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Brexit for cereal producers

Abstract:

- Most agricultural products are both imported and exported. Tariffs reduce the domestic price of exported goods and increase the price of imports. Removal of tariffs reduces price to the lowest available
- Tariffs on processed goods are higher than for raw materials. Removal of tariffs on processed goods risks transfer of processing outside of the UK
- Price changes not only impact on production but also demand
- Suppliers to the UK and export markets are likely to change as tariff adjustments are made
- Agriculture is currently excluded from EEA, Swiss and Turkish agreements with the EU
- It is highly likely that on exit EU most favoured nation (MFN) tariffs as defined by the WTO will be applied separately by the UK and EU on traded goods but there is a serious risk that the UK may sacrifice agricultural tariffs for other gains or for ideological reasons
- Preferential access such as via Tariff Rate Quotas has meant that EU prices are not as high as the full tariffs would suggest. To provide control during the transition period the UK will need to negotiate a share of these
- Direct payments are at risk but the impact varies between sectors

Most likely trade mechanisms

Currently, the NFU's favoured option is for the UK to become a member of the EEA (European Economic Area). If successful this would maintain free trade with the EU and although agriculture is largely excluded from the EEA agreement, if there was political will to do so, it would be a relatively small step to add it. It is a conservative approach preserving the status quo and makes little effort to take advantage of the new era.

It is politically unlikely and could be vetoed by the other EEA members. Free movement of goods, services, persons and capital is a requirement of the EEA. Compliance with most of the existing regulations and injection of cash into the EU would also be necessary. It would limit the ability to agree other free trade deals and would confer no voting rights on EU matters. Few politicians are in favour.

Not only is agriculture not included within the EEA to any great extent, it is not part of the Swiss and Turkish agreements either. Furthermore, even if we did find a way to lever ourselves into the EEA there would be a good chance that agriculture would be sacrificed to achieve membership, as it may well be in negotiating other trade deals.

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While it is rarely discussed, another option would be to adopt the Comprehensive and Economic Europe Trade Agreement (CETA) between EU and Canada. However, like the TTIP (Transatlantic Trade and Investment Partnership) between the EU and USA, this too might be floundering. The CETA agreement has to be ratified by all individual EU member states. If there was sufficient political will, CETA might supply the UK with access in both directions i.e. with Europe and with Canada. It provides a major and mutual reduction in agricultural tariffs. However, this agreement is limited compared with current access and would maintain a number of questionable restrictive phytosanitary measures. Longer-term, the UK objective is clearly to develop new free trade agreements (strictly regional trade agreements since they are not necessarily tariff free).

Thus, in practice it would look likely that the UK will initially adopt European Most Favoured Nation (MFN) tariffs, as permitted by WTO and negotiate a share of any preferential arrangements created under the Uruguay WTO agreement.

The UK might retain the tariffs or, through negotiation for other economic gains or for ideological reasons (lower consumer prices and better resource allocation), reduce them to zero. After all, cheaper food is a benefit for the consumer and, in contrast to exchange rate driven price changes, can be controlled.

Mechanistically, the expected impact of Brexit on prices is relatively straightforward:

- Introduction of a UK tariff would increase the price of UK imports. The EU is largely self-sufficient in agricultural goods and thus currently exports to the UK at close to global prices.
- The EU would apply tariffs to UK exports as it does to other non-EU countries and UK domestic prices would fall to compete.
- There would be an extra cost on all trade as a result of additional customs checks regardless of tariffs.

However, while the EU is self-sufficient at the commodity level (e.g. in beef, cereals and butter), there are imports as well as exports of most products. The imports are subject to tariffs or are as a result of preferential access. Other reasons for the two-way trade of similar products include differences in qualities, seasonal supply, regional shortages met through shorter supply chains from outside the EU and historic inertia. There are goods, such as sugar, where the EU is a net importer. If the UK unilaterally removed tariffs, import prices would fall for many goods even where the EU was in surplus trading close to global prices.

Preferential agreements

But there is even more devil in the detail. Perhaps the most crucial element is the various preferential agreements such as the Tariff Rate Quotas (TRQs), mainly introduced in the WTO Uruguay Round to protect historic trade relationships. Importantly, these agreements are between the EU and the exporting country and not with the EU country with the historic link. However, they can be introduced as part of a Free Trade Agreement (FTA) as Canada has introduced for dairy products in the CETA agreement. These provide access to the EU for a specific tonnage at a reduced tariff. In practice, preferential agreements control the price of the majority of imports into the EU.

In general, there is an incentive for the EU to pass on at least some of the TRQs to the UK in order to preserve the established trade equilibrium. However, whether there is benefit to the UK is more complex since the TRQs offer no advantage if tariffs are to be reduced in any case. From the UK's point of view, the best that could be argued is that the TRQs provide more control in a period of market reorientation. Even if there is no value to the UK, acceptance should require other benefit in exchange.

To illustrate, the UK is a deficit area for sugar. There is a significant zero rate quota allowing import from the poorest countries in the world. But many of these countries are high cost producers so the impact on EU price is not as great as a zero tariff might imply. However, there is a small quantity of sugar that enters the EU on another preferential agreement at a tariff below the full tariff, helping to ensure an EU premium. If the UK does not accept either preferential agreement, there would be reduced price protection. While unlikely, if the full MFN tariff were retained, there would be higher sugar prices in the UK.

For many products, changes in phytosanitary conditions may have a bigger influence than tariffs. But it would be incorrect to assume that UK standards are higher than others in all respects.

Cereal tariffs and trade

Bound tariffs

The bound tariff is the maximum MFN tariff level for a given commodity. Headline tariffs for cereals are:

EU cereal tariffs

	€/t		€/t
Durum	148	Maize	94
Soft wheat	95	Sorghum	94
Rye	93	Buckwheat	37
Barley	93	Millet	56
Oats	89	Triticale	93

Source: EU Commission

It was further agreed for wheat, durum, barley, maize, rye and sorghum that the import price should never fall below 155% of the intervention price of €101.31/t (i.e. €157/t or at an exchange rate of €1=£0.9 about £140/t). Clearly, this fixed tariff is penal and effectively prevents any imports. However, as a consequence of the large export surplus and the availability of the variable tariff (see below) the impact on price is minimal.

Variable tariffs

There is also a system of variable duties which apply to high quality wheat, durum, maize, flint maize, sorghum and rye. This mechanism prevents imports at below €157/t (derived as above) although tariffs cannot exceed the bound tariffs quoted above. In recent years, tariffs have rarely been applied (since the price has remained above this threshold). They were applied in summer 2014 although returned to zero from November 2014. US prices for wheat and maize (for all feed grains) are taken as a reference for calculation and thus euro/dollar and euro/sterling exchange rates are crucial determinants.

