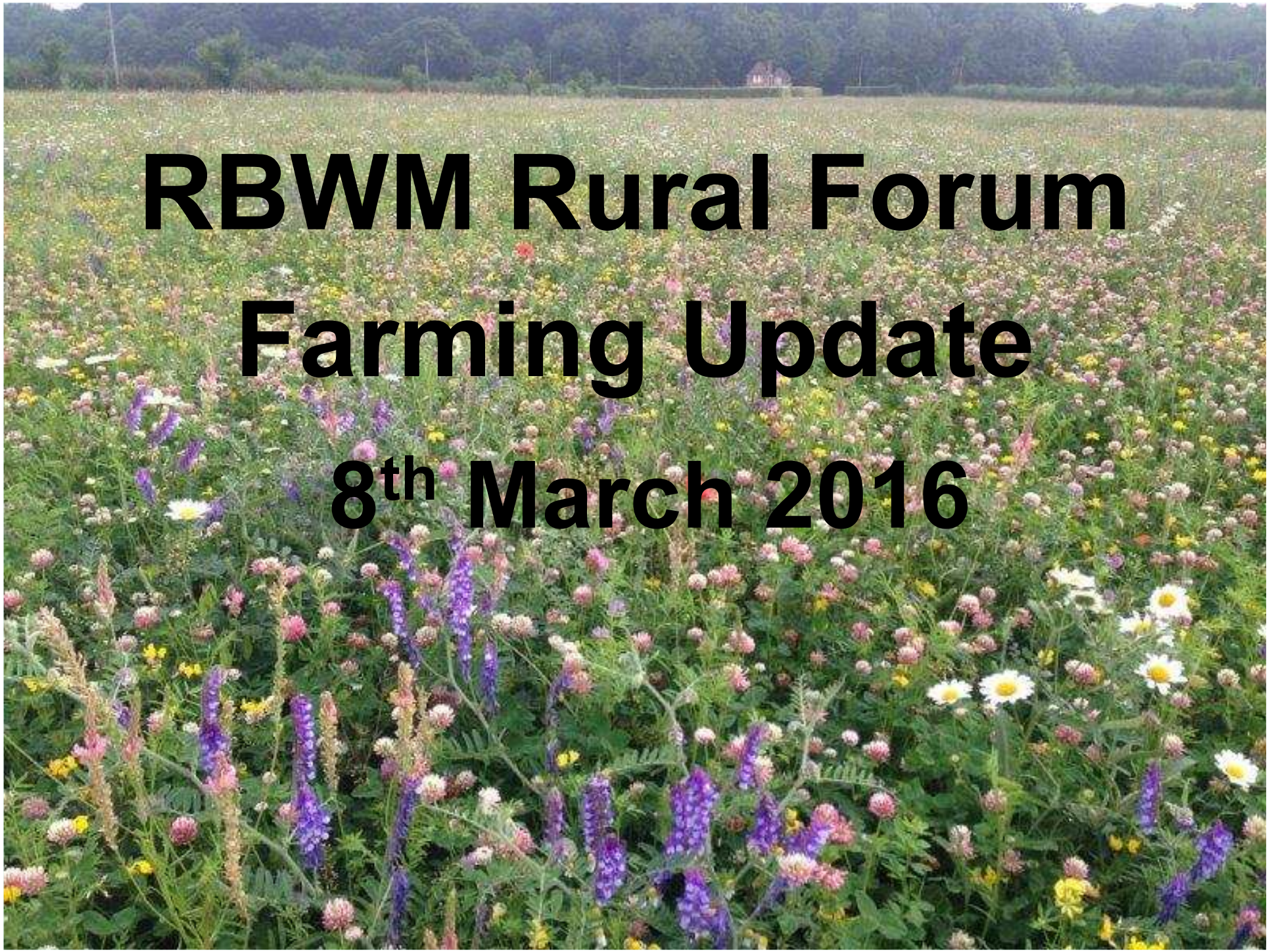


# RBWM Rural Forum Farming Update

## 8th March 2016

# Farming Update Items

1. Recent Weather & Its Impact
2. Recent On-Farm Activities
