

Policy issues

1 Defra has published a statement on the cloning of farm animals to the effect that it does not consider there is any scientific justification for treating the products of the healthy offspring of clones, including semen and embryos, any differently from conventionally bred animals with regard to the production of food.

2 The House of Lords EU Committee has called for the focus of the Common Agricultural Policy to move away from income support for farmers and towards primarily supporting the provision of public goods such as food security, high animal welfare standards and land stewardship.

Reform

1 Latest figures from the Rural Payments Agency show that 90 per cent of Basic Payments have been made but at least another £70 millions must be paid by 30 June if financial penalties are to be avoided.

2 Audit Scotland has reported that the CAP Futures programme “continues to have serious cost and operational issues and is unlikely ever to deliver value for money.”

3 Defra has published an updated manual for the Countryside Stewardship and Mid Tier schemes.

Grants / regulations / legislation / environment

1 The European Commission is calling upon Defra to designate the whole of England as a nitrate vulnerable zone. New rules are due to come into effect in 2017, at the moment 58 per cent of the country is so designated.

2 A study conducted by the National Academies of Sciences, Engineering and Medicine has concluded there is “no evidence” that genetically modified food is harmful to human health in the short term.

3 The area of land in the UK farmed organically fell in 2015 to 521,000 hectares, down 28,000 hectares on 2014 and 30 per cent down on the peak of 2008. The organically farmed area represents 3 per cent of the total UK farmed area. Permanent pasture comprises 67 per cent of the organic area followed by temporary pasture at 18 per cent and cereals at 8 per cent. The number of producers and processors registered with the organic certification bodies rose slightly to 6,056 but the number of producers has fallen by 35 per cent since 2007.

4 Latest figures on greenhouse gas mitigation practices reveal that the proportion of holdings with Nutrient Management Plans fell from 60 per cent in 2015 to 55 per cent in 2016 covering 72 per cent of the farmed area while the number of holdings using anaerobic digestion increased to 4.7 per cent.

5 Results from the first year of the metaldehyde-free farming trial have revealed a 60 per cent reduction in levels of the chemical detected in reservoir tributaries but limits set by European legislation are still being exceeded in four of the six reservoir catchments involved, in Northamptonshire, Suffolk, Cambridgeshire and Essex.

6 Natural England has licensed the release of non-native sub-species of bumblebee in commercial glasshouses for research.

Other matters of farm finance and tenure

1 Data from the Farm Business Survey for England has been analysed to show the relationship between CAP payments and farm incomes. The survey covers farms generating 98 per cent of agricultural output and comprising 92 per cent of all farmland. The data reveals that, if all CAP payments are included, 10 per cent incurred a loss, 23 per cent had an income in the range of £25,000-£50,000 while 20 per cent had an income in excess of £75,000. If all CAP payments were excluded, the number incurring a loss increased to 36 per cent, the number in the mid-range fell to 14 per cent and the top performing group fell to 11 per cent.

2 Based upon Standard Labour Requirements, the numbers of small, medium, large and very large farms all fell between 2013 and 2014, yet there was a 14.5 per cent increase in the number of very small, part-time units. In the same period the number of mixed farms increased by 2.1 per cent and the number of cereal farms by 1.2 per cent but the number of horticultural farms

decreased by 3.5 per cent. Since 2009 there have been declines in the numbers of horticultural farms (21 per cent), general cropping farms (20 per cent), cereal farms (8 per cent) and mixed farms (3 per cent).

3 The monthly price index in March for all outputs was 4.4 per cent lower than a year earlier while the index for all inputs fell by 5.2 per cent.

4 Defra has published updated guidance on the eligibility rules for the European Regional Development Fund.

Product prices

A. Crops

1 Crop price movements were mixed this month. Wheat prices were positive on a small scale, as a result of global factors (unseasonably dry weather in Canada and poor weather in Argentina affecting soya harvest and export) and local factors (confirmation that the Ensus bioethanol plant will be trialling operations again by the end of July). Milling wheat is increasingly scarce as the 2016 harvest approaches, leading to potential for greater premiums. Oilseed prices have dropped back largely as a result of exchange rates (the strengthening of Sterling and the US Dollar). Sterling continued to strengthen against the Euro this month, dropping just below 76p/€ near the end of the month; the 'Brexit effect' is still playing a large part in this volatility. LIFFE feed wheat futures closed lower than in late April, having been both above and below this level, with a monthly swing of between £2 and £3. In late May, deliveries for November 2016 and 2017 stood at £116/tonne (-2) and £126/tonne (-1) respectively, whilst March 2018 movements were slightly up at £129 (+1).

