

agriculture

technical papers to help farmers prepare for 'no-deal' Brexit

The Department for Exiting the European Union (DExEU) has published a set of technical papers to help businesses prepare for a 'no-deal' Brexit'. The papers outline the impact on the agriculture and food and drink sectors of the UK leaving the EU without a deal, and explain the steps the farmers and producers can take to prepare.

The papers confirm that in the event of a 'no deal' the same cash total of CAP payments paid to farmers will be protected until 2022. In addition, the processes and criteria for administering payments will remain the same until Defra introduces new agriculture policies through an Agriculture Bill, which is currently going through a consultation process.

Also as a result of a 'no-deal' Brexit, UK farming businesses that export to the EU would have to apply the same customs and excise rules as if they were exporting to a country outside the EU. Therefore the

DExEU is urging exporters to review and identify any potential changes to customs and excise procedures, and engage with their supply chain to ensure they are prepared for any changes. Exporters are also being urged to renegotiate commercial contracts and terms to take into account any changes in tariffs.

In addition, exporters may need to engage the services of customs brokers, logistics providers and freight forwarders in order to submit customs and export declarations, which may present an additional cost for farming businesses.

While the production and labelling processes for organic farmers producing food for sale in the domestic market will not change, UK producers will no longer be permitted to use the EU organic logo in a 'no-deal' scenario. However, there would be a transition period to give producers and retailers sufficient time to use and

sell existing stock.

Currently, organic farmers can only export their produce to the EU if they are certified by a UK organic control body that is EU-approved. In the event of a 'no deal' Brexit, organic farmers would only be able to export to the EU if they are certified by an organic control body approved by the EU to operate in the UK. The approval process for organic control bodies can only start after the UK leaves the EU and could take up to nine months. The DExEU has confirmed that it is investigating alternative approaches to ensure UK producers can continue to export to the EU post Brexit. The DExEU is expected to publish additional technical papers in the coming months that will provide supplementary guidance about the impact of a 'no-deal' Brexit on the UK agriculture sector.

Read more about the technical papers at: <http://bit.ly/2MnKE9y>



funding for agri-environment schemes post Brexit

The Environment Secretary has announced further details about how UK farmers will receive funding for agri-environment schemes post Brexit. The Results-Based Agri-environment Scheme (RBAPS), which is the first scheme to be directly paid for by the UK Government, is a payment by results scheme that will provide payments to farmers who meet specific agri-environment targets.

Under the scheme, farmers will receive cash payments for implementing land management plans. All plans will be tailor-made, meaning farmers can identify and implement the most appropriate

land management methods in order to meet the agreed targets. The level of payments made to a farmer will depend on the results achieved.

The RBAPS is currently being piloted with farmers in Norfolk, Suffolk and North Yorkshire. Examples of supported projects include planting nectar plots for bees and turning pastures into habitats for wildlife.

According to the Environment Secretary, Michael Gove, funding for agri-environment schemes under the CAP has been too bureaucratic and inflexible, and as a result, many farmers have been reluctant to participate. In comparison, funding

for agri-environment schemes post Brexit will prioritise innovation and enable farmers to implement projects that better meet their needs, as well as deliver on environmental objectives. Commenting on the RBAPS, Mr Gove said: *"This approach signals how we see the future of farm payments, where farmers deliver public goods for the environment which we all enjoy."*

Defra has confirmed that it has allocated an additional £540,000 to the RBAPS that will allow it to operate for a further two years.

Read more about the RBAPS at: <http://bit.ly/2OgSvCO>

agriculture industry required to act on ammonia emissions

The agricultural industry will need to take action to reduce ammonia emissions in order to comply with the Clean Air Strategy, Defra has announced. The Clean Air Strategy will require farmers to reduce their ammonia emissions, with dairy and beef farmers predicted to be the most affected. Funding will be made available via an environmental land management scheme to help farmers invest in new equipment and infrastructure.

The Countryside Land Alliance (CLA) has described the strategy as a 'welcome opportunity' to improve air quality, while stressing the need for financial support that provides 'genuine incentives' for farmers.

The Environment Agency estimates that the agricultural industry is responsible for 88% of ammonia emitted in the UK each year. Animal waste produces relatively large amounts of ammonia, and applying fertiliser and storing slurry also releases this gas into the air.

A draft version of the Clean Air Strategy was published for consultation in May 2018. According to the Environment Secretary, it sets out how the Government will work with businesses, farmers, industry and households to develop innovative new solutions to reduce emissions and will introduce new

fertiliser rules. Consultation responses were accepted until August 2018. They will be used to help the development of the UK Clean Air Strategy and the National Air Pollution Control Programme, which will be finalised by March 2019.

A new Code of Good Agricultural Practice (COGAP) for reducing ammonia emissions was published by Defra in July 2018. At the same time, Defra announced £3 million of investment to fund expert teams that will advise farmers on how to reduce ammonia emissions.

For more information, go to: <http://bit.ly/2NCF0jO>



in brief...

