose by 2.7 per cent to 84,000 tonnes.
- 6 France has reported further cases of bluetongue virus VTV-4 in the Haute Savoie region with one case in the Ain region.
- 7 The Farm Animal Investment Risk and Return initiative has claimed that some governments will be considering imposing a behavioural tax on meat to ensure it was kept within the guidelines of the Paris Climate Change Agreement.
- 8 The price index in October for animals and animal products rose by 1.7 per cent compared to September and by 11 per cent compared to a year earlier while the index for milk rose by 6.7 per cent and 34 per cent respectively.

- 9 New statutory compensation arrangements have been introduced for pigs, sheep, goats, deer and camelids which have to be slaughtered because of bovine TB.
- 10 Milk production in October increased by 2.7 per cent, compared to September, to 1.155 million litres and by 4.2 per cent compared to a year earlier. Butterfat content rose 0.05 per cent compared to September but fell 0.01 per cent compared to a year earlier while protein content was static compared to September but fell 0.02 per cent compared to a year earlier.
- 11 In October dairies used 806 million litres of milk, a fall of 0.8 per cent on September and 3.2 per cent on a year earlier. Of the total, 53 per cent was used for liquid milk production, 24 per cent for cheese, 2.4 per cent for butter and 2.2 per cent for cream.
- 12 Arla has reduced its standard manufacturing litre price by 1.3ppl to 31ppl.
- 13 Glanbia has reduced its milk price by 1.5ppl to 29.50ppl.
- 14 Keepers of pigs have been reminded it is illegal to feed catering waste or domestic food waste to farm animals as some of the outbreaks of African swine fever in Europe have been attributed to wild boar or domestic pigs consuming contaminated pork or pork products.
- 15 There has been an increase in the number of cases of African Swine Fever in wild boar and domestic pigs in Europe and western Eurasia. The disease has moved further west in Poland and is now threatening Germany.
- 16 The Moredun Research Institute has warned of shortages of the sheep vaccine Louping Ill which are likely to last until 2019. The disease is caused by ticks and is most prevalent in upland areas.
- 17 Outbreaks of H5N6 Highly Pathogenic Avian Influenza have been reported both in wild mute swans and in commercial ducks in the Netherlands. This is the first time the virus has been reported in wild birds in Europe and is concerning as the affected area is a near stop-over point for waterfowl migrating to the UK. It will remain so until February.
- 18 In the third quarter of 2017, 7.6 million cases of eggs were packed in the UK, up 0.8 per cent on the previous quarter and 4.8 per cent on the previous year. The average farm-gate price was 69.4p per dozen, a 1 per cent fall on the previous quarter but a 0.3 per cent increase on the previous year. Total production of egg products was 23,000 tonnes, 4.4 per cent up on the previous quarter but 10 per cent down on a year earlier.
- 19 2 Sisters is to create 100 jobs by increasing production at its poultry facility in Flixton, Suffolk.

VIII Inputs/Supply businesses

- 1 BugLife has claimed that eight rivers sampled by the Environment Agency, the Scottish Environment Protection Agency and Natural Resource Wales exceeded the “chronic” level of neonicotinoid concentration limits for water. 23 sites were sampled and 74 per cent tested positive. The most heavily polluted was the River Waveney while high concentrations of thiamethoxam were found in the River Wensum suggesting run off from sugar beet fields. The claim has been disputed by Bayer.
- 2 The price index of energy and lubricants for October rose by 0.8 per cent compared to September and by 8 per cent compared to a year earlier while the index for the maintenance of buildings rose by 0.5 per cent and 5.8 per cent respectively.
- 3 Bayer has launched Monolith, a graminicide to control black-grass in winter wheat.

IX Marketing

- 1 Waitrose and Marks and Spencer are the first supermarkets to publish usage of antibiotics in their supply chains. Marks and Spencer has claimed it is ahead of the Responsible Use of Medicines in Agriculture Alliance target for 2020. In pigs usage is 41mg/kg compared to the industry 2016 average of 183mg/kg, while in poultry usage is 2.5 mg/kg compared to the average of 17mg/kg.
- 2 Leaked documents relating to the EU-Mercosur trade deal suggest that Latin American countries with low food production standards will be able to export agri-food products at low tariffs in addition to existing quotas. The products include beef 78,000 tonnes, pork 12,250 tonnes, poultry 78,000 tonnes, sheep meat 2,000 tonnes, milk powder 13,000 tonnes, butter 4,000 tonnes, cheese 20,000 tonnes, garlic 10,000 tonnes, soft wheat 200,000 tonnes, maize and sorghum 700,000 tonnes, rice 40,000 tonnes and ethanol 60 million litres.
- 3 Wyke Farms and the Organic Milk Suppliers' Cooperative have created a joint business identity – The British Organic Dairy Company.