Average spot prices in late May (£/tonne ex-farm): feed wheat 104 (+2); milling wheat 120 (+4); feed barley 98 (-2); oilseed rape 266 (-5); feed peas 119 (static); feed beans 127 (static)

2 The GB average potato price retained its trend of improvement albeit with some signs the gains will not continue forever. From an opening position of £202 per tonne, the average price improved gently early on, held steady mid-month but then recovered some vigour in the later weeks to hit a late May close of £225 per tonne (£23 higher than April and £92 above the average in late May 2015). The free-buy average was again more buoyant, widening the gap between itself and the GB average. Having opened the month at £220, a similar pattern to the GB average (growth - static - growth) led to a close of £253 (£33 above April and £149 above the free-buy average a year earlier). Movement is shifting towards the free-buy market as the season progresses.

Development of the 2016 main crop is good, with pleasing growing conditions in many areas; although lower than average soil temperatures and low night-time air temperatures in some areas are leading to variable growth.

2015 crop prices for grade 1 in late May: Desiree had improved materially to between £275 and £360 per tonne; Estima were also far higher, at between £270 and £420 per tonne, with bolder pricing reflecting best baker content. Maris Piper prices had increased to between £210 and £300 per tonne, whilst King Edwards were marginally stronger at between £220 and £310 per tonne.

B. Livestock

1 Cattle price movements have been more positive this month, although only to a point. The average finished steer price, from its opening position of 167p/kg lw, gained throughout the month to reach a late May close of 175p/kg lw (a gain of 8p/kg in the month, to sit 6p/kg below the closing average from a year earlier). The movement in the average finished heifer price was similar, although more pronounced in the early part of the month. From the opening position of 180p/kg lw, the heifer price hit 187p/kg early on, dropped back mid-month but eventually closed at 187p/kg lw (7p/kg up overall during the month, sitting 4p/kg below the price a year earlier). The average dairy cow price, having started the month just above £1,000 per head, dropped back below for the remainder of the month. With a low point of £855, the late May closing position was £978 per head (£1,113 in May 2015).

2 Quoting of the average finished lamb price (SQQ live weight) switched to the new season this month. The average old season price, from an opening position of 174p/kg lw, peaked at 183p/kg lw but dropped to a late May position of 173p/kg lw, before the new season took over and saw the average jump to 200p/kg lw (16p above the closing average a year earlier).

3 The average UK all pig price (APP) continued the gains expected at this point in the season. From an opening position of 116.8p/kg dw the average made marginal gains week on week, with a material improvement in the closing stages, resulting in a late May close 2.3p/kg higher at 119.1p/kg (19.9p/kg below DAPP from a year earlier).

4 The UK average milk price for April (published in May) reported a further reduction of 0.76ppl in the month to an average of 21.59ppl, 3.04ppl below the price a year earlier; the lowest monthly average since August 2007. The UK dropped four places in the EU farmgate milk price 'EU28' rankings in March (to 11th) in comparison to a lower EU28 weighted average of 22.59ppl.

Other crop news

1 The US Department of Agriculture has raised its wheat production forecast for the current season to 733.14 million tonnes, up 1 million tonnes on its March estimate.

2 The milling, starch and bioethanol industries used 584,000 tonnes of wheat in March, up 5.2 per cent on a year earlier. Of the total, 501,000 tonnes was home produced. Brewers, maltsters and distillers used 153,000 tonnes of barley, down 6.1 per cent on a year earlier, and 57,000 tonnes of wheat, down 18 per cent. In the period July 2015 to March 2016, home grown wheat milled fell by 3.7 per cent to 4.1 million tonnes but imported wheat milled fell by 22.7 tonnes to 707,000 tonnes.