3. Market Updates
4. Industry News
5. Rural Matters

# Weather

# Water Logging

# Pest Problems

# Disease Pressure

# Weed Growth

# Winter Wheat

# Cover Crop Biomass

# Carbon Capture

# Recent On Farm Activites

# Tree Planting

# Wild Bird Feeding

# Spring Activities

# Market Updates

- Lamb
- Beef
- Wheat
- Oilseed Rape

# Lamb Prices

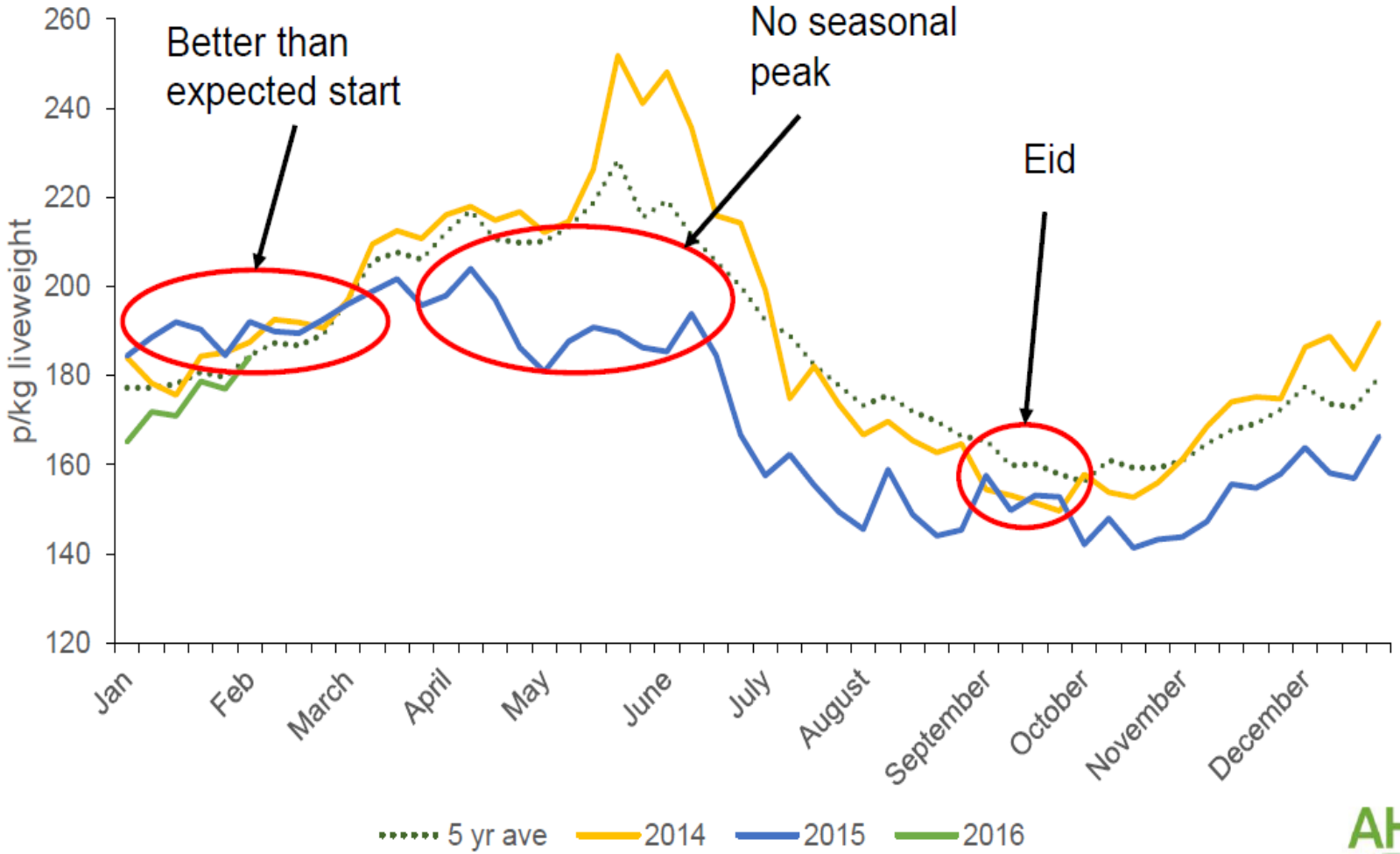



