

## A monthly briefing for UK farmers - October 2019

- There have been more twists and turns over the month as the Brexit saga continues. However the UK and the EU did agree a **Brexit deal** on 17<sup>th</sup> October which has been written into a Withdrawal Agreement Bill (WAB) back in Westminster. Following which, the Government won a vote to approve the general principles of the Bill to enable it to progress through the Parliamentary process. But a second Bill, setting a timetable whereby the WAB would be passed in time for 31<sup>st</sup> October deadline failed. The UK has been given a 'flexextension' extending to 31<sup>st</sup> January by the EU, but can be brought forward if the WAB is ratified before then. Meanwhile a General Election is expected to take place on 12<sup>th</sup> December.
- **BPS payments for 2019** will be converted at €1 = £0.89092. The 2019 rates cannot yet be calculated, however. Entitlement values change on a yearly basis depending on the number claimed. Also, the final rate of Financial Discipline needs to be set at EU level. But payments in England are expected to be similar to 2018. In Scotland and Wales payments will have completed their transition to a flat rate.
- The UK 2019 cereals harvest was 22% higher than 2018, and the highest for two decades and possibly ever according to Provisional **June survey results**. Conversely, the oilseed rape harvest was 13% lower than last year and its lowest since 2004. Wheat production was 20% larger than 2018 based on larger planted area (+4%) and better yields (+16%). Barley output increased even more, up almost 26% year-on-year and oats +27%. The rise of cereals areas has been largely at the expense of OSR. Oilseed rape area was its lowest since 2002 and down 9.2% on 2018's area. Output dropped by 13% year-on-year. UK OSR production is over a third lower than its high-point in 2011. *The lack of pest and disease control continues to cause problems in oilseed rape production.*
- The wet October has frustrated **potato lifting**, with some growers still expecting to be harvesting at the end of November when crops will be vulnerable to more rain or frosts. Early season conditions in the east of the country were, if anything, a little dry, while crops in the west and north of the country have had too much rain throughout the season. The poor weather will lead to pressure on potato supplies for the second year running and prices are starting to increase sharply already.
- Arla will be holding its conventional **milk price** for November; this has now been unchanged for 10 consecutive months. Arla's UK organic members will receive a 0.91ppl reduction. Other processors to maintain their price for November include; Belton Cheese, Saputo, Wensleydale Creamery, Yew Tree Dairies and Meadow Foods (liquid). Those who have announced a price reduction for November include;
  - a 0.45ppl cut for First Milk members.
  - Both Barbers Cheese and South Caernarfon Creameries (Cheese) have announced a 0.75ppl reduction.
- According to the latest AHDB forecasts, there is not expected to be any change in **global milk supplies** for 2019 compared with last year. Initially, a small 0.3% rise was forecast, but lower than expected deliveries in the EU and a slowdown in US growth, means this marginal increase is wiped out. In the EU, the main producing areas of France and Germany have struggled to recover from the drought in 2018 and although good growth is expected in Ireland and Poland and, to a lesser extent, in the UK, this will only partially compensate for this. Therefore, milk production is only forecast to grow by 0.5% in the EU.
- Defra has confirmed all eligible applications to the second round of the **Countryside Productivity Small Grants Scheme (CPSGS)** have been approved. Offers are being sent out as from 28th October and successful applicants will have until May 31<sup>st</sup> 2020 to buy the equipment and submit their claim. This claim deadline has been extended to try and avoid the problems with late delivery of items which occurred in the first round. Applicants are being encouraged to contact suppliers early to ensure their equipment can be delivered within this timescale. Offers need to be accepted by 10th November through the CPSGS acceptance portal.
- The **sugar beet price** for the 2020 crop will be £19.60/t. This compares with the current price of £19.07. NFU Sugar and British Sugar have also announced the three-year contract offer for 2020-2022. This has been set at £20.45/t, again with no crown tare deduction. The bonus mechanism which rewards growers if the EU sugar price reaches certain thresholds will be retained.

## KEY DATES (for BPS and Cross Compliance)

1 <sup>st</sup> October	BPS/Greening	Ecological Focus Area (EFA) Cover Crops must be established by this date then maintained until 15 <sup>th</sup> January (England).
1 <sup>st</sup> October	X-Compliance SMR 1	You may no longer apply organic manure with a high readily available N content to tillage land on soils which are not shallow or sandy from this date (until 31 <sup>st</sup> January).
14 <sup>th</sup> October	BPS/Greening	EFA Catch Crops must be retained until at least this date (England).
15 <sup>th</sup> October	X-Compliance SMR 1	You may no longer apply organic manure with a high readily available N content to grassland on soils which are not shallow or sandy from this date (until 31 <sup>st</sup> January).
31 <sup>st</sup> October	Cross Compliance GAEC 2	Abstraction return forms available from Environment Agency for summer water abstraction licences - 28 days to complete.
1 <sup>st</sup> November	X-Compliance GAEC 6	You may burn heather, rough grass, gorse or vaccinium on land other than in upland areas from this date (until 31 <sup>st</sup> March).
30 <sup>th</sup> November	X-Compliance GAEC 2	If you have a two-part tariff agreement for your water abstraction licence, expect to receive your second part charge after this date.
1 <sup>st</sup> December	X-Compliance SMR 8	You must carry out your annual inventory of sheep.
1 <sup>st</sup> December	BPS	BPS 2019 payment window opens.
1 <sup>st</sup> January	X-Compliance SMR 1	You can apply organic manure with a high readily available nitrogen content to grassland & tillage land on shallow or sandy soils from this date if conditions are suitable and you adhere to the quantity restrictions for application of these manures.
1 <sup>st</sup> January	BPS/Greening	EFA Fallow period commences in England (1 <sup>st</sup> Feb Wales, 15 <sup>th</sup> Jan Scotland).
15 <sup>th</sup> January	BPS/Greening	EFA Cover Crops must be retained until at least this date.
16 <sup>th</sup> January	X-Compliance SMR 1	You can apply manufactured nitrogen fertilisers to grassland and tillage land from this date if conditions are suitable.

GAEC - Good Agricultural & Environmental Condition

SMR – Statutory Management Requirements

For further information please visit our website:

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