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MONTHLY FARMING UPDATE

October 2021



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I Policy issues

- 1 The Government has issued its response to the consultation on genetic technologies regulation. It intends to focus on unlocking research in plants to enable scientists to develop knowledge on gene editing and drive innovation in farming. Research scientists will continue to be required to notify Defra of all trials and the commercial cultivation of plants and any associated food products will still need to be authorised. It will review the regulatory definitions of a genetically modified organism to exclude certain organisms produced by gene editing and other genetic technologies if they could have been developed by traditional breeding. The Government will consider the appropriate measures needed to enable gene edited products to be brought to market including consumer choice and traceability.
- 2 The Government has published updates to the Environmental Bill. The Environmental Governmental Factsheet includes statements setting long term targets on air quality, water, biodiversity, resource efficiency and waste reduction to improve the environment. The Office for Environmental Protection will be established to support environmental protection and hold public authorities to account.

II Reform

- 1 Defra has announced the sixth round of the Countryside Stewardship Facilitation Fund will open for applications in December. The fund has been expanded to include support for the improvement of air quality through slurry removal, reduction of ammonia emissions, tree planting and shelters and managing beaver activity.
- 2 Defra has published updated advice on the operation of the Sustainable Farming Incentive pilot.
- 3 The Rural Payments Agency has published guidance on how to apply for and gain recognition as a Dairy Producer Organisation.
- 4 The Welsh Government has announced the extension of the Glastir Advanced Commons and Organic contracts until December 2023 and has committed a further £7 millions to extend the Farming Connect programme to March 2023.
- 5 A new Common Agricultural Policy is to apply in the EU from 2023. Member States will design their own national strategic plans based on EU goals for social, environmental and economic stability in agriculture. There will be a redistribution income support mechanism with the intention of better addressing the incomes of small and medium-sized farms with countries having to ensure at least 10 per cent of direct payments is shared between these farms. While EU countries will be set more ambitious climate and environmental requirements, the subsidy-based approach to agriculture will continue. Voluntary schemes promoting climate and environmentally friendly practices and animal welfare improvements will be introduced with at least 25 per cent of direct payment budgets allocated to such schemes. The budget for interventions relating to the climate, environment, biodiversity and animal welfare will increase from 30 per cent to 35 per cent. The overall CAP budget is unchanged. The Joint Research Centre has forecast that the changes will result in a fall in EU production due to yield decreases associated with increased organic farming and a reduction in the use of pesticides. Exports of cereals, pork and poultry are forecast to reduce while the trade deficit in oilseeds, fruit, vegetables, beef and sheep is expected to increase.

III Grants/regulations/legislation/environment

- 1 The Government has announced proposals to improve water quality and regulate activities that affect water supplies. The system of licensing water abstraction is to be modernised by giving businesses and other licence holders access to a more streamlined service and the management of activities that may impact groundwater quality will be improved through an updated risk-based approach to permission. A consultation has been launched seeking views on proposals for amending regulations to include water abstraction and impounding licensing. The majority of environmental permits will be brought under one legal framework and will allow people to manage all their permits in one place. A separate consultation proposes amending regulations to take a more practical approach to regulating activities that affect groundwater quality. It also proposes increasing the range of permitting controls available to the Environment Agency for activities that affect groundwater. At present controls can only be permitted by the highest-tier permits which are often disproportionate to the different levels of risk. A wider range of permits will remove unnecessary costs for businesses while ensuring strong protections are in place. The consultations will run until 22 December.
- 2 With effect from 22 October, the Forestry Commission is to exempt a limited number of tree felling licence applications from being included on the Public Consultation Register before the trees are felled where the application is directly related to the management of tree pests and diseases and the Forestry Commission deem that tree felling needs to be expedited for an overriding biosecurity or public safety benefit.
- 3 Lord Goldsmith, the Forestry Minister, has announced that 3,150 hectares of new woodlands are to be planted along England's rivers and watercourses. The Woodlands for Water project will plant in six river catchment areas from Devon to Cumbria by March 2025. Farmers and landowners will be able to apply for grants from the England Woodland Creation Offer grant scheme.
- 4 Scientists at Bristol University have found that flowers can sense when a bumble-bee is nearby and release a burst of perfume to attract more insects.
- 5 Since 1976, the unsmoothed habitat specialist butterfly index has fallen by 61 per cent while the unsmoothed index for species of the wider countryside has fallen by 22 per cent. 2020, despite the sunniest spring on record, was only an average year with 55 per cent decreasing in annual abundance although the summer was duller and wetter than average. Habitat species showing the greatest long-term decline include heath frittilery, wood white, Lulworth skipper, grayling and small pearl-bordered frittilery. Over the long term silver-spotted frittilery, large heath, black hairstreak, silver-washed frittilery and dark green frittilery show the largest significant increases. Species of the wider countryside showing the greatest long-term declines including wall, small tortoiseshell, white-letter hairstreak, small heath and gatekeeper. Those showing the largest increases are ringlet, comma, speckled wood and marbled white. On farmland, the small tortoiseshell, wall, gatekeeper, Essex/small skipper and large skipper have all declined while ringlet, brimstone and speckled wood have all increased significantly.