Tariff rate quotas

There are also tariff rate quotas providing access for a specific quantity at a low tariff:

EU Tariff Rate Quotas

	Tariff	Tonnage
Low and medium quality wheat	€12/t	USA 572,000 t Canada 38,853 t Other 2,378,387 t All countries 122,790 t
Common wheat products*	€0/t	Ukraine 950,000 t
Barley	€16/t	307,105 t
Barley products*	€0/t	Ukraine 250,000 t
Maize	€0/t	USA 277,998 t
Maize products*	€0/t	Ukraine 400,000 t
Malting barley	€8/t	50,890 t

Source: EU Commission *see list of processed cereal goods in table below

Tariffs on processed goods

In general, the tariffs on processed goods are much higher. There are also a large number of preferential agreements.

EU MFN tariffs on a selection of agricultural commodities

	€/t		€/t
Wheat flour	€172/t	Wheat malt flour	€177/t
Wheat gluten	€512/t	Other malt flour	€173/t
Wheat starch	€224/t	Maize starch	€166/t

Source: EU Commission

Impact on cereal farmers

While historically the UK has tended to be a net exporter of grain this has been less clear cut in recent years (see UK balance sheet in this edition).

In the absence of agreement, the EU would apply the full bound tariffs on exports from the UK, making the EU no longer a viable market for the UK's grain surplus. However, on average over the last five years, about 23% of UK wheat exports have been to countries outside of the EU and there has been little difference in price (exports to the EU were on average £151/t while exports outside of the EU were £154/t). Algeria and Thailand have been large destinations for UK grain but interestingly, so too, has the USA. UK prices would fall if subject to EU tariffs but only to a small extent and well within even the annual price range experienced.

Over the last five years, about 33% of barley exports have been to non-EU countries. There is a larger difference in price received than for wheat, with exports to the EU receiving £151/t against £140/t to non-EU countries. However, there may be a distinction between malting and feed grains since Saudi Arabia is the largest non-EU recipient and pays one of the lower prices per tonne. Therefore the barley price may be hit harder.

As discussed, one of the options is that the UK might unilaterally reduce tariffs on agricultural goods. Removal of tariffs would no doubt be accompanied by campaigns to buy British and to distinguish UK products on the grounds of quality. (See AHDB Grain Outlook conference report).

The loss of tariffs would make only a small difference except when global prices were low. The biggest threat would be to increase the frequency of occasions when UK wheat competed with maize rather than higher-priced soft wheat. The substitution would be the use of other grains in animal feed and ethanol production (where maize is technically a better substrate and usually has a price advantage) increasing the wheat surplus.

Despite the theoretical protection in times of low prices Ensus still found it cost effective to replace wheat with maize in 2012. The threshold for import protection was not reached but the UK became a net wheat importer. This reduced the price differential between UK wheat and maize and, in conjunction with the technical advantage, made maize the favoured ethanol substrate.

If tariffs were removed, there would be a risk of greater price seasonality. Thus, countries such as Russia and Ukraine might flood the UK market with wheat at harvest in July and August and in September and October with maize.

Tariffs on processed agricultural goods

The extreme threat is that the UK would also remove tariffs on processed goods. This is less likely than on primary goods but, at the extreme, could move processing abroad. This is perhaps unlikely in the grain sector where investment has been maintained but if Tate and Lyle Sugar (ASR) are to be believed, tariffs must have severely constrained investment in their one UK sugar processing plant and the impression given is that by now it must be held together with baler twine. Behind closed doors, in vape-filled rooms, it would be surprising if no one had given thought to the possibility of importing white sugar from other plants rather than importing raw sugar to process.

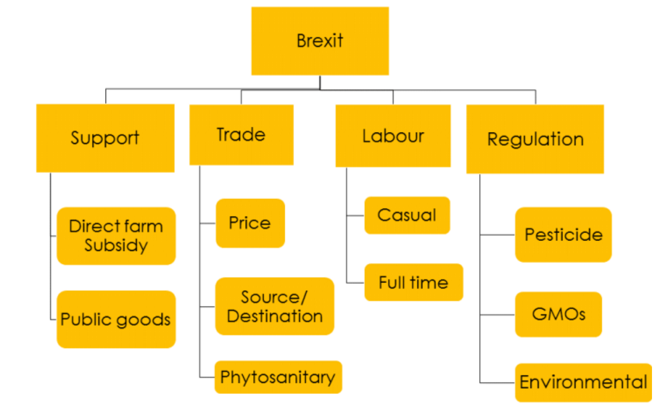
Quick thoughts on Brexit in agriculture

It is not only trade that is affected by Brexit. Analysis requires a structured approach as summarised in the following chart.

It is vital that the industry has time to adjust and important for politicians to realise that the double hit of subsidy removal and change in tariffs would be incredibly destructive. A period of adjustment is essential.

The restriction on foreign labour is more important than has often been taken into account and is already having implications where the fall in exchange rate has reduced effective pay for many EU workers in the UK by over 15% since the beginning of the year. While the reintroduction of a Seasonal Agricultural Workers Scheme (SAWS) would be of benefit in some sectors, it would be less effective in the food processing industry and for long-term contracts such as dairy herdsmen.

Diagrammatic representation of the impacts of Brexit



Source: The Policy Group

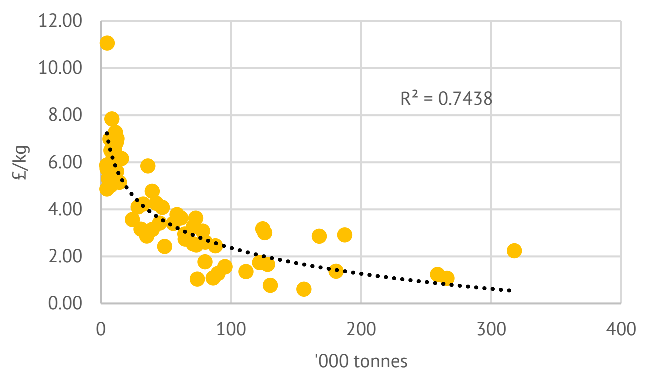
Once the changes have been made, there will be a reiteration process over several years where producers respond to a change in price by increasing or decreasing production and consumers adjust purchasing choices in line with the relative price of food. In addition, our global suppliers are likely to change as well as markets for our exported goods.

Beef to illustrate the impact of price on exports

Two livestock examples summarise the complexities of the tariff impacts.

The UK is roughly 80% self-sufficient in beef and imports a large proportion from the Republic of Ireland. However, the UK also exports some beef back to Ireland (possibly from N Ireland). While, as far as the trade classifications are concerned, at least some of the imports and exports are recorded in the same category, it is assumed that the trade is in different cuts (there does not appear to be a seasonality aspect). Over the last five years, imports have not varied with price while exports have. As the graph shows, higher prices result in lower export volumes.