3 The price index for crop products in March rose by 0.9 per cent compared to a year earlier and was up by 3.5 per cent on February. Cereals rose by 0.5 per cent on February but were 14 per cent lower than a year earlier; the potato price index was up 38 per cent on a year earlier and 10 per cent up on February.

4 The Ensus biofuel plant in Wilton on Teeside is to be restarted in July.

5 The Agri-Food and Biosciences Institute has developed Purple Magic, a purple coloured potato which is expected to be commercially available in 2018.

6 The Great British Pea Week will commence on 11 July.

7 New varieties to the 2017 Recommended List for sugar beet are Darnella and Alisha from KWS, BTS 260 and BTS 860 from Limagrain and Firefly from SESYanderHave.

8 Scientists at the University of Sheffield are conducting research to determine if the red pigment in tomatoes, the antioxidant lycopene, can boost male fertility.

9 Hazera has introduced a white, round radish named Whitella.

10 French champagne house Pommery is to work with Hattingley Valley winery in Hampshire to produce sparkling wine.

Other livestock news

1 The O'Neill report into antimicrobial resistance has called for improved surveillance to establish the extent of antibiotic use in agriculture. The Responsible Use of Medicines in Agriculture, an alliance of 24 organisations from across the supply chain, is to establish a task force to set meaningful targets for the use of antibiotics in agriculture.

2 The number of new herd bovine TB incidents in England rose by 6 per cent in the year to February with increases of 5 per cent in the High risk area, 8 per cent in the Edge area and 31 per cent in the Low risk area. However, there were falls of 10 per cent in Scotland and 11 per cent in Wales. The number of herds not officially TB free rose by 6 per cent in England with increases of 5 per cent in the High risk area, 18 per cent in the Edge area and 28 per cent in the Low risk area. Scotland saw an increase of 3 per cent but in Wales the number decreased by 8 per cent. The number of animals slaughtered rose by 7 per cent in England to 28,548 with an increase of 11 per cent in the High risk area but those slaughtered in the Edge area fell by 14 per cent and by 8 per cent in the Low risk area. The number slaughtered in Scotland fell by 38 per cent but there was a rise of 37 per cent in Wales to 8,491 animals.

3 Defra has refused a request from the National Beef Association to treat England as a single area for the purpose of bovine TB.

4 The price index for animals and animal products fell by 7.5 per cent in March compared to a year earlier. The pig price index fell by 15 per cent; the sheep and lamb price index rose by 3 per cent compared to February but was still 6.1 per cent down on March 2015; the index for animal products fell by 11 per cent compared to February and by 9.2 per cent compared to a year earlier. The index for animal feed stuffs in February was down 15 per cent on a year earlier.

5 UK prime cattle slaughterings rose 11 per cent in April, compared to a year earlier, at 173,000; beef and veal production was also up 11 per cent at 77,000 tonnes; clean sheep slaughterings fell by 7.3 per cent to 864,000 while mutton and lamb production fell 5.9 per cent to 21,000 tonnes; clean pig slaughterings rose 7.4 per cent to 894,000 while pigmeat production rose 8.4 per cent to 77,000 tonnes.

6 In the year to March, animal feed production rose 2.5 per cent for poultry and 1.9 per cent for pigs but fell 7.4 per cent for cattle

and 0.4 per cent for sheep. The usage of barley rose 12 per cent but 1.3 per cent less wheat was used.

7 The British Limousin Cattle Society is to develop genomic breeding values for female fertility and calf survival in Limousin cattle.

8 Latest figures from AHDB Dairy show the numbers of dairy producers fell by 281 in England and Wales in the year to April (to 9,586) yet cow numbers increased by 54,000 to 1.895 millions.

9 Dairy Crest has reduced its Davidstow milk price by 1ppl to 21.72ppl.

10 The usage of milk by dairies fell by 3.6 per cent in March to 933 million litres with 48 per cent used for liquid milk production, 25 per cent for cheese production, 2.4 per cent for butter and 2.7 per cent for cream.