Chart: GB liveweight lamb price
Source: AHDB Market Intelligence; LAA; IASS

# Cattle Prices

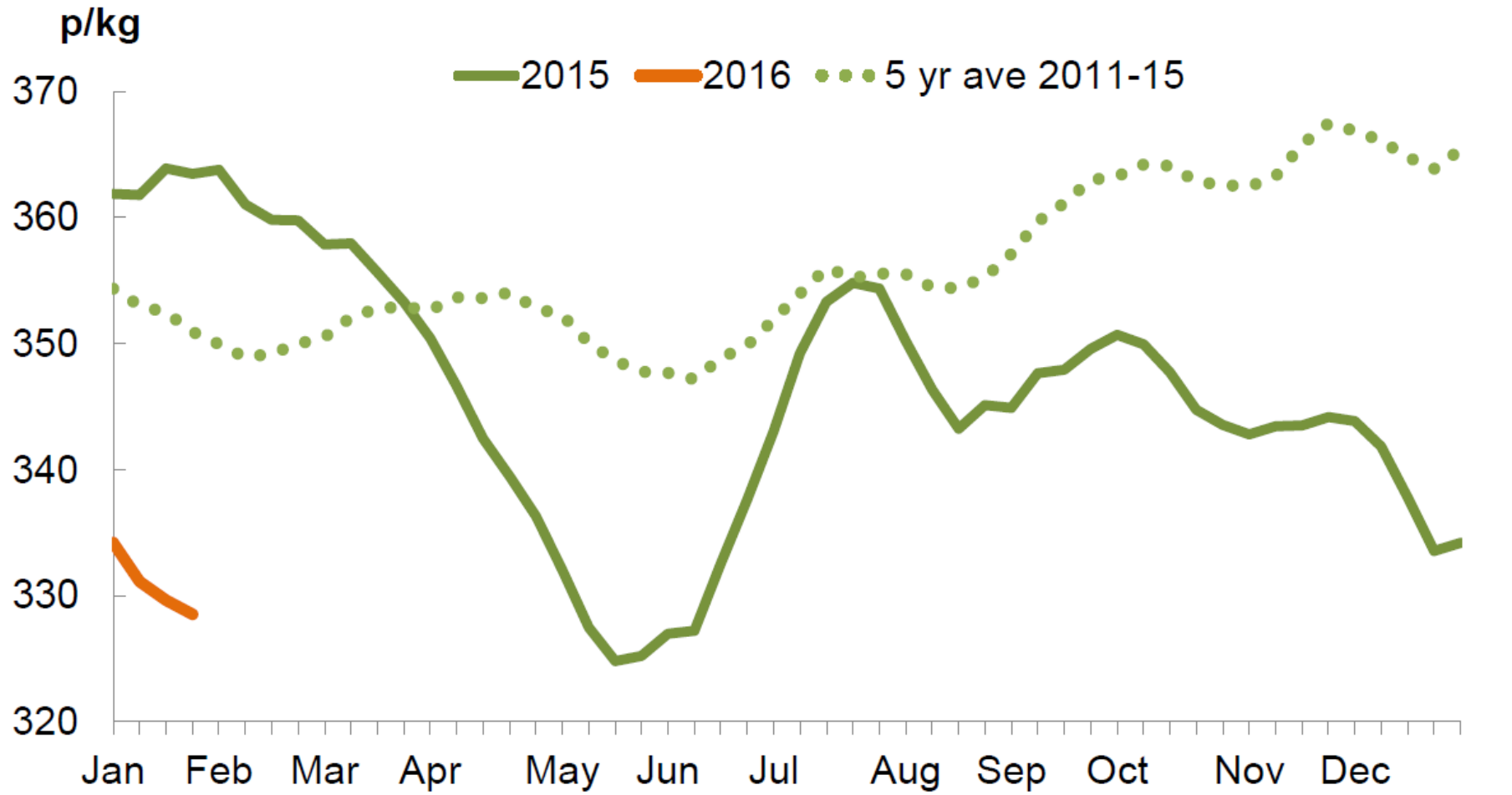
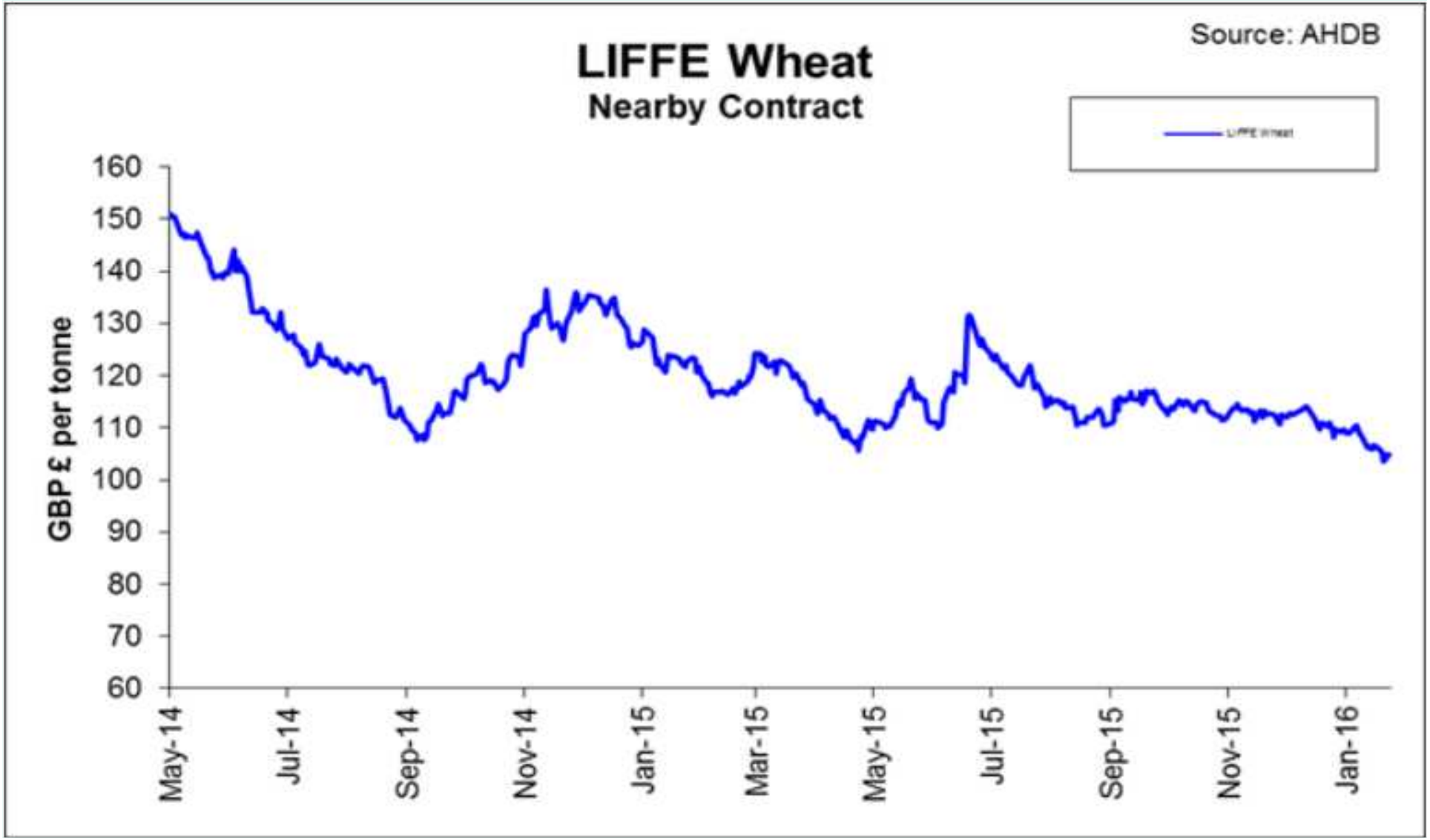