Export from UK to the Republic of Ireland of fresh and chilled bovine cuts with bone in (2011 – 2016)



Source: HMRC analysed by The Policy Group

In this example, a rise in the price of beef would reduce the ability to export, changing the relative price between UK cuts of beef. For this classification, over the last five years the UK has paid on average £ 4.55/kg for imports and received £3.33/kg for exports.

Sheep merry-go-round

The second example concerns sheep exports. Several analysts have correctly identified that tariffs on sheep meat would have a large impact on the price of lamb since the UK is a major exporter to the EU and application of the standard tariff would increase the price of UK lamb to the EU by about 50%. At the very least, the tariff would decrease demand. The UK is not a low-cost producer so it would find it difficult to redirect exports elsewhere even at a slightly lower price. UK sheep meat production would fall.

But this is only part of the story. The UK does NOT have an export surplus in lamb. UK exports to the rest of the EU are significant but only occur because the UK receives a similar quantity of imported lamb from New Zealand and Australia. Most of these imports are on a zero rate TRQ tariff. No doubt it would be argued that supply is seasonal and involves different carcass types, although a lot of imported New Zealand lamb is frozen. Under WTO rules, identical goods cannot be imported preferentially and then exported elsewhere. However, the goods may be exported following processing and it is permitted for goods to be shuffled, i.e. for the UK to consume New Zealand lamb and export UK lamb. However, while we are in the EU, and thus a single trading bloc, there is nothing to prevent selling on imported produce even if not materially changed.

While for most products it is in the EU's interest to transfer a proportion of any TRQ to the UK to maintain the current market equilibrium, it would not be true of the lamb. Although there would be some cost and inconvenience, the EU would be better off retaining the entire TRQ and consequently receive the New Zealand exports directly.

Thus, in order to enter the European market the UK lamb price would have to fall. The fall would not be as great as the full tariff increase of 50% because other markets would become attractive. In fact, imports of fresh and chilled lamb carcasses and half carcasses into the UK from non EU countries (mainly from Australia and New Zealand on the 0% TRQ tariff) averaged £3.11/kg over the last five years while UK exports to the EU were at £3.91/kg.

While the prices are unlikely to be exactly comparable, they suggest that prices may fall by 20% if either the EU imposed tariffs (as is likely) or the UK reduced tariffs (as is possible).

Direct payments

All indications are that the direct payments will be phased out although payments for public goods (e.g. for the environment) look likely to be retained. The removal of the current subsidy would be fairly quickly reflected in lower rents and land values (although the fall in land values would be modest) and a squeeze on input use. Judging from experience elsewhere, farmers would undertake more manual work themselves and the number of employees decline. This is not to say it would not be tough for all concerned.

Farm financial data 2014/15

	Farm Business Income	Cash income	Net worth	Subsidy
Dairy	£83,760	£116,400	£1,658,199	£23,400
Cereals	£45,021	£76,800	£2,457,066	£33,900
Beef and Sheep	£34,206	£30,700	£1,217,934	£14,600
Pigs	£49,420	£84,800	£873,120	£7,900
		Average	Median	
National Household income		£30,716	£25,630	

Source: Farm Business Survey and ONS

The data relates to the 2014 accounts year so does not show the low dairy return in 2015 and first half of 2016. In addition, the income includes diversification income, but it is at least food for thought.

Beef and sheep farmers are hit particularly hard, but it would be hoped that public goods payments may be directed towards this sector where livestock help tourist industries in upland areas, maintain soil carbon stocks and contribute to environmental diversity. Limited, WTO-compatible coupled payments seem a reasonable option.

Farm implications

The extreme implications of a reduction in subsidy, imposition of tariffs on trade with the EU and the application or removal of tariffs on farm profitability can be predicted. Inevitably this produces both positive and negative scenarios.

The certain impacts are that the weaker exchange rate has raised output prices and subsidy well above where they would have been (see article 'Exchange Rate'). The negative aspects of higher input costs for fuel, fertiliser, sprays and machinery have so far barely been felt.

The extent of post Brexit readjustment is hard to predict. Few would have predicted the long-term recovery experienced by New Zealand farmers when subsidies were removed in 1984. Initially "*Farm land prices fell by 60 percent and fertiliser used declined by 50 percent. Approximately 1 percent of farmers left farming. The number of sheep fell sharply from 70 million in 1983 to 40 million in 2004; by 2007 there were 31 percent fewer sheep and beef farms…Today, the agriculture sector is larger than when it was heavily supported; it is more profitable, efficient and innovative.*" (Sources: Myers and Kent (1998); OECD (2006) and (2007); Ray and Blandford (2004); TEEB (2009); Vitalis (2007)).

It is the structural changes, not shown by simple gross margin analysis, that are important.

The impact of changes in trade terms are less for arable farmers than most other sectors. There are no tariffs on oilseed rape or beans. Cereal prices would fall but by a small extent compared with recent volatility, unless prices consistently returned to pre-2006 levels. It is unlikely that the cost of seasonal labour would rise significantly if seasonal access was permitted. The labour cost may actually reduce as management efficiencies result in more manual work being supplied by the principal or additional skills such as agronomy, book-keeping and accountancy allowed substitution of high cost third party input. The cost of completing the subsidy application would certainly disappear – one way or another. Rents would adjust relatively quickly and pressure on supply chain help maintain low input prices. The fall in land prices would be far more modest than in New Zealand. We estimate the fall as about £400/acre from loss of subsidy, a small fall compared to recent increases.

Change following Brexit is significant for arable farmers and likely to reduce profit. While it is additive to the impact of commodity price volatility, it is not greater. It is in other sectors.

AHDB Grain Market Outlook conference

Brexit was a key theme at the recent AHDB Grain Market Outlook conference in London. David Swales, Head of Strategic Insight with the AHDB, provided an overview of the work that the AHDB has been doing in this area as well as a summary of the options potentially available post-Brexit. He highlighted that there was likely to be a trade-off between Single Market access and sovereignty. Areas of impact mirrored our summary.

He fleshed out the importance of phytosanitary standards and used as an example their role in export of wheat from the UK to Egypt. He opined that these are arguably more important initially than securing free trade deals which can take many years to complete.

He also presented research from IGD showing that price was the primary driver of choice, undermining any 'buy British' campaign. This is particularly pertinent given the increased likelihood that the UK government will pursue a cheaper food policy.

So whilst farmers may be currently experiencing a boost to their incomes due to weaker sterling, significant long-term challenges remain. Farmers need to be proactive in understanding how these challenges (e.g. tariffs) could impact their business both positively and negatively. Admittedly, there is a temptation to focus only on threats but opportunities will come to nothing if no action is taken towards their attainment.