IV Other matters of farm finance and tenure

- 1 The first estimate of Total Income from Farming in 2020 has been published. It shows that TIFF was £2,597 millions, down 29 per cent in real terms on 2019 and the lowest value in real terms since 2007. Total crop output fell by 15.6 per cent to £7,614 millions while livestock output fell by 3 per cent to £9,778 millions. Total intermediate consumption fell by 6.4 per cent to £12,544 millions while consumption of fixed capital fell by 6.6 per cent to £3,405 millions. Subsidies fell by 7.4 per cent to £2,073 millions. Labour costs fell by 5 per cent to £2,066 millions, rent by 8 per cent to £454 millions and interest costs by 6.7 per cent to £319 millions.
- 2 The utilised agricultural area in England decreased between 2020 and 2021 to 8.8 million hectares. The total croppable area increased by 0.5 per cent to 55 per cent of the whole at 4.9 million hectares. Permanent grassland decreased by 3.3 per cent to 40 per cent of the whole at 3.6 million hectares.
- 3 The Agricultural Price Index for July for outputs increased by 0.3 per cent compared to June and by 11.3 per cent compared to a year earlier. The index for inputs rose by 1.6 per cent and 13 per cent respectively.
- 4 The Labour in Horticulture Survey for the June quarter has been published although the survey response rate was only 16 per cent. Of the 408 firms which responded, 63 per cent did not need seasonal labour. Of those which did, 43 per cent reported a shortfall with the average shortfall being 113 person days. The average need for labour in April was 174 person days, this increased to 306 person days in June while the average shortfall increased from 32 person days in April to 47 person days in June.
- 5 The Scottish Land Court and the Lands Tribunal for Scotland are to be merged.
- 6 Trinity AgTech and AHDB are to collaborate on environmental sustainability and profitability calculations leading to knowledge exchange through the Farm Excellence Platform. Trinity AgTech will support the development of the AHDB Environmental Benchmarking Calculation Engine.

V Product prices

A Market background

- 1 Sterling, with moderate volatility, weakened against the Dollar and the Euro this month. Opening against the Euro at 85.7p per €, Sterling peaked mid-month at 85.3p and fell back to 86.4p before improving again to close at 86.1p per € (0.4p weaker). Against the Dollar, Sterling opened the month at 72.5p and rose by a small margin early on to 72.1p, but fell back over the second half of the month to close at its month low of 74.3p per \$ (1.8p weaker). Crude oil prices remained volatile, irrespective of the recent domestic fuel logistics issue, but were underpinned by a positive trend. With a price swing of almost \$7, Brent Crude dropped from a starting position of \$73.31 per barrel to \$71.45p, before improving for the rest of the month at \$ 78.31 per barrel (up \$5.00).