Higher food prices due to extreme weather

Meat, vegetable and dairy prices in the UK are expected to increase by at least 5% due to the impact of extreme weather, according to research from the Centre for Economics and Business Research. Overall, the cold and wet winter combined with the summer heatwave could cost consumers an additional £7.15 per month due to higher food prices. The extreme weather has resulted in higher costs and lower yields for producers. As a result, the farm gate price of butter (+24%), carrots (+80%) and wheat for bread (+20%) all increased significantly between March and July 2018. Falling dairy production and wheat harvests are also expected to lead to further food price inflation in 2018.
<http://bit.ly/2xaATB3>

Small abattoirs closing at significant rate

Around 34 rural and agricultural organisations including the National Sheep Association and the National Trust have urged Defra to introduce measures to protect small abattoirs from closure. A third of small abattoirs in the UK have closed over the last decade, while a significant number are at risk of closure over the next 12 months. Increased costs, red tape, excessive paperwork and falling prices are the biggest challenges facing abattoirs. In a joint letter to the Environment Secretary, the organisations claim that the abattoir network is vital to enabling family farmers to supply meat and livestock to customers. Read more about the closures at:
<http://bit.ly/2xd8daO>

Rise in insurance claims made by farmers

The latest figures from NFU Mutual have revealed that the cost of insurance claims made by farmers increased by more than 50% year-on-year in July 2018. Arson attacks and a rise in the number of machinery and crop fires due to dry hot weather are the main factors behind the rise in claims. Overall, arson attacks and fires cost farmers a total of £6.2 million in the last harvest. The fires have also resulted in lower harvests and increased the financial pressures facing farmers. Read more about the figures at:
<http://bit.ly/2x6vFHB>

New beef cattle feeding guidelines announced

The Centre for Innovation Excellence in Livestock has launched a new collaborative project to review and improve beef cattle feeding guidelines. The 'Feed into Beef' project will work with academic and industry partners to implement new feeding guidelines, which will clarify the appropriate levels of feed intake and energy and protein requirements for cattle. The guidelines will also help beef farmers to become more efficient, reduce feed costs and tackle the environmental impact of beef production. Beef cattle feeding guidelines have not been updated for 25 years and therefore do not accurately reflect the realities of modern beef production.
<http://bit.ly/2x75f8j>

Labour shortages threaten harvests in Scotland

NFU Scotland has warned the UK Government that it must introduce a seasonal workers scheme to address the agriculture sector's concerns about labour shortages. The warning comes after farmers revealed crops and fruit have been left to rot on farms in 2018 due to a lack of seasonal workers available to harvest them. NFU Scotland has warned that a loss of EU labour post Brexit could also intensify skills shortages and place the long-term sustainability of the agriculture sector at risk.
<http://bit.ly/2xd1m0X>

Deer farming has growth potential

The UK venison production sector has the potential to grow significantly over the next few years, according to research from the Venison Advisory Service (VAS). Consumption of venison is increasing due to growing recognition among consumers that it is a healthy, premium red meat option. In addition, while farmed production of venison is growing, only 75 tonnes per year are produced. The VAS is urging more farmers to take up deer farming in order to take advantage of growing consumer demand. According to the VAS, a 200 hind deer breeding and finishing farm would have a gross margin of £43,222 per year. Read more about the growth in deer farms at:
<http://bit.ly/2NcNY7S>



farming union voices concern over limited partnership proposals

A proposal to 'strike off' limited partnerships that fail to comply with reporting requirements will lead to agricultural limited partnerships being unfairly penalised, according to NFU Scotland.

The proposal follows the introduction in 2017 of a new requirement for limited partnerships to submit an annual confirmation statement to Companies House. Many agricultural businesses are unaware of this requirement, and if the proposed new

strike-off procedure is adopted they will be treated as non-operational if they fail to file the statement, which could lead to a loss of their limited liability status. The new proposal risks causing particular harm to agricultural businesses in Scotland, where agricultural limited partnerships are often adopted as a business structure because of their tax efficiency.

Until 2003, agricultural landlords in Scotland also used limited partnerships to enable them to lease land to their tenants without granting fully secure tenancies. Around 500 of these tenancy agreements are still operational in Scotland, with landlords acting as limited partners and their tenants as general

partners with liability for the debts and obligations of the partnership. The new reporting requirements and the proposed 'strike off' penalty are intended to prevent the misuse of partnerships. However, there is no evidence that agricultural limited partnerships have been associated with any criminal activity.

According to NFU Scotland's legal and technical policy manager, Gemma Cooper, the striking off of agricultural limited partnerships for failing to file a confirmation statement *"could lead to the potential for legal claims and European Convention on Human Rights issues"*.

Read more about the proposal at: <http://bit.ly/2NEnJH2>



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outlook for rural property investments

Let rural property delivered a total return of 12.33% in 2017, according to the latest Rural Property Index published by property consultants Bidwells. This was an increase of 1.92% compared with 2016, despite weaker asset price growth.

The Index also revealed that around 0.3-0.5% of rural property or land was sold in England in 2017, a decrease of 18% when compared to 2016. Demand for property or land valued at £8-£15 million was stronger with weaker demand for property or land valued at £20-£30 million, Farm Business Tenancy (FBT) rents have also fallen due to weaker commodity prices and uncertainty over the future of government support.

Rural property returns will be influenced by the outcome of Brexit negotiations and by the details of the post-Brexit subsidy regime for agriculture, according to Bidwells. It is likely that agricultural subsidies will increasingly be paid for land use that is in the 'public good'. This will favour property that include

features with environmental importance or public benefits such as the protection of landscapes, amenities or resources.

The next few years will be difficult ones for rural property assets, particularly those on marginal, low-profitability land. Brexit, along with other economic factors such as exchange rates, trade agreements and bank finance, will have a major impact on land values. The necessity of innovation and exploiting development potential are likely to mean that some enterprises do not remain viable.

A Bidwells spokesperson said: *"There will be a growing focus on working property assets and exploiting development potential where it exists. Wider global trends, combined with Brexit, will drive changing farming practices and innovation in the sector, which in the longer-term is likely to impact on the viability of some enterprises."*

The report can be downloaded from: <http://bit.ly/2OeulDv>