Brexit: politics

Abstract:

- The Conservative Party conference offered some new detail on Brexit and enough to frighten investors
- Investors fear a hard Brexit where access to the EU Single Market is sacrificed in favour of controls on EU immigration
- Under those circumstances, a trading arrangement based on the default scenario of WTO rules seems most likely. However, it should be noted that none of the trade options under a soft Brexit automatically guarantee free trade in agricultural products
- The Defra Secretary of State hints at a consultation document
- The other UK parties are making supportive noises toward agriculture, with the exception of Nigel Farage who is looking forward to cheap food imports after Brexit

Article 50 and the 'Great Repeal Bill'

This month, there have been a number of announcements which have started to bring some clarity to the issues surrounding Brexit. We now know from the Conservative Party conference that Article 50 will be triggered by the end of March 2017 which will begin the formal negotiating process. In addition, Theresa May announced the introduction of the 'Great Repeal Bill' which will remove the 1972 European Communities Act from the statute book while simultaneously enshrining all existing EU law into UK law. This bill would come before Parliament between April 2017 and March 2018 and would be enacted when the UK formally leaves the EU.

The following is an overview of the timelines:

- Jan–Mar '17: Article 50 triggered, negotiations with EU start
- Apr '17–Mar '18: Great Repeal Bill put before Parliament
- Mar–Apr '19: UK's formal exit from EU (unless all parties agree an extension). Great Repeal Bill comes into force.

However, the Conservative Party conference in Birmingham provided little clarity on what happens during the two year exit negotiation period nor how a new national agricultural policy post-Brexit will be derived.

David Davis, the Brexit Secretary of State, provided a little more explanation by claiming that it would be a simple process: when the European Communities Act is repealed, EU law will be transposed into domestic law, wherever practical, on the day that Act is repealed. It will be for Parliament then to make the changes to the transposed laws to reflect the outcome of the EU/UK negotiation and our exit. This would suggest that all CAP legislation could be transposed into domestic law in the first instance, which provides a starting point for the transition into a new domestic policy.

Ministers are facing pressure to set out what they want to achieve from the talks with the EU before formally triggering Brexit by the end of March. But the standard 'push back' to these requests has been a refusal to give a 'running commentary' on the talks. There is also pressure from MPs from across the House for a Commons vote before the start of negotiations. They include ex-Labour leader Ed Miliband, who said Parliament should be given a say because the referendum had not specified a 'particular type of Brexit'. The government response is that there would be no *"vote to second-guess the will of the British people"*.

The government's case is being tested in court by an investment manager and a hairdresser, who are challenging the right of the government to start the process of withdrawing the UK from the EU without a vote in Parliament. Lawyers will question whether Theresa May is entitled to act unilaterally, using powers left over from the days of medieval monarchs. As Professor of Public Law at Cambridge University, Mark Elliott, puts it: "*I don't rule out the possibility of the government losing the case.*" But it seems more likely that the government will win it.

When Brexit does eventually come, investors have concluded from the conference that the likelihood of a hard Brexit has increased, meaning that the apparent trade-off between having tariff-free access to the EU Single Market or controlling UK borders has swung towards restrictions on EU migration (and introduction of tariffs). David Davis seemed open to either option, admitting that it would be better if we could have tariff-free trade: "*History shows that the easier it is for us to do business together, the better it is for both Britain and Europe... it certainly won't be to anyone's benefit to see an increase in barriers to trade, in either direction. So we want to maintain the freest possible trade between us, without betraying the instruction we have received from the British people to take back control of our own affairs*".

Investors understand, even if Davis does not, that there is no easy escape from EU law which in principle ties access to the Single Market with the free movement of labour and capital. So the market is pricing in a hard Brexit which has led to the depreciation of sterling against all other major currencies. The short-term benefits have been improved agricultural commodity markets (in trade surplus) and stock markets but the currency markets indicate that the long-term prospects of a hard Brexit are less positive.

Leadsom hints at consultation

Defra Secretary of State Andrea Leadsom told the Conservative conference that "*it's crucial we provide our farmers with certainty and continuity*". There have been indications that this guarantee will apply to BPS payments for the 2019 claim year but not 2020.

She indicated in press interviews that there would be a consultation period "*within the next month – or a few months at the most*". This seems to tie into reports that the government was considering producing a Green Paper (a consultation document setting out policy proposals) this autumn, but has since been denied by Downing Street. So perhaps all we can conclude from these reports is that Defra is proposing some form of consultation, but it is not clear whether this consultation is in any way linked to the much heralded 25-year Food and Farming Plan, which she also mentioned in passing.

Given that a government's normal term of office is 5 years, a 25-year plan is a convenient way of kicking any responsibility for delivery of policy objectives into the long grass.

UK agricultural support policy

George Eustice spoke recently at a Department for International Trade conference on Agri-Tech and strongly favoured designing a new UK agricultural policy based on first principles and not tweaking around the edges of existing Pillar 1 and 2 structures. He also highlighted the role that data could play in driving an evidence-based policy that could be developed iteratively year-on-year whilst tailoring to local needs, possibly on a water catchment basis. Given the focus of the conference, it was unsurprising that he spoke about the potential of technologies such as precision farming, robotics and gene editing and not just GMOs, to drive UK agricultural productivity to compete globally.

Retaining high animal welfare standards was cited. This is noteworthy since they would constitute a significant non-tariff barrier that could protect the UK from cheap meat imports from Latin America or Thailand. These welfare standards would help to protect, in turn, the UK feed grain sector.

Mr Eustice did not refer to Canadian insurance models on this occasion, although he has appeared quite keen on these in the past. Whether it is practical for UK agricultural policy to be tailored to local conditions by sophisticated use of data is another question, especially given Defra's record with computer systems.

"*Labour will back British Farming*"

The Labour Party's front bench team has been in flux for some time but the current holder shadowing Defra is Rachael Maskell, who was elected as the Member of Parliament for York Central in 2015. Rachael graduated from the University of East Anglia with a degree in physiotherapy in 1994. On starting work, she became a trade union representative, eventually becoming the national official for Unite.

Her conference speech was robust and she made far more reference to farming than her predecessors have done in recent years: "*Labour will work with the food and agricultural sector to underpin trade with the right financial drivers to grow production, while protecting our natural world. Labour will back British farming – plough to plate.*"

She said that she didn't want all the risks in food production to fall on farmers and said that the Grocery Code Adjudicator would be given greater powers right through the food production chain. She also made a commitment that EU workers would have the right to stay, giving job security to them and enhance staff availability for farm businesses.

Lib Dem's animal rights

As ever, the Liberal Democrat conference had few set piece speeches and a series of policy debates. *Inside***Track's** review of the available conference papers found little of agricultural interest to readers, but noted that the Lib-Dem Defra spokesperson has been an animal rights campaigner. Prior to her elevation to the Lords as Baroness Parminter, Kate Parminter worked as the Chief Executive of the conservation charity the Campaign to Protect Rural England. Between 1990 and 1998 she worked for the Royal Society for the Prevention of Cruelty to Animals, rising from public relations officer to become Head of Public Affairs. She also chaired the Campaign for the Protection of Hunted Animals, which helped to ban hunting, between 1997 and 1998.