B Crops

- 1 With 2021 harvest all but finished in the UK, the yield and quality results have become more reliable - total yield is above the 5-year average (largely due to the low growing area in 2020 pulling the average down) and milling quality is on the low side due to the lowest average specific weight in 10 years and unimpressive Hagberg Falling Number results. However, on a global stage the world supply is tight, leading to prices remaining strong. LIFFE feed wheat futures improved in the medium and longer term this month, whilst the short-term average, after significant swings and volatility, returned to its starting level. By late September, deliveries for November 2021, 2022 and 2023 were £196/tonne (-), £181/tonne (+3) and £174/tonne (+5) respectively.

Oilseed rape prices rose significantly on the back of: poor UK and EU yields; confirmation of the suspected poor Canadian crop; and a rising crude oil price. However, with the Australian crop approaching harvest, and looking reasonable, and with the 2022 EU crop area significantly higher, there may not be much up-side potential left.

Average spot prices in late September (per tonne ex-farm): feed wheat £188 (+7); milling wheat £218 (+16); feed barley £175 (+9); oilseed rape £526 (+51); feed peas £217 (+7); feed beans £225 (+7).

- 2 The main source of potato prices, the AHDB Potato sector, ceased active operation in July 2021. A source of potato prices is being sought but no September average prices were available.
- C Livestock
- 1 Cattle prices fell back this month, mostly in the early stages of the month. The average finished steer price opened at 235p/kg lw and fell to 225p/kg in the first week before spending the rest of the month oscillating between 225p and 229p/kg, where it closed the month (down 6p, to sit 30p above the closing average a year earlier). The average finished heifer price had a similar month: opening at 246p/kg lw and dropping to 239p/kg early on, before fluctuating between 239 and 243 p/kg and eventually closing at 240p/kg (down 6p, to sit 25p above the price a year earlier). The average dairy cow price remained volatile but at the higher end of its normal range: opening at £1,158, it peaked at £1,384 and dropped to £1,106 where it closed the month (down £52 to sit £182 below the closing average a year earlier).
 - 2 The average finished lamb price (SQQ live weight, new-season) dropped for most of the month, falling from an opening position of 238p/kg lw to a low of 218p/kg as a result of reduced export demand and a lack of skilled butchers and delivery drivers. A recovery in the final week led to a closing average of 223p/kg (down 15p, to sit 24p/kg above the average a year earlier).
 - 3 The average UK all pig price (APP) continued the trend started in August, falling back throughout the month, as a result of an increasing supply of pigs for slaughter exceeding demand, compounded by the same lack of butchers and drivers. Opening at 164.8p/kg dw, the average dropped linearly at approximately 1p per week to a closing average of 159.8p/kg dw (down 5.0p to sit 4.1p/kg below the closing average a year earlier).
 - 4 The UK average 'all milk' price for July, reported this month, recorded a gain of 0.35ppl to an average of 30.48ppl (2.75ppl above the average in July 2020 and 1.74ppl above the rolling 5-year average) with early indications of a 0.75ppl increase in the August average. Meanwhile the EU (ex UK) average for July, published this month, was 31.52ppl; a reduction of 0.09ppl from the June average.

VI Other crop news

- 1 The latest AHDB harvest report shows that, at 28 September, only 3 per cent of spring barley and 1 per cent of oats remained to be harvested. Winter wheat yields are estimated to be 8-8.2t/ha with Hagberg falling numbers ranging from 180-250, moisture content between 15-22 per cent, protein between 12.5-12.7 per cent and specific weight between 72-76kg/hl. Winter barley yields are estimated to be 6.9-7.1t/ha, nitrogen content between 1.4-1.6 per cent, moisture content between 14-20 per cent and specific weight between 60-64kg/hl. Winter oilseed rape yields are estimated to be 3.3-3.5t/ha with an oil content of 42-44 per cent. The overall wheat forecast is estimated to be 14.8-15 million tonnes.

