

Diocese of Hereford Agriculture & Rural Life

Serving the Church of England in Herefordshire,
South Shropshire & parts of Powys & Worcestershire



THE CHURCH
OF ENGLAND

Dear Colleague

December Briefing 2007

A few notes which I hope may be helpful in your conversations with farmers.

Dairy industry update

A world shortage of dairy products has triggered a price rise in the amount paid to farmers who supply milk, with the farmgate prices for September 2007 averaging 23.14p per litre, a significant increase from September 2006 when they averaged 18.45p per litre. However, recent analysis suggests that most of this gain has been offset by the rising cost of production, and especially the cost of cattle feed.

Church publishes Ethical Investment Report

The Church of England's Ethical Investment Advisory Group has published a report on the relationship between supermarkets and farmers, and concludes that the business practices of the major food retailers places considerable stress on the farming community and that the voluntary code of practice is not working. Specific concerns that the report raises include: labelling products as "British" even if they are only processed or packaged here; flexible contracts subject to arbitrary change that put farmers at a financial loss; facilitation payments, deductions and financial inducements that are paid by the farmer to the retailer or processor. The report recommends that there should be a new buying code and that an independent ombudsman should be appointed to help regulate the sector. The British Retail Consortium has largely rubbished the church's findings.

However, the church's report follows a publication from the Competition Commission at the end of October which also suggests changes to the Supermarket Code of Practice and which concluded that the current system was not robust enough to prevent abuse. The Commission is seeking views on whether there should be a "supermarkets ombudsman" to monitor retailer and supplier relationships. The report stated that the ability of grocery retailers to transfer excessive risk and costs to suppliers through various purchasing practices was against the long term interests of consumers.

Defra's green targets unlikely to be met

When the new environmental stewardship schemes were introduced Defra set ambitious targets of the amount of farmland they wanted under each scheme. By the end of 2007 approximately 5.5m ha should be under the "Entry Level Scheme" (ELS) and 200,000 ha under the "Higher Level Scheme" (HLS). It seems likely that these targets will not be met, with only two months left ELS had achieved 83.9% of the target and HLS 78.7%. It is felt that the recent rise in grain prices is one reason why farmers opted for grain production rather than entering a stewardship agreement.

Agricultural borrowing hits record levels

The Bank of England reports that agricultural borrowing rose by 4% over the last year and has reached a record level. Borrowing passed more than £700m in the first six months of 2007 and lending now stands at £9.8bn. The costs associated with foot and mouth disease (FMD), bluetongue and higher fuel, fertiliser and feed costs had all contributed to the rise. If borrowings in euros are also taken into account the figure stands at over £10bn. Meanwhile, the pressure on livestock prices caused by the FMD outbreak looks set to continue, the English Beef and Lamb Executive (EBLEX) estimate a backlog in the market of 400,000 prime sheep and 20,000 finished cattle pushing prices down. The average liveweight price for lambs is 30% lower than last year.

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Defra outline proposals for cost sharing in a future disease strategy

The Minister of State, Hilary Benn, told the House of Commons that defra was developing a new strategy to deal with animal diseases. His proposal is that the industry should share the costs of disease control, and in return producers would have a greater say in how these controls should be implemented. In practice the proposal requires the industry to contribute £40m a year either through a disease levy or through insurance schemes against major disease outbreaks. The policy proposal is expected to save defra £121m over three years.

Bluetongue update

Following the outbreaks earlier in the year (see previous briefings) the implications of bluetongue are becoming clearer. The virus is spread by midges of the *culicoides* genera, and we have six species of the midge indigenous to the UK. Research shows that at least some of these are capable of carrying the virus though they may not be as effective vectors as the African species. One of our indigenous species, *C dewulfii*, lays its eggs in manure heaps so the UK strategy (unlike in Europe) has not been to recommend housing animals as this might exacerbate, rather than prevent, any infection.

The single most important factor in the spread of the disease across Europe has been infected livestock which have been inadvertently moved to areas where the virus had not previously been found. Local midges have bitten the animals and the infected animal thus became an unwitting reservoir for a new outbreak of the disease. Thus the UK government's strategy has been to impose movement restrictions on animals where infection is present because although the midge itself is capable of movement, and can be wind blown even further distances, restricting the movement of animals is a more significant control mechanism.

Evidence from the French outbreak is that the virus successfully returned the following year and the repercussions were more severe than in year one. Mortality in Continental flocks with the disease is running at between 15 and 30%. The implications for the UK, therefore, is that we should expect the virus to reappear in 2008 (probably much earlier in the year than in 2007) and pastorally we should be prepared to offer help and support to the farming community if the disease does continue to spread.

Farming support charities

One practical way of offering help is to raise money for the the "Farming Help" charities which continue to support farmers who have been affected by the movement restrictions caused by FMD and bluetongue, and who are still recovering from the effects of the summer floods. The three charities concerned, ARC-Addington Fund, Farm Crisis Network and RABI, have launched a joint appeal. Donations can be made online at www.justgiving.com/farminghelp or by cheque to "Farming Help Appeal" and sent to Farming Help Appeal c/o RABI, Shaw House, 27 West Way, Oxford OX2 0QH. A local manifestation is the Hereford Rural Support Network and details of that can be obtained direct from me.

I hope this is helpful,

Nick Read