The Leader of the Liberal Democrats, Tim Farron, has been campaigning under the heading 'Not a Penny Less' to ensure that support to agriculture is maintained post-Brexit.

UKIP praise cheap food

"*Food imports will be cheaper once the UK leaves the EU*", UKIP leader Nigel Farage claimed on the Andrew Marr show.

Speaking on the BBC 1 programme on 19 September, Farage said: "*Everything will get much cheaper – absolutely. We will open ourselves up to the world – we can get rid of the common external tariff – and buy cheaper food. Don't you remember years ago – cheaper butter, lamb from New Zealand?* "

It is a shame that UKIP wasn't quite so expressive about the impact of Brexit on UK farmers before the referendum vote.

UK surveys

UK June survey – provisional

The provisional UK results of the Defra June survey show that wheat and oilseed rape areas harvested in 2016 were down on the year before, while barley, oats and pulse areas have increased. Whilst BPS crop diversification rules remain influential, globally abundant grain supplies and restrictions concerning neonicotinoids are also exerting a significant influence. Potatoes have experienced a recovery vis-à-vis a significant decrease in 2015 but are still not back to historic levels. Sugar beet has again experienced a decrease as lower prices continue to have an impact and British Sugar encouraged lower drilled areas to help deal with their surplus.

Uncropped arable land has increased by 18% since 2015 to 251,000 ha coming on top of a 54,000 ha increase from 2014 to 2015. This is likely to be partly due to land being recorded as uncropped to comply with BPS greening requirements which would not previously have been distinguished from the field crop (e.g. stewardship margins). However, in areas where black grass is particularly challenging there is evidence that some farmers have decided to leave the land uncropped.

UK June survey results (crops '000 ha, '000 livestock numbers, % change 2016/2015)

	2013	2014	2015	2016*	% ch
Wheat	1,615	1,936	1,832	1,824	−0.5
Barley	1,213	1,080	1,101	1,123	+2.0
- winter	310	429	442	438	−0.8
- spring	903	651	659	685	+3.9
Oats	177	137	131	141	+7.6
Rye, mixed corn & triticale	24	26	35	41	+16.6
Total cereals	**3,028**	**3,179**	**3,100**	**3,129**	**+0.9**
Oilseed rape	715	675	652	579	−11.2
Linseed	34	15	15	27	+81.6
Borage	3	2	3	1	−54.1
Potatoes	139	141	129	136	+6.2
Sugar beet	117	116	90	86	−4.8
Field peas & beans	147	139	214	230	+7.5
Maize[1]	194	183	187	195	+4.4
Other crops for stock feed[2]	88	79	79	80	+1.3
Other arable crops[3]	35	30	37	44	+17.6
Total horticultural crops	163	164	174	160	−7.8
Total crops	**4,665**	**4,722**	**4,679**	**4,667**	**−0.2**
Uncropped arable land	255	160	214	251	+17.6
Total croppable land	6,310	6,278	6,059	6,064	+0.1
Livestock					
Cattle & calves	9,844	9,837	9,919	10,033	+1.1
Pigs	4,885	4,815	4,739	4,849	+2.3
Sheep & lambs	32,856	33,743	33,337	33,507	+0.5

Source: Defra [1]includes fodder and grain maize [2]includes leguminous forage crops [3]includes short rotation coppice, miscanthus and crops for aromatic or medicinal use *provisional

UK yields and production for 2016

Defra's provisional estimates for the size of the cereal and oilseed rape harvest in 2016 confirm the widespread view that yields are down this year. Admittedly, 2015 yields were high. When compared with the five-year averages the 2016 figures are – very average. The main exceptions to this are oilseed rape yield and production (below average) and, to a lesser extent, spring barley (below average).

UK cereal and oilseed rape yields, t/ha, % change 2016/17

	2014	2015	2016*	% change	5-yr av.
Wheat	8.6	9.0	7.9	−11.6	7.9
Barley	6.4	6.7	5.9	−11.5	6.1
- winter	7.2	7.7	6.4	−15.8	6.8
- spring	5.9	6.0	5.4	−10.1	5.6
Oats	6.0	6.1	5.9	−2.9	5.7
Minor cereals	5.0	3.5	3.2	−6.1	4.0
Oilseed rape	3.6	3.9	3.1	−21.5	3.4

*provisional Source: Defra

UK cereal and oilseed rape production, '000t, % change 2016/17

	2014	2015	2016*	% change	5-yr av.
Total cereals	**24,468**	**24,734**	**22,086**	**−10.7**	**22,177**
Wheat	16,606	16,444	14,467	−12.0	14,540
Barley	6,911	7,370	6,652	−9.7	6,709
- winter	3,094	3,382	2,825	−16.5	2,748
- spring	3,817	3,988	3,723	−6.6	3,941
Oats	820	799	834	+4.5	809
Minor cereals	131	122	133	+9.5	120
Oilseed rape	**2,460**	**2,542**	**1,771**	**−30.4**	**2,292**

*provisional Source: Defra

AHDB Quality Survey

Wheat quality is high this year so far, with 48% of Nabim Group 1 wheats meeting a typical high quality bread specification, the highest percentage achieving this for 10 years.

The second provisional results of the AHDB Cereals and Oilseeds Cereal Quality Survey were based on 15,536 samples analysed by 24 September 2016. Last year, 31% of Group 1 wheat samples met the requirements for high quality bread due to lower average protein levels. However, this year, specific weights are below the three-year average. Skyfall continues to perform well. Milling premiums will depend on acceptability to French importers, given their very low quality this year.

AHDB 2016 Cereal Quality Survey – wheat (as at 24/09/2016)

	Specific weight kg/hl		Hagberg Falling Number		Protein % dry matter	
	2015[1]	2016[2]	2015[1]	2016[2]	2015[1]	2016[2]
Skyfall	79.9	78.2	318	327	12.5	13.1
Crusoe	79.3	77.4	302	300	12.9	13.4
Gallant	79.7	76.9	337	342	12.6	13.1
Av. gp 1	79.5	77.5	314	317	12.7	13.2
Cordiale	80.3	78.1	328	342	12.5	12.9
Av. gp 2	80.0	77.0	321	333	12.4	12.6
Av. gp 3	77.9	75.6	269	291	11.3	11.8
Av. gp 4	77.8	75.9	262	293	11.0	11.5
Ukp	79.7	77.2	316	316	12.7	13.0
Uks	77.8	75.6	259	282	11.1	11.7
Average	78.8	76.7	293	309	11.9	12.5
3-year average (2014 to 2016)	**77.6**		**303**		**11.8**	

Source: AHDB [1]as at 30/09/15 [2]as at 24/09/16

Barley is also coming in at lower specific weights. Nitrogen levels are higher than last year but similar to the 3-year average. Grain size is smaller than 2015 and the 3-year average.