X Miscellaneous

- 1 Christine Middlemiss will assume the role of the UK's Chief Veterinary Officer with effect from next month.
- 2 In the New Year's Honours List there was a CBE for David Clarke of Assured Food Standards, OBEs for Dr Tina Barsby of the National Institute of Agricultural Botany and Colin Squire for services to horticulture and MBEs for Ronald Knight, founder of Knight Farm Machinery and Timothy Lovett of the British Beekeepers Association.

Postscripts

A New Year prediction!

Hello! Is this Gordon's Pizza?
No sir – it's Google Pizza.

I must have dialled a wrong number.
Sorry. No sir – Google bought Gordon's Pizza last month.

OK. I would like to order a pizza.
Do you want your usual, sir?

My usual – you know me?
According to our caller ID data sheet, the last 12 times you called you ordered an extra-large pizza with three cheeses – sausage – pepperoni – mushrooms and meat balls on a thick crust.

Ok – that's what I want.
May I suggest that this time you order a pizza with ricotta – arugula – sun-dried tomatoes and olives on a whole wheat, gluten free, thin crust?

What? I detest vegetables.
Your cholesterol is not good, sir.

How the hell do you know?

Well, we cross-referenced your home phone number with your medical records. We have the result of your blood tests for the last 7 years.

Okay, but I do not want your rotten vegetable pizza! I already take medication for my cholesterol. Excuse me sir, but you have not taken your medication regularly. According to our database, you only purchased a box of 30 cholesterol tablets once, 4 months ago.

I bought more from another pharmacy.
That doesn't show on your credit card statement.

I paid in cash.
But you did not withdraw enough cash according to your bank statement.

I have other sources of cash.
That doesn't show on your last tax return unless you bought them using an undeclared income source, which is against the law.

WHAT THE HELL? !!!

I'm sorry, sir, we use such information only with the sole intention of helping you.

Enough already! I'm sick to death of Google – Facebook – Twitter – WhatsApp and all the others!!
I'm going to an island without internet – cable TV – where there is no phone service and no one to watch me or spy on me!!

I understand sir – but you need to renew your passport first. It expired 6 weeks ago!

Monthly Farming Update

There are dark clouds on the horizon – too late!

Towards the end of November 2017 there was an interesting event which no doubt passed by the majority of readers – Cohabitation Awareness Week.

Many will be aware of pre-nuptial agreements, sensible but sensitive and difficult to address when wedding bells approach. But how many even consider a cohabitation agreement?

With the average house price out of range of most young people, it is not uncommon for the parents of at least one party to a relationship to fund the deposit or even more. What happens when the relationship turns sour? It is not uncommon for the courts to deem a parental contribution as a “soft loan” which is akin to a gift. This can result in it being shared by the parties, worse still, if there are offspring, the contribution may disappear into the pocket of the non-family party.

A very useful article on the subject has been published by Shanika Varga-Haynes of Stowe Family Law. Cohabitation does not mean a “common law marriage” has been entered into. A cohabitation agreement is designed to provide clarity during the relationship and can be varied at any time.

The terms of the agreement will be relevant to the parties concerned but matters to consider are:

- Property rights – in particular the beneficial interest of the parties
- Financial provision – how are bank accounts, savings and pension contributions to be treated?
- Child maintenance
- Child arrangements
- Death
- Personal possessions

It may be a difficult matter to address but a condition of any loan or gift should be that a proper agreement has been put in place as between the parties. Do not necessarily use your family solicitor, use a specialist. It will probably be cheaper and more effective.

There may be some short term pain tackling the subject but nothing compared to the distress which will ensue if the relationship collapses and no agreement is in place.

We welcome feedback on the MFU.

Does this issue raise any questions in your mind?

Would you like more information on a particular item?

Please ring one of our agricultural specialists:

Martyn Crawley

Nick Holmes

Henry Mullens

Ben Wilkinson

South
Mall House
The Mall
Faversham
Kent
ME13 8JL

Tel: 01795 594495
Fax: 01795 594499

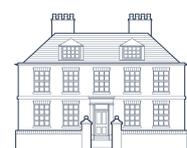
East
1 Penn Farm Studios
Harston Road
Haslingfield
Cambridge
CB23 1JZ

Tel: 01223 874693
Fax: 01223 874451

E-mail: mfu@chavereys.co.uk
www.chavereys.co.uk

If you would like to add a friend or colleague's name to the mailing list please contact Lindsay Glead

The MFU was edited from 1991 to 2006 by John Nix, Emeritus Professor of Farm Business Management at Imperial College London



CHAVEREYS