11 UK milk production decreased by 0.8 per cent during April, a fall of 3.4 per cent on April 2015. Average butterfat rose by 0.14 per cent to 4.16 per cent compared to a year ago but fell by 0.04 per cent compared to March. Average protein fell by 0.02 per cent compared both to March and a year ago.

12 Arla Foods amba has reduced the price of a standard litre paid to members by 1ppl to 19.12ppl.

13 Sainsbury's is to add Tomlinson's Dairies of Wrexham and Medina Dairy to its supply chain although it is not expected to increase its volume demand.

14 Muller has reduced its Direct Milk formula contract price by 0.129ppl to 24.55ppl.

15 South Caernarfon Creameries has opened a new cheese production facility at its site near Pwllheli which will increase capacity by 2,500 tonnes per year.

16 The incidence of bluetongue virus (BTV-8) in France has increased to 272 outbreaks but no increase in spread towards the north coast has been reported.

17 Defra has published an update of the list of recognised breed societies for bovine, ovine, porcine and caprine species.

18 Outbreaks of Lumpy Skin Disease have been reported in Bulgaria, Macedonia, Turkey and Greece.

19 Cap, a 16-month old sheepdog, has set a world record of 14,100 guineas for a working sheepdog at the late spring sale in Skipton.

20 Egg packing in the three months to March increased by 0.4 per cent compared to the three months to December and by 5.1 per cent compared to a year earlier, the fourth successive quarterly increase. However, the production of egg products fell by 8.5 per cent and 10.5 per cent compared to the respective periods.

21 Defra has published an updated list of approved laboratories for testing under the Poultry Health Scheme, for the testing of salmonella in poultry and the testing of animal by-products.

22 Organically produced poultry rose by 6.7 per cent in 2015 to 2.5 million birds and pigs rose by 5.8 per cent to 30,000 but sheep fell by 8.8 per cent to 874,000 and cattle fell by 3.6 per cent to 293,000.

23 Compared to a year ago, UK commercial layer chick placings rose by 0.3 per cent to 3.4 million chicks; broiler chick placings rose by 1 per cent to 94.6 million chicks; turkey chick placings fell by 9.2 per cent to 1.2 million chicks; turkey slaughterings fell by 9.2 per cent to 1.1 million birds; broiler slaughterings rose by 1.6 per cent to 90.8 million birds; and total poultry meat production rose 1.8 per cent to 159,200 tonnes.

24 Italy has reported an outbreak of H7N7 avian influenza in commercial chicken layers.

25 Hybu Cig Cymru has published the Recommended Grass and Clover List for England and Wales.

26 Derby City Council has decided to close Derby livestock market.

Inputs / Supply business

1 Latest statistics show that only 21 per cent of farms in 2014/15 used soil mapping or satellite technology to guide fertilizer applications; 23 per cent used soil nutrient software packages; 55 per cent of grass farms included clover or legumes in their grass swards; 8 per cent of farms used green manures in their arable rotations; and over 60 per cent of farms which used clover or legumes or green manures adjusted fertilizer application rates. The average amount of nitrogen, phosphate and potash applied per hectare was 113kg, 21kg and 24kg respectively.

- 2 The price index for fertilizers fell in March by 19 per cent compared to a year earlier.
- 3 The European Union standing committee on plants, animals, food and feed has failed to decide upon the future use of glyphosate and, as its licence expires on 30 June, all authorisations for use will have to be withdrawn. Those countries primarily opposed to its use are France, Italy, Sweden, Luxembourg and Austria.
- 4 Defra's Expert Committee on Pesticides has rejected applications by the NFU and by AHDB for permission to use neonicotinoid-based seed treatments on oilseed rape.
- 5 AHDB Cereals and Oilseeds has confirmed that a small number of septoria tritici isolates are highly resistant to SDHI fungicides.
- 6 BASF has launched Cleravo, a non-metazachlor herbicide to control brassica weeds in oilseed rape.
- 7 Scientists at Aarhus University in Denmark are investigating how ants can be employed in organic orchards to control caterpillars while also having an anti-fungal and fertilizing role.
- 8 Sipcam has launched Grecale to control leaf and tuber blight in potatoes and Lieto to prevent tuber blight.
- 9 Bayer AG has made an offer of £43 billions to buy Monsanto.
- 10 Nufarm UK has advised that Bromoxil herbicide, Maya, can now be used on forage maize, grain maize, sweetcorn, bulb onions and shallots.