AHDB 2016 Cereal Quality Survey – barley (as at 24/09/2016)

	Specific weight kg/hl		Nitrogen % dm		Screenings % <2.25 mm		Screenings % >2.5 mm	
	2015[1]	2016[2]	2015[1]	2016[2]	2015[1]	2016[2]	2015[1]	2016[2]
SY-Venture	66.7	63.2	1.52	1.53	2.2	4.6	92.9	89.3
Pearl	67.5	66.0	1.61	1.62	1.7	2.4	94.9	92.8
Cassata	66.6	64.3	1.56	1.57	1.4	2.3	95.1	92.6
Average winter	66.8	63.8	1.55	1.57	2.0	3.7	93.5	89.4
Concerto (s)	65.4	63.3	1.41	1.48	1.6	2.7	96.1	93.2
Propino (s)	67.2	64.7	1.66	1.68	0.8	2.2	97.0	93.2
Average spring	66.4	64.1	1.52	1.57	1.3	2.7	96.0	92.6
Average	66.5	63.9	1.53	1.58	1.5	3.0	95.4	91.9
3-year average (2014 to 2016)	**66.7**		**1.58**		**1.5**		**95.3**	

Source: AHDB [1]as at 30/09/15 [2]as at 24/09/16

Environment

Payments for ecosystem services (PES)

Ecosystem services are the processes by which the environment produces resources that are utilised by humans. Environmental think tank Green Alliance and the National Trust have produced a report New markets for land and nature which proposes a Natural Infrastructure Scheme (NIS), to bring new income streams into farming by supporting a fundamentally different approach to land use.

To put this concept in context, the Coalition government's Ecosystem Services Task Force reported in detail on the opportunities for payments for ecosystem services (see our March 2013 issue). However, when the concept was piloted, several barriers were identified: ensuring a fair contribution is made by those who benefit and that payments reward additional service delivery rather than merely preventing bad practice. There was also the challenge of developing contracts that can specify standards of service delivery.

The NIS would be a new market mechanism allowing farmers and other land managers to benefit financially from environmental improvements such as flood alleviation and habitat creation. The NIS proposals consist of two main strands:

- land managers in a catchment would enter into a NIS contract with downstream businesses to increase the ecosystem services provided by their land in order to reduce costs incurred by those downstream. Examples of the land management changes would be river meandering, tree planting, creation of riparian strips.
- an online NIS Plus funding platform would enable local people, tourism businesses, local and national companies etc. to fund land management changes to increase the environmental benefits provided under the original NIS. Examples of improved environmental and amenity value would be new habitats and improved access for recreation.

Farmers would deliver, sell and be at the forefront of designing the solutions. They would also bear the risk of non-delivery. Farmers in a catchment are expected to form a co-operative. The authors recommend that the government considers NIS when it devises its replacement to the CAP.

LEAF's annual conference on 9 November in London will be on the subject of Debating Natural Capital – see www.leafuk.org/leaf/home/leaf25/LEAF_Conference_2016

BPS and RPA

Greening 2018 – no change for 2017

A number of disruptive proposals were still live last month. Member states have now been given the option to adopt the proposed changes in 2017 or 2018. England will not adopt the changes until 2018.

- The EFA fallow period remains 6 months.
- The catch/cover crop minimum period will be 8, not 10 weeks.
- The proposed pesticide ban on nitrogen-fixing crops used to meet the EFA requirement remains on the table.

RPA madness

The RPA is asking for sketch maps where parcels have two or more types of cover and where the distinction is not clear from their aerial images. At least some of these requests are being made by email even though communication problems have been reported. As we have stated, the RPA is trying to make more use of the messaging service within the RPA portal.

While the RPA claims to have addressed virtually all underpayment issues, industry experience indicates that this is far from true. We are aware of the payment of some England-Scottish cross-border and commons claims. The EU extension to resolve 2015 BPS issues was until 15 October 2016.

The RPA's failure to report 2015 inspection results is causing further angst.

RPA service targets for 2016/17

Each financial year the RPA measures its success against 'performance indicators'.

Selected RPA performance indicators and targets for 2016/17

Performance indicator	Target
Timely payment of BPS	90% of customers paid by 31 December 2016 93% of customers paid by 31 March 2017
Delivering service to customers	60% calls answered within 2 minutes 90% calls successfully answered 98% of complaints to be fully resolved or action plan put in place within 15 working days

Source: RPA

BPS subsidy rate

One unambiguous benefit of the weakening in sterling is the increase in BPS subsidy for 2016. The RPA is adamant that 90% of 2016 payments will be made in December. However, Scottish cross-border claims look likely to be delayed.

There are minor adjustments to the euro-defined subsidy rate still to be confirmed. The financial discipline deduction remains a proposal and any rebate will not be known for some time. (Most claimants should have received a rebate of 1.3% of their 2015 payment over €2,000 relating to the 2014 deduction).

Estimated subsidy payment 2016/17

	2015			2016		
Exchange rate £/€	0.73129			0.85228		
Financial discipline*	1.393041%			1.366744%		
	Non SDA	**SDA**	**Moorland**	**Non SDA**	**SDA**	**Moorland**
€/ha	248.02	246.24	65.06	248	246	65
£/ha	178.87	177.58	46.94	209	207	55
£/acre	72.39	71.87	18.99	84	84	22

Source RPA and EU Commission calculated *Inside*Track
*First €2,000 of any payment is exempt so stated payments may vary slightly with size of claim.
2016 rate is as proposed

We urge all recipients to check their 2015 subsidy payments. There are still incorrect payments coming to light – we are only aware of underpayments.

Market reports

Cereal supply and demand

The October global supply and demand data for global wheat and total cereals show little change from the September data reported last month. The world is fairly comfortable for grain supplies and supply and demand look unlikely to be a driver for upward price movement. European and UK supply and demand will modify the price determined by the global situation.

UK cereal balance sheet

The AHDB has published both its final balance sheet estimate for 2015/16 and its first estimate for 2016/17.

While there is a large carry-over of both wheat and barley stocks, barley stocks have fallen. Exceptional production was absorbed by increased use in animal feed and high exports.

The 12% fall in estimated 2016 wheat production is expected to reduce the balance available for stocks or export. In practice, the UK looks likely to be a net importer. Wheat exports so far for the current marketing year (July and August only) are estimated at 456,891 tonnes (no doubt spurred by the weaker currency).

UK wheat supply and demand balance sheet ('000 tonnes, % change 2016/17–2015/16) estimate 7 October 2016

	2014/15	2015/16 Final	2016/17 First est.	% change
Opening stocks	1,559	2,434	2,792	+15
Production	**16,361**	**16,508**	**14,467**	**−12**
Imports	1,669	1,509	1,250	−17
Availability	**19,589**	**20,451**	**18,509**	**−9**
Human & industrial use.	7,832	7,356	7,915	+8
Animal feed	6,995	7,097	7,476	+5
Seed	292	282	283	0
Other consumption	88	79	82	+4
Total consumption	**15,206**	**14,814**	**15,756**	**+6**
Balance	**4,383**	**5,637**	**2,753**	**−51**
Exports	1,957	2,845	-	-
End of season stocks	**2,426**	**2,792**	**-**	**-**
Surplus over stock*	**2,883**	**4,087**	**1,193**	**−71**

Source: AHDB *surplus over estimated minimum working stock

Barley shows a similar picture.