- 2 In 2021, the total area of arable crops in England increased by 2.2 per cent to 3.7 million hectares. Cereals and oilseed rape crops account for 80 per cent of the total. The area of cereals increased by 6.6 per cent to 2.7 million hectares. Wheat increased by 31 per cent to 1.7 million hectares while winter barley increased by 36 per cent to 345,000 hectares. However, spring barley fell by 41 per cent to 471,000 hectares. The oilseed rape area fell by 22 per cent to 268,000 hectares. The area of orchards and small fruit fell by 0.6 per cent to 31,000 hectares. The area used to grow vegetables for human consumption fell by 7.5 per cent to 89,000 hectares.
- 3 In 2020, the output of cereals fell by 27 per cent to £2,306 millions with wheat down 38.2 per cent at £1,403 millions and barley down 3.1 per cent at £774 millions. There were also falls of 41.6 per cent for oilseed rape to £678 millions, 18 per cent for sugar beet to £172 millions and 1.6 per cent for forage plants to £167 millions. However, output of protein crops increased by 6.6 per cent to £153 millions, 8.4 per cent for fresh vegetables to £1,345 millions, 14.8 per cent for potatoes to £551 millions and 13.7 per cent for fruit to £836 millions.
- 4 The US Department of Agriculture's end of September report estimates US wheat stocks to be 48.43 Mt, well below the expected 50.54 Mt. It also cut its estimate of production by 1.6Mt to 44.76Mt. Conversely maize stocks are estimated to be 31.41Mt compared to the expected 28.71 Mt and soybean stocks are estimated to be 6.97 Mt compared to the expected 4.68Mt.
- 5 The Agricultural Price Index for July shows increases of 0.7 per cent for forage plants, compared to June, 7.1 per cent for fresh vegetables and 6.2 per cent for fresh fruit but there were falls of 1.4 per cent for wheat, 12 per cent for barley, 3.6 per cent for oats and 15.2 per cent for oilseed rape. Compared to a year earlier there were increases of 28.7 per cent for wheat, 25.4 per cent for barley, 2.1 per cent for oats, 1.7 per cent for potatoes, 47.4 per cent for oilseed rape, 147.5 per cent for forage plants and 10 per cent for fresh vegetables but a fall of 28.7 per cent for fresh fruit.
- 6 Defra and the Welsh and Scottish Governments have issued a consultation seeking views on a new vision for plant health and potential measures to strengthen the existing biosecurity regime. Views are sought on the effectiveness of current plant and tree health regulations; ways industry and the Government can work together to support a biosecure plant chain and ensure the safe sourcing of planting stock; how the nation's technical capability can be enhanced using innovative science and technology; and introducing tougher action to protect against biosecurity risks associated with trees susceptible to high-risk pests and diseases.
- 7 NFU Sugar and British Sugar have agreed a one-year fixed price contract for 2022 involving a price of £27 per adjusted tonne. A new local premium will apply at £2/t for growers up to 9 miles distant from their nearest factory reducing on a linear scale down to 10p/mile up to 28 miles.
- 8 A group of potato industry stakeholders has published proposals for a new representative body, 'GB potatoes'.
- 9 Tesco has implemented the LEAF Marque environmental assurance scheme across its global produce supply chain involving 14,000 growers.
- 10 Scientists in Australia have discovered that a chemical in brassica crops mixes with a person's saliva to produce sulphurous compounds. The mixture is broken down by enzymes and parents who have high levels will pass them on to their children who then find the sulphurous taste more unpalatable whilst they are young.