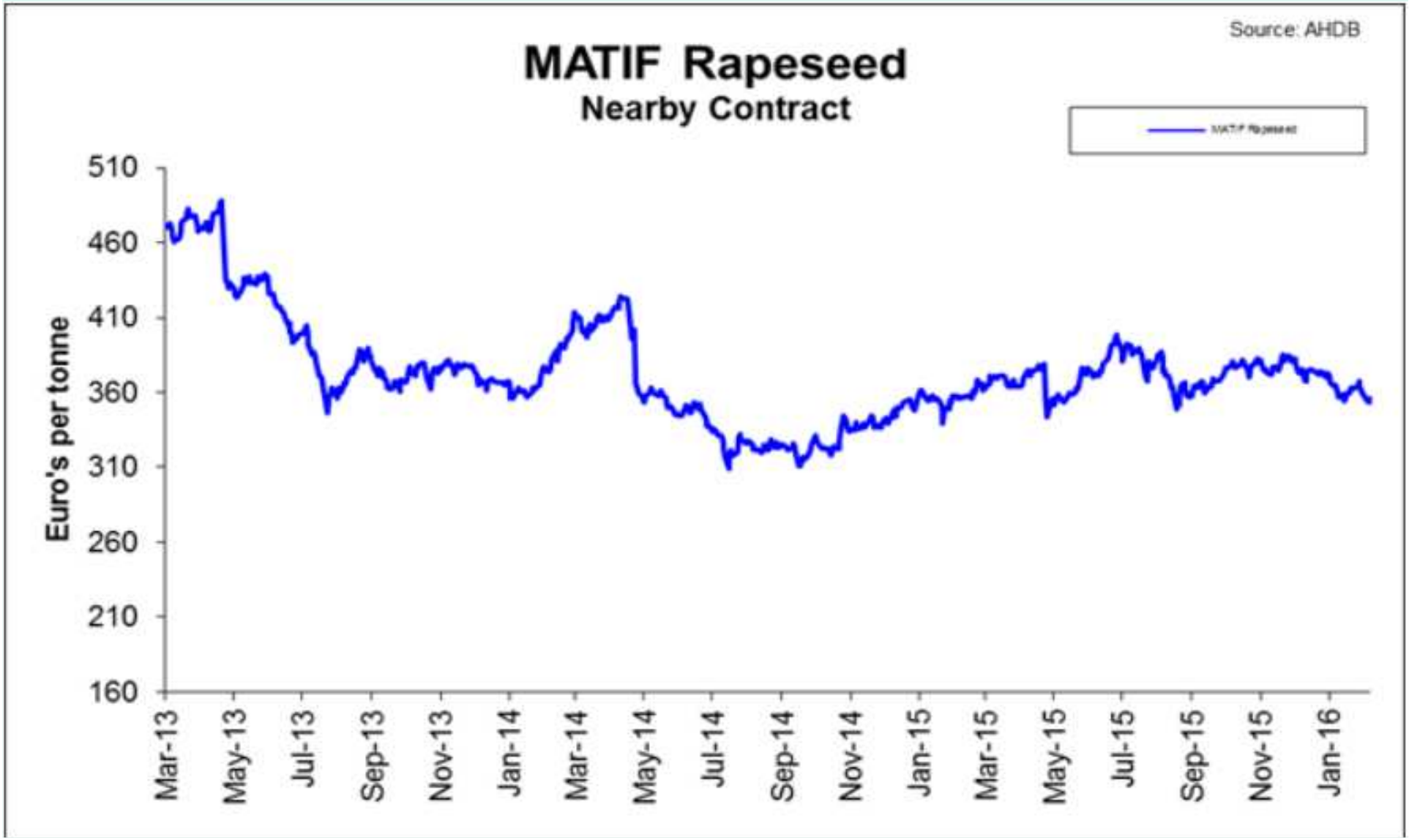

Chart: GB deadweight average prime cattle price
Source: AHDB Market Intelligence

# Wheat Prices



# Wheat Prices

# Oilseed Rape Prices

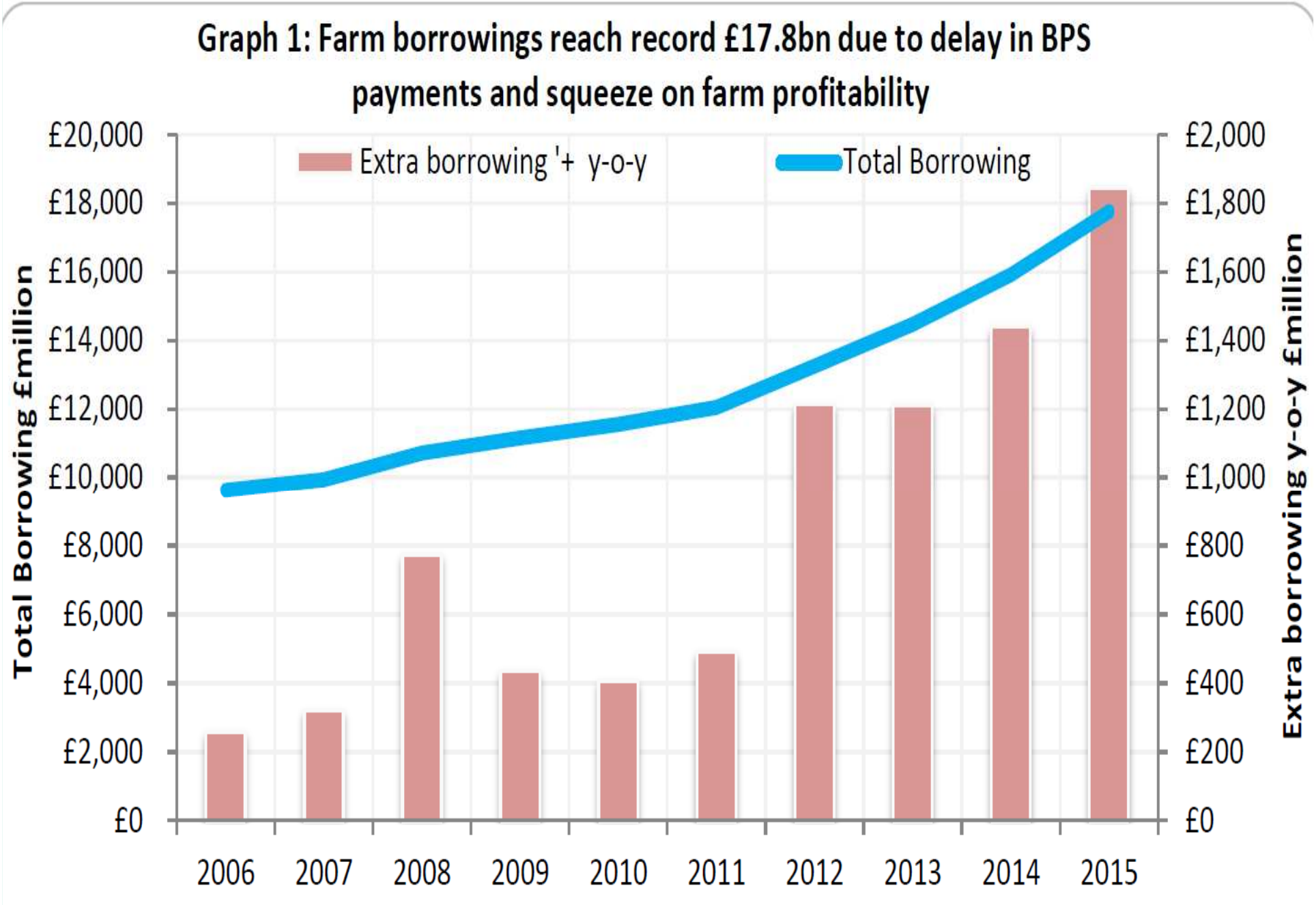


| Commodity Prices | Dec 2015 prices | Prices 24 months ago | % change y-o-y |
|---|---|---|---|
| Wheat (£/t) | 111.2 | 165.0 | -32.6 |
| Dairy (ppl) – Nov | 24.2 | 34.6 | -30.0% |
| Deadweight pigs (p/kg) | 122.5 | 168.2 | -27.2% |
| Deadweight sheep (p/kg) | 365.3 | 397.0 | -8.0% |
| Deadweight cattle (p/kg) | 337.0 | 382.9 | -12.0% |