Marketing

- 1 New data has revealed that, over the past three years, imports of fruit and vegetables into the UK have risen by 12 per cent. Spain is the largest supplier of fruit at 679,523 tonnes followed by South Africa and Costa Rica at 346,359 tonnes and 303,221 tonnes respectively. Spain supplies 1 million tonnes of vegetables to the UK followed by the Netherlands at 744,239 tonnes.
- 2 Figures from Kantar Worldpanel for the 12 weeks to 24 April show that overall supermarket sales rose by 0.1 per cent compared to a year earlier but the "big four" all reported falls. The Co-operative increased its market share to 6.2 per cent and Waitrose to 5.2 per cent while Lidl's sales rose by 15.4 per cent.
- 3 Defra has acknowledged that, in the three months to March 2016, its London headquarters sourced only 56 per cent of food from UK producers but at least that was a 4 per cent increase on the previous quarter.
- 4 An application has been made for Protected Geographical Indicator status for Vale of Evesham asparagus.
- 5 Sainsbury's has committed to only stocking British lamb with effect from July.
- 6 Traditionally-Reared Pedigree Welsh Pork has applied for Traditional Speciality Guaranteed status.

Miscellaneous

- 1 The Health and Safety Executive has reported that, in 2014/15, the number of fatalities in farming per 1,000 workers was the highest of any sector.
- 2 Following the Scottish elections, Fergus Ewing has been appointed Cabinet Secretary for Rural Economy and Connectivity and Roseanna Cunningham is Cabinet Secretary for Environment, Climate Change and Land Reform.
- 3 Malcolm Thomas of Carmarthen has been appointed the new chairman of RABI.
- 4 With effect from August, Writtle College will be known as Writtle University College.
- 5 Kubota Tractor Corporation has bought Great Plains Manufacturing of Salina, Kansas.

Other Business

English : the universal language

In an Bangkok Temple:

It is forbidden to enter a woman, even a foreigner, if dressed as a man.

Cocktail Lounge, Norway:

Ladies are requested not to have children in the bar.

Doctor's Office, Rome:

Specialist in women and other diseases.

Dry Cleaners, Bangkok:

Drop your trousers here for the best results.

A Nairobi Restaurant:

Customers, who find our waitresses rude, ought to see the manager.

On the main road to Mombasa, leaving Nairobi:

Take notice: when this sign is under water, the road is impassable.

On a poster at Kencom:

Are you an adult that cannot read? If so, we can help.

In a City restaurant:

Open seven days a week and weekends.

In a cemetery:

Persons are prohibited from picking flowers, from any but their own graves.

Tokyo hotel's rules and regulations:

Guests are requested not to smoke, or do other disgusting behaviours, in bed.

On the menu of a Swiss Restaurant:

Our wines leave you nothing to hope for.

In a Tokyo Bar:

Special cocktails for the ladies with nuts.

You win some, you lose some!

It would be politically incorrect to state that the Irish are a litigious bunch but, it is fair to say, the tenacity of the Irish people has in two particular instances provided guidance to all UK farmers on contentious tax issues. The crux of both cases was whether or not it is worthwhile getting up in the morning!!

The McCall case involved pasture which was designated for development at the time of the owner's death. It revolved around whether or not the hope value qualified for Business Property Relief. The land was grazed by a third party and the decision of the tribunal depended upon the level of day-to-day involvement of the landowner. Did the work carried out to the land constitute a business activity? The tribunal decided it did not.

A more recent case Allen v HMRC found in reverse but for good reasons. In this case, the land was also grazed by a third party but the landowning family demonstrated they managed the land, maintained the fencing, applied fertilizer, carried out weed control and ensured the grazing was in good condition.

The difference between the two cases is simply the degree of activity of the two landowners.

Neither would have anticipated the need to demonstrate a "trading" activity because neither realised the implications of the passage of time.

The two cases illustrate the "crystal ball" syndrome.

We are in a changing world. Have vision and you will reap the benefits, be blinkered and the rooster will come home!