VII Other livestock news

- 1 The number of cattle in England in June fell by 1.9 per cent, compared to June 2020, to 5.1 million head and the breeding herd fell by 1.8 per cent to 1.8 million head. The number of sheep and lambs fell by 2.7 per cent to 14.6 million head; the female breeding flock fell by 1.5 per cent to 6.9 million head; and the number of lambs fell by 3.9 per cent to 7.4 million head. The number of pigs increased by 5.4 per cent to 4.2 millions with fattening pigs increasing by 6.1 per cent to 3.8 millions.
- 2 In 2020, the output of livestock rose by 5 per cent to £6,434 millions including meat up 7.2 per cent at £5,567 millions. Cattle were up 12.2 per cent at £1,404 millions, pigs up 3.8 per cent at £1,078 millions, sheep up 5.1 per cent at £710 millions and poultry up 6.5 per cent at £2,371 millions. The output of livestock products fell by 1.6 per cent to £3,344 millions with milk down 2.3 per cent to £2, 836 millions but eggs up 9.9 per cent at £432 millions.
- 3 The Agricultural Price Index for July shows increases of 1.5 per cent for cattle and calves, compared to June, 2.5 per cent for pigs, 0.1 per cent for poultry and 3.1 per cent for milk but a fall of 22.4 per cent for sheep and lambs. Compared to a year earlier there were increases of 13.6 per cent for cattle and calves, 18.9 per cent for sheep and lambs, 2.2 per cent for poultry, 13 per cent for milk and 7.8 per cent for eggs but a fall of 3.5 per cent for pigs.
- 4 The Animal and Plant Health Agency has confirmed a single case of classical Bovine Spongiform Encephalopathy (BSE) on a farm in Somerset.
- 5 The Endemic Livestock Initiative has been created with an investment of £8 millions to support research into livestock diseases.
- 6 The vice-chairman of the Labour Party's 'Just Transition Working Group' has stated that most livestock farmers will not be rearing animals within 20 years and has compared them to workers in coal-fired power stations.
- 7 In August, slaughterings of UK prime cattle fell by 2.7 per cent, compared to a year earlier, to 160,000; beef and veal production fell by 2 per cent to 73,000 tonnes; sheep slaughterings fell by 18 per cent to 1.011 millions; mutton and lamb production fell by 17 per cent to 23,000 tonnes; pig slaughterings rose by 4 per cent to 931,000; and pigmeat production rose by 4.3 per cent to 83,000 tonnes.
- 8 In the year to June, the number of new herd bovine TB incidents in England fell by 3 per cent, compared to the previous year, with a fall of 6 per cent in the high risk area but increases of 2 per cent in the edge area and 21 per cent in the low risk area. There was a rise of 3 per cent in Wales but a fall of 11 per cent in Scotland. The number of herds not officially TB free fell by 1 per cent in England with a fall of 2 per cent in the high risk area but rises of 2 per cent in the edge area and 14 per cent in the low risk area. There was a rise of 2 per cent in Wales but a fall of 37 per cent in Scotland.
- 9 At the latest Global Dairy Trade auction, whole milk powder rose by 2.2 per cent while skimmed milk powder rose by 0.9 per cent. However, butter fell by 1.9 per cent and cheddar by 1.2 per cent. Overall the index rose by 1 per cent, the third consecutive increase.
- 10 Barber's Cheesemakers has increased its price by 1ppl to 31ppl for a standard litre.
- 11 Researchers at Johns Hopkins University have suggested that people who consume large amounts of dairy products have the lowest risk of cardio-vascular disease.
- 12 Muller has increased its price by 1ppl taking the scheme members' price to 29ppl.