*Source: AHDB (Figures may not add up due to rounding).*

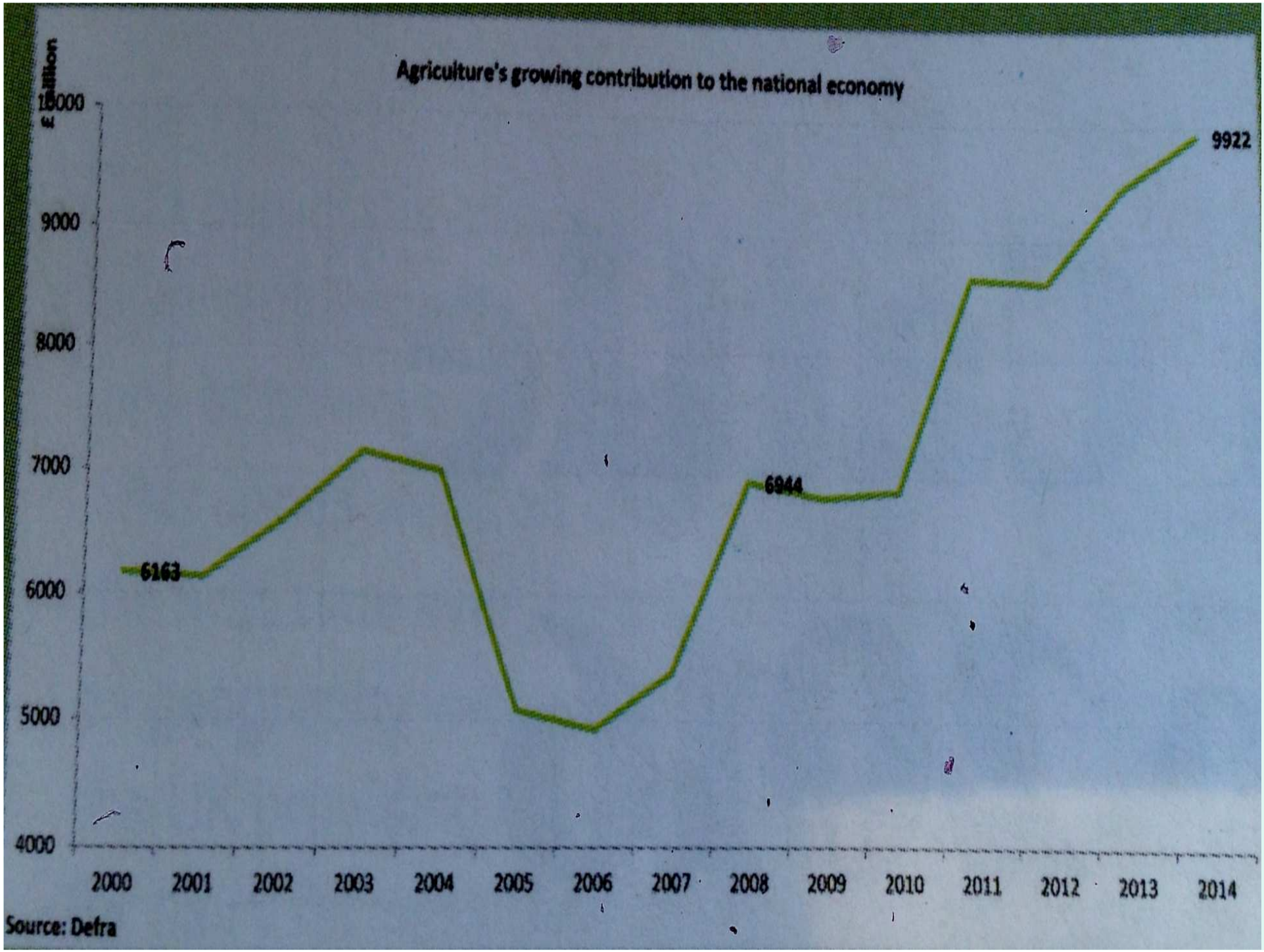
# Industry News

- Second year of significant falls in farm income.
- Significant Delays in the Payment of the Basic Payment Scheme monies to farmers
- Negative effect of exchange rate meant 6% drop in money received – the lowest in 8 years.
- 12% rise in borrowing over previous 12 months – an extra £1.8bn compared to 2014.
- Farm borrowing has doubled in a decade.
- Arable sector income forecast to be down 24%


Graph 1: Farm borrowings reach record £17.8bn due to delay in BPS payments and squeeze on farm profitability
Extra borrowing '+ y-o-y
Total Borrowing
Total Borrowing £million
Extra borrowing y-o-y £million
£20,000
£18,000
£16,000
£14,000
£12,000
£10,000
£8,000
£6,000
£4,000
£2,000
£0
£2,000
£1,800
£1,600
£1,400
£1,200
£1,000
£800
£600
£400
£200
£0
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
Source: Bank of England

# Future Prospects

- Forecasts across sectors show that the higher supply situation of the last 2 years is set to continue and it is possible that prices will remain under pressure in the short term
- Despite on-going challenges, the sector's contribution to the local economy remains vital.
- Gross Value Added (GVA) has reached almost £10billion (see chart)
- This means it's contribution has grown by 45% in the last 5 years, helped by commodity prices early in this period.
- Collectively the agri-food sector is worth £103bn or 6.8% of GVA (larger than car and aerospace manufacturing combined
- Food and drink is now the 4$^{th}$ largest export sector.


Agriculture's growing contribution to the national economy
£ million
10000
9000
