

Dear Colleague

December Briefing 2009

A few notes which I hope might be helpful in your dealings with farmers.

Entry Level Scheme suspended

Three weeks after a campaign was launched encouraging farmers to sign up for environmental payments under the "Entry Level Scheme" (ELS), operated by Natural England, online applications have been suspended until the beginning of February, though paper applications will still be accepted. The reason given for the suspension is that the scheme is going to change and Civil Servants did not want to encourage applications only for the applicant to find that the rules had altered.

Cash aid for dairy farmers

EU finance ministers have approved a €300m emergency milk fund to compensate farmers for this year's depressed market. It will be allocated according to each member state's share of EU milk production which would mean an estimated €27m for the UK. However it is not yet clear whether this will be mandatory or discretionary for member states to claim the money. There appears to be no requirement for member states to provide co-funding, the only issue for the UK, if the scheme is discretionary, is that the cost of administration may be prohibitive since each dairy farmer would receive c£1500. The cash aid for farmers comes at the same time as world dairy markets have seen a significant rise in prices, with the world butter market doubling since the early summer to roughly £2000/t but with no discernible rise in the prices paid to producers.

Organic farming is carbon friendly

A report issued by the Soil Association claims that more than 3m tonnes of atmospheric carbon would be absorbed if UK farmland was converted to organic production. This is equivalent to taking almost 1m cars off the road. The study suggests that organic farming traps 28% more soil carbon than conventional systems.

GM crops and pesticides

A report by the American Organic Centre estimates that GM crops have been responsible for an increase in herbicide use of 174,000t over the last 13 years. 26% more sprays a hectare were required than was used on conventional varieties in 2008. This swamps the decrease in insecticide use attributable to the technology and makes the chemical footprint of GM crops questionable. The study's findings have been challenged by the biotechnology sector.

The Rev'd Nick Read OBE FRAGS, The Chaplain for Environment, Agriculture & Rural Life

The Rectory, Pembridge, Hereford HR6 9EB
Tel: 07973 361055
agchap@btinternet.com
www.hereford.anglican.org

Potato levy to rise

Potato growers are being asked to pay an extra £1.17/ha in levy from next year to help fund the work of the Potato Council, taking the levy to £40.17/ha. Further rises of 3% a year are also planned for 2011 and 2012.

Cost sharing on animal health

Although the Queen's Speech didn't include any proposals to share the cost of animal health between government and the industry (see earlier briefings) it is expected that new legislation will be tabled in the New Year as a draft "Animal Health Bill" which will outline the shape that a new independent body for animal health would take. The Food Standards Agency (FSA) has already announced that it no longer intends to meet the costs of meat hygiene inspection and that it will pass all of these onto the industry. FSA currently pays about £36m towards meat hygiene regulation in Great Britain, of which only half is recovered from the industry.

Rural quality of life declines

A poll for the National Housing Federation suggests that half of the people who live in rural areas believe that their quality of life has declined over the last five years. 45% have seen shops, schools and pubs close in their village since 2004; 62% believe there is a shortage of affordable housing in their area and 52% thought that only people on the highest incomes could afford to buy locally.

Farm income data

First estimates from Defra suggest that farm incomes have risen by 25% in real terms this year as falling input costs have over-compensated for falling output. "Total Income From Farming" (TIFF) stands at >£4bn, the highest for over ten years. However other analysts question the accuracy of the Defra figures and some suggest that farm incomes decreased during 2009. Any rise is likely to be caused by the favourable exchange rate between the £ and the € and the consequent boost to the Single Farm Payment (SFP). HSBC is predicting that farm costs will exceed farm income for 2010 and that only the SFP will provide any profit margin.

TB update

Welsh Assembly members have rejected a challenge to the proposed badger cull within Wales and voted by 43 to 9 in favour of the TB eradication plan. However the Badger Trust has launched a legal challenge and intends to seek a judicial review of the decision on the grounds that it was not underpinned by robust scientific evidence.

Supermarket ombudsman decision delayed

Lord Mandelson has delayed deciding whether to appoint a supermarket ombudsman until the end of the year despite recommendations from the Competition Commission that this would be of benefit to the food chain. Ministers are also considering a recommendation to introduce a "competition test" for the building of new supermarkets.

I hope this is helpful,

Nick