- 13 In August, UK dairies processed 1,137 million litres of milk, down 4.2 per cent on July. Liquid milk production fell by 0.6 per cent to 507,000 litres; cheese production fell by 2.3 per cent to 41,400 tonnes; butter production fell by 5.9 per cent to 15,400 tonnes; and milk powder production fell by 38 per cent to 5,200 tonnes.
- 14 Medina Dairy has increased its core Watsons price by 1.7ppl taking a standard litre price to 29.8ppl.
- 15 UK average butterfat in August rose by 1.8 per cent, compared to July to 4.09 per cent and by 1 per cent compared to a year earlier. Average protein increased by 1.6 per cent to 3.30 per cent but was down 0.2 per cent on a year earlier.
- 16 Freshways has increased its price by 1.5ppl and has offered producers a guaranteed standard litre price of 30ppl until next March.
- 17 Performance figures in both pig rearing and finishing herds have been falling over the past year according to AHDB data. In the rearing herd the average feed conversion ratio in the year to June was 1.82, up from 1.78 a year earlier, and the increase has continued in the past quarter. Daily liveweight gains averaged 486g, down 22g on the year to March. Mortality rates also deteriorated, averaging 3.8 per cent compared to 3.6 per cent last year. In the finishing herd, the feed conversion ratio averaged 2.86, the highest since 2017, in the same period last year it was 2.75. Daily liveweight gains averaged 799g compared to 838g a year earlier. The mortality rate of 3.7 per cent is the highest since 2009.
- 18 The Scottish Government has committed £715,000 to the Pig Producers Hardship Support Scheme to assist eligible pig producers who supplied the Quality Pig Processors abattoir at Brechin which was temporarily closed earlier this year.
- 19 Up to 5,500 poultry workers will be allowed to come to work in the UK, under the Temporary Workers route, in the lead up to the Christmas period.
- 20 In August, UK commercial layer chick placings rose by 30 per cent, compared to a year earlier, to 3.1 million chicks; broiler chick placings fell by 2.1 per cent to 87.8 million chicks; turkey chick placings rose by 1.4 per cent to 1.6 million chicks; turkey slaughterings fell by 8.6 per cent to 900,000 birds; broiler slaughterings rose by 4 per cent to 83.8 million birds; and total poultry meat production rose by 7.9 per cent to 157,000 tonnes.

VIII Inputs/Supply businesses

- 1 At the end of September, US Gulf Urea futures for December delivery rose to \$665/ton, a \$209/ton gain in September alone.
- 2 In 2020, the overall cost of seeds rose by 18.8 per cent to £873 millions and there were increases of 10.3 per cent for chemicals to £973 millions, 0.4 per cent for animal feed to £3,726 millions, 2 per cent for maintenance to £1,436 millions and 4.7 per cent for agricultural services to £1,056 millions. However, there were falls of 6.9 per cent for energy costs to £955 millions and 23.1 per cent for fertilizers to £780 millions.
- 3 The Agricultural Price Index for July shows increases of 2.6 per cent for energy and lubricants, compared to June, 9.5 per cent for fertilizers, 0.9 per cent for chemicals, 0.1 per cent for veterinary services, 1.4 per cent for vehicle maintenance and 5.8 per cent for building maintenance while animal feedingstuffs fell by 0.5 per cent. Compared to a year earlier there were increases of 0.7 per cent for seeds, 21 per cent for energy and lubricants, 45.1 per cent for fertilizers, 1.2 per cent for veterinary services, 16.1 per cent for animal feedingstuffs, 6 per cent for vehicle maintenance and 22.4 per cent for building maintenance while chemicals fell by 1.4 per cent.

- 4 Estimated soil nutrient balances for 2020 have been published. The nitrogen balance is estimated to be a surplus of 92kg/ha of managed agricultural land, up 7 per cent on 2019 but down 17 per cent on 2000. The phosphorus balance is estimated to be a surplus of 7.3kg/ha of managed agricultural land, up 34 per cent on 2019 but down 27 per cent on 2000.
- 5 Rothamsted Research has been granted consent to release wheat *Triticum aestivum* plants that have been gene edited using CRISPR-Cas9 to contain point mutations in the TaASN2 asparagine synthetase gene.