UK barley supply and demand balance sheet ('000 tonnes, % change 2016/17–2015/16) estimate 7 October 2016

	2014/15	2015/16 Final	2016/17 First est.	% change
Opening stocks	1,379	1,497	1,367	−9
Production	**6,911**	**7,370**	**6,652**	**−10**
Imports	139	152	130	−15
Availability	**8,429**	**9,019**	**8,149**	**−10**
Human & industrial use	1,949	1,833	1,864	+2
Animal feed	3,276	3,606	3,458	−4
Seed	177	182	182	0
Other consumption	35	37	37	0
Total consumption	**5,437**	**5,658**	**5,541**	**−2**
Balance	**2,992**	**3,361**	**2,608**	**−22**
Exports	1,495	1,995	-	-
End of season stocks	**1,497**	**1,367**	**-**	**-**
Surplus over stock*	**2,242**	**2,601**	**1,848**	**−29**

Source: AHDB *surplus over estimated minimum working stock

While the AHDB data for 2016/17 is undoubtedly reasonable, there is inevitably a degree of speculation. The industrial use has been particularly difficult to predict given the production and economic problems, although at the moment looks set for a high use. AHDB also suggests that flour extraction rates may be low as a result of poorer specific weight.

According to the AHDB, cheaper cereals will replace other feeds in livestock rations, increasing demand.

EU balance sheet

The revised EU balance sheet was published on 29 September 2016. EU supply and demand has tightened, suggesting that EU prices should not dip below US values.

The fall in production and, thus, exports had been expected.

EU wheat (inc. durum) supply and demand balance sheet (Mt, % change 2016/17–2015/16) estimate 29 September 2016

	2014/15	2015/16 Final	2016/17 First est.	% change
Opening stocks	11.63	14.04	18.09	+28.8
Production	**156.08**	**160.07**	**142.51**	**−11.0**
Imports	5.69	6.63	6.05	−8.7
Availability	**173.39**	**180.74**	**166.66**	**−7.8**
Human	55.40	55.56	55.76	+0.4
Industrial	10.55	10.70	11.10	+3.7
Animal feed	52.48	56.10	56.10	0
Seed and other	6.37	6.38	6.40	+0.4
Total domestic consumption	**124.80**	**128.74**	**129.35**	**+0.5**
Exports	34.56	33.91	26.27	−22.5
End of season stocks	**14.04**	**18.09**	**11.03**	**−39.0**

Source: EU Commission

EU coarse grain supply and demand balance sheet (Mt, % change 2016/17–2015/16) estimate 29 September 2016

	2014/15	2015/16 Final	2016/17 First est.	% change
Opening stocks	28.53	37.14	29.72	−20.0
Production	**171.90**	**150.41**	**151.31**	**+0.6**
Imports	9.91	13.91	14.54	+4.5
Availability	**210.34**	**201.46**	**195.57**	**−2.9**
Human	9.57	9.58	9.62	+0.4
Industrial	21.55	21.60	21.50	−0.5
Animal feed	119.50	118.30	118.70	+0.3
Seed and other	5.48	5.41	5.41	+0.0
Total domestic consumption	**156.09**	**154.90**	**155.23**	**+0.2**
Exports	17.11	16.84	11.33	−32.7
End of season stocks	**37.14**	**29.72**	**29.00**	**−2.4**

Source: EU Commission

Oilseeds

UK oilseed rape prices are now at their highest since April 2014 In fact, since August 2007 prices have only been higher on 34% of occasions. The high price is almost entirely due to rising vegetable oil prices and weakening sterling since protein meal prices are falling.

USDA estimates a large upwards revision in oilseed stocks.

World oilseeds supply & demand at 12 October 2016 (Mt)

	Output	Trade	Total use	Cl. stocks*
2014/15	536.84	147.10	439.25	93.37
2015/16	520.42	153.40	447.32	86.95
2016/17 Sep	544.47	158.24	463.90	82.81
2016/17 Oct	548.01	159.20	463.86	88.13

*closing stocks Source: USDA

However, there is some transfer of demand between oilseeds and its components, vegetable oil and protein meal, as well as revisions to stock estimates in earlier years.

World oilmeal supply & demand at 12 October 2016 (Mt)

	Output	Trade	Total use	Cl. stocks*
2015/16	306.46	87.28	305.15	14.09
2016/17 Sep	318.30	92.33	316.10	13.60
2016/17 Oct	318.20	92.24	316.49	12.32

World vegetable oil supply & demand at 12 October 2016 (Mt)

	Output	Trade	Total use	Cl. stocks*
2015/16	176.73	74.77	177.83	19.05
2016/17 Sep	186.87	78.81	184.10	18.39
2016/17 Oct	185.85	78.65	183.42	18.04

*closing stocks Source: USDA

EU oilseed forecasts

While oilseed rape dominates production, imports of soyabean and palm oil make important contributions to supply.

EU oilseed supply and demand, Mt

	Forecast 2016/17				Est 2015/16
	Rapeseed	Soyabean	Sunflower	Total	Total
O. stock	1.10	1.35	0.60	3.05	3.15
Production	19.92	2.12	8.27	30.32	31.69
Imports	3.04	13.69	0.39	17.12	18.43
Supply	24.06	17.16	9.27	50.49	53.27
Consumption	22.54	15.84	8.03	46.41	49.34
Export	0.49	0.10	0.57	1.16	0.89
Use	23.03	15.94	8.60	47.57	50.22
Cl. stock	1.03	1.22	0.67	2.92	3.05

EU oilmeal supply and demand, Mt

	Forecast 2016/17				Est 2015/16
	Rapeseed	Soyabean	Sunflower	Total	Total
Production	12.43	11.21	3.90	27.53	29.19
Imports	0.43	21.11	3.56	25.09	23.47
Supply	12.90	32.67	7.56	53.13	53.16
Consumption	12.41	32.04	7.23	51.68	51.65
Export	0.45	0.29	0.23	0.97	1.01
Use	12.85	32.33	7.47	52.64	52.66
Cl. stock	0.05	0.33	0.10	0.48	0.50

EU vegetable oil supply and demand Mt

	Forecast 2016/17					Est 2015/16
	Rapeseed	Soyabean	Sunflower	Palm	Total	Total
O. stock	0.60	0.18	0.25	0.50	1.50	1.55
Production	8.94	2.84	2.97	0	14.75	15.67
Imports	0.24	0.30	1.03	6.75	8.33	8.91
Supply	9.76	3.32	4.23	7.25	24.59	26.13
Consumption	8.81	2.25	3.60	6.64	21.29	22.82
Export	0.35	0.90	0.38	0.14	1.76	1.81
Use	9.16	3.14	3.97	6.78	23.05	24.63
Cl. stock	0.60	0.18	0.28	0.48	1.53	1.50

Source: EU Commission

The 2016/17 supply is estimated to be below 2015/16 but so too is use following a period of increased consumption for all components.