IX Marketing

- 1 Data from Kantar shows that, compared to August 2019, in the meat, fish and poultry category, primary pork, chicken and fish have retained pandemic growth at 5.4 per cent, 3.7 per cent and 8.6 per cent respectively. Pork ribs at 24.2 per cent and pork belly at 13.2 per cent have seen strong growth along with chicken breasts, legs and wings, all at 10.8 per cent. Primary beef volumes have fallen by 0.7 per cent and primary lamb by 0.3 per cent but the more expensive cuts have recorded growth with steaks up 4.5 per cent and roasting joints up 7.2 per cent. Kantar further reports that the number of people reported to be reducing red meat consumption has fallen by 1.2 millions since January 2020.
- 2 While Consumer Price Inflation rose by 3.2 per cent in August, food prices only rose by 0.3 per cent. The index for meat was -0.8 per cent while that for flour and cereals was -15 per cent and cheese -2.8 per cent. However, butter was up 1.6 per cent, whole milk 2.3 per cent and low-fat milk 1.2 per cent.
- 3 January to July exports of dairy products continue to lag behind the same period last year. Powdered and condensed milk exports fell by 27 per cent, yoghurt and buttermilk by 34 per cent, whey by 39 per cent, butter by 27 per cent and cheese by 20 per cent. Imports are also down with falls of 21 per cent for powdered and condensed milk, 2 per cent for yoghurt and buttermilk, 37 per cent for whey, 36 per cent for butter and 20 per cent for cheese.
- 4 Cambrian Mountains Lamb has been granted Protected Geographical Indication Status.
- 5 An AHDB campaign in association with Dairy UK has resulted in 11 per cent more young parents willing to buy dairy products with an 8 per cent fall in the number of people cutting their dairy consumption and an 11 per cent reduction in consumers intending to use plant-based substitutes.
- 6 Watercress has been granted Traditional Speciality Guaranteed status.
- 7 In July, sheep meat exports fell by 26 per cent to 6,200 tonnes with the annual sales being down 25 per cent at 35,200 tonnes. However, prices have increased significantly so that value sales are only down by 5 per cent. Imports in July increased by 9 per cent to 4,200 tonnes although for the year imports are down by 14 per cent at 31,900 tonnes while the value is down by 17 per cent.
- 8 Sussex wine has applied for Protected Designated of Origin status.
- 9 Exports of beef in July rose by 2 per cent, compared to June, to 9,600 tonnes, and by 8 per cent compared to a year earlier. In the year as a whole, exports are down by 21 per cent at 54,600 tonnes but the value was only down by 17 per cent. Imports rose by 9 per cent to 19,800 tonnes and by 15 per cent compared to a year ago with most of the increase coming from Ireland. In the year to July imports fell by 5 per cent but price increases meant the overall value increased by 4 per cent.

- 10 54,000 people have signed a petition to Defra in support of a call by the NFU that Britain's food production should not fall below 60 per cent of self-sufficiency.
- 11 Mexico has opened its market to British pork which is estimated to be worth £50 millions over the first five years.
- 12 In July, exports of pig meat fell by 41 per cent to 16,200 tonnes while in the past year exports are down 22 per cent at 129,800 tonnes. Imports in July totalled 58,100 tonnes, 1 per cent less than a year earlier, while in the year to date imports have totalled 387,800 tonnes, 11 per cent down on 2020.
- 13 Figures from Mintel show that consumers spent £146 millions on oat-based dairy alternatives in 2020, up from £74 millions in 2019. Total spend on plant-based alternatives to dairy was £394 millions in 2020 with one-in-three people drinking plant-based alternatives.
- 14 AHDB has relaunched its 'We Eat Balanced' campaign with £3.5 millions committed through the autumn and winter.
- 15 China has banned imports of beef from Brazil due to two atypical cases of BSE.