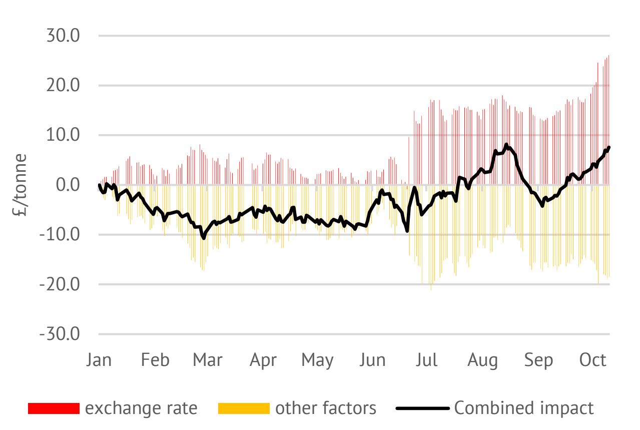
In contrast, the UK looks likely to be a net importer of rapeseed. This has occurred several times in the past but less so in recent years. This is marginally positive for price. However, the UK is usually a big importer of vegetable oils and protein meals.

Exchange rate

Without doubt, exchange rate has been the dominant influence on UK prices and until negotiations on leaving the EU are completed will remain so. To date, weakening sterling has been a boon for the sector. Investment on processing is likely to slow although the impact on farmers will be delayed.

As far as the wheat market is concerned, there have been two strongly opposing forces – an increase in price due to exchange rate and a fall in price because of excess global grain supply. In January this year, the forward price of wheat for November 2016 was £124.50/t. It is now £132.10. At a constant exchange rate the price would be £109/t while if the exchange rate had been the only influence the price would be £151/t. The conflicting forces and the net result can be seen in the following graph.

Impact of exchange rate and other factors on November 2016 UK wheat from January 2016 to 10 October 2016, £/t



Source: London futures and European Central Bank analysis *Inside* **Track**

In early 2016 the threat of the referendum looks likely to have influenced the exchange rate although the impact receded as polls indicated that remain was the more likely outcome. The concern in August over French and UK production led to a relatively high premium over Chicago wheat for a short period.

British Sugar exchange rate bonus

The EU sugar contract provides a minimum beet price of €26.29/t for beet with 16% sugar content. Weakening of sterling has meant that the sterling price for the 2016/17 year has increased. British Sugar announced an increase in price for the 2016 crop from £20.30/t to £21.62/t based on 'the average September exchange rate'.

The grower announcement refers to the arrangements in the IPA agreement rather than EU legislation. The increase appears to be below that expected from application of the exchange rate to the minimum price.

Indications are that production may again not meet quota so any surplus beet should receive the full revised price.

EU sugar price rises are lagging behind global prices (as usual) but are on the way up. The last reported EU white sugar price was €437/t for August, suggesting a sterling price still under the threshold for a 2017/18 bonus. This is increasingly making the low base price agreed between the NFU and British sugar disappointing but it is still above even the revised 2016/17 price – although we think both prices should be higher.

In brief...

Key dates for coming weeks

Key dates* for Cross Compliance and ELS – main options

Rule/ option	ELS edn.**	Date	Action
GAEC 2		31 Oct	Abstraction return forms available from Environment Agency for summer water abstraction licences - 28 days to complete.
GAEC 6		1 Nov	You may burn heather, rough grass, gorse or vaccinium on land other than in upland areas from this date (until 31 March).
EF4	All	1 Nov	You may not cut from this date (until 14 September).
EB14	2013	1 Nov	You may lay hedges and/or gap up from this date (until 28 February).

*This summary is a memory prompt – always check guidance and/or contract **ELS edition which applies is determined by date of contract All = all editions where option is available
Source: RPA and Natural England

The future for *Inside*Track

The Andersons Centre will be taking *Inside***Track** forward after this issue. Over the last 15 years, we have striven to encapsulate issues in an unbiased way as well as to provide original insight into key matters affecting viability and profitability in the arable sector, including:

- the restructuring and recovery of the UK agricultural sector after Foot and Mouth Disease
- numerous CAP reforms and reviews culminating in the introduction of BPS and greening
- the grain markets over contrasting times of painfully low prices at the beginning of the millennium, then crop shortages of a decade ago and the return to current lower prices resulting from ample grain stocks
- the rise of renewable energy and its impact on crop markets and profitability
- GMOs and major pesticide stories such as neonicotinoids and the change from risk to hazard based assessment of pesticides
- the sugar sector from plant closures 10 years ago to removal of EU sugar quotas
- growth of agri environment schemes as an additional income stream for farm businesses
- information on income sources such as renewable energy and rural development schemes
- the complex issues around Brexit and on-going implications for trade and farm income.

The members of the specialist Research Team at The Andersons Centre are looking forward to developing the publication further and I am certain that it will go from strength to strength under their stewardship. If you have any questions in the meantime, please feel free to contact either me or Michael Haverty of Andersons: 01664 503 219 mhaverty@theandersonscentre.co.uk

The Policy Group

We will be working on a new venture providing businesses and government with evolving analysis and insight into the impact of Brexit on the agricultural sector – The Policy Group www.thepolicygroup.co.uk. Do get in touch to learn how it could help your business: simon.ward@increment.co.uk. In addition, my main business, Increment Ltd, will continue to supply strategic business advice and analysis for the agricultural sector.

BeeConnected.org.uk

A new web-based crop spray alerting system, BeeConnected, linking farmers and beekeepers, has gone live across the UK. Farmers can log details of spray plans and a notification will be sent out to neighbouring beekeepers registered on the system.

Greenhouse gas reporting – conversion factors 2016

The Department for Business, Energy and Industrial Strategy has published emission conversion factors to be used to report on 2016 greenhouse gas emissions by UK-based organisations and for international organisations reporting on UK operations.
www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2016

Consultations relevant to arable sector

Consultations announced

Description	Department & deadline
Nitrate vulnerable zones in Wales consultations.gov.wales/consultations/nitrate-vulnerable-zones-wales	Welsh Government 23 Dec 2016

Consultations reported or Government responses

Description	Department & deadline
Water abstraction licensing: changes to exemptions in England and Wales (NB summary of responses – no government response) www.gov.uk/government/consultations/water-abstraction-licensing-changes-to-exemptions-in-england-and-wales	Defra Sept 2016

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