X Miscellaneous

- 1 Defra's April Farmer Opinion Tracker for England has been published. Farmers on 67 per cent of holdings either fully (5 per cent) or partially (62 per cent) understood Defra's vision for farming, up from 63 per cent in 2020. Farmers on 60 per cent of holdings have indicated they will need to make changes to their business in the next 3 to 5 years, up from 54 per cent in 2020; farmers on 88 per cent of holdings believe that Defra paying for environmental outcomes will be very (62 per cent) or moderately (26 per cent) important to their business; farmers on 38 per cent of holdings would describe their relationship with Defra as an inspection and enforcement relationship; and 53 per cent of farmers feel positive about the future of farming, up from 51 per cent in 2020.
- 2 In 2020, the mid-year population estimate for England was 56.6 millions of which 17.1 per cent, or 9.7 millions, lived in rural areas. This is down 0.1 per cent on 2011 when the rural population was 9.3 millions. The most prominent age groups in rural areas are 50 to 54 and 55 to 59 with 7.7 per cent and 8 per cent respectively of the population. In rural areas the population aged over 65 is 25.4 per cent of the total compared to 17.1 per cent in urban areas.
- 3 In the three months to December 2020, the average house price in rural areas rose by 3.6 per cent to £358,800 compared to a rise of 2.4 per cent in urban areas to £324,400. In the three months to June 2021, the percentage unemployed in rural areas was unchanged at 2.9 per cent but in urban areas there was a fall of 0.4 per cent to 4.9 per cent. Those claiming Jobseeker's Allowance in rural areas fell by 0.2 per cent to 0.3 per cent, in urban areas there was a small fall to 0.5 per cent. The number of redundancies per 1,000 workers fell from 5 to 2.3 in rural areas and from 6.1 to 3.9 in urban areas.
- 4 In 2020/21 the rate of violence against the person in England was 22.6 per 1,000 population in Predominantly Rural areas compared with 30 per 1,000 population in Predominantly Urban areas. The rate of robbery was 0.3 per 1,000 population in rural areas compared with 1.3 in urban areas; the rate of residential burglary was 4.6 in rural areas compared to 8.4 in urban areas; and the rate of vehicle offences was 2.9 in rural areas compared with 6.5 in urban areas.

Postscripts



Monthly Farming Update

Enrol for a degree in Maths!

Last month the Chancellor broke a manifesto pledge. With effect from next April, there will be a 'temporary' 1.25 per cent increase in employee and employer national insurance contributions as well as a similar increase for the self-employed. The reason the increase is temporary is that, from April 2023, the increase will be designated as a 'health and social care levy'. Liability for the increase will no longer cease when a person reaches state pension age.

The Government has also decided to increase dividend tax rates by 1.25 per cent from April 2022 such that a basic rate taxpayer will be liable to a rate of 8.75 per cent, a higher rate taxpayer 33.75 per cent and an additional rate taxpayer 39.35 per cent.

Coupled with the increase in Corporation Tax due in 2023, individuals will need to reconsider how they should be remunerated from their businesses.

A corporate business will be liable to Corporation Tax at a rate of 19 per cent on profits up to £50,000, a rate of 25 per cent will apply to profits in excess of £250,000 but profits in between will effectively be taxed at a rate of 26.5 per cent. It follows that salaries and national insurance contributions paid by the corporate will attract tax relief at the same rates.

This is where the complications set in.

A basic rate taxpayer rewarded by a corporate which he or she effectively owns will pay an overall tax rate of 26.09 per cent on a dividend where profits are up to £50,000, a rate of 31.56 per cent where profits exceed £250,000 and a rate of 32.93 per cent where profits fall in between. Where a salary is paid instead, the overall rate is 41.98 per cent for all three levels of profit.

For a higher rate tax payer, the overall rates for a dividend are 46.34 per cent, 50.31 per cent and 51.31 per cent respectively. The overall rates where a salary is paid are 50.67 per cent in each case.

For an additional rate taxpayer, the overall rates for a dividend are 50.87 per cent, 54.51 per cent and 55.42 per cent respectively. Where a salary is paid overall rates are 55.02 per cent in each case.

Now something for those of you who have long memories. When incomes exceed £100,000 a restriction applies to the personal allowance. In such cases, the dividend rates are a whopping 60.01 per cent, 62.97 per cent and 63.71 per cent respectively while the rates applicable to a salary are an even more whopping 68.06 per cent across the board.

Who thought the Tories are the party of low taxation?

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:

Karen Blackiston

Nick Holmes

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

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