8000
7000
6000
5000
4000
6163
6944
9922
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
Source: Defra

# Future Prospects

- **DEFRA's 10-point plan for boosting productivity in rural areas**
- **Summary of Aims to help get Rural areas fully connected to the wider economy**

- **1. Extensive, fast and reliable broadband services**
- **2. High quality, widely available mobile communications**
- **3. Modern transport connections**
- **4. Access to high quality education and training**
- **5. Expanded apprenticeships in rural areas**
- **6. Enterprise Zones in rural areas**
- **7. Better regulation and improved planning for rural businesses**
- • Alongside wider measures to reduce the regulatory burden and improve planning, the government will review planning and regulatory constraints facing rural businesses and measures that can be taken to address them by 2016. The government will introduce a fast-track planning certificate process for establishing the principle of development for minor development proposals.
- **Easier to live and work in rural areas**
- **8. More housing**
- **9. Increased availability of affordable childcare**
- **10. Devolution of power**

# “Brexit”

- UK membership of the EU is as much about **broader, political questions** as it is about economics
- Following Brexit, UK Government would have to decide how to fill the **policy vacuum** in those areas where the EU currently has competence (trade, agriculture, regulations)
- It would also need to negotiate the kind of **trade relationship with the EU27** it wanted
- Agricultural outlook will also depend on **macroeconomic performance** and future settings of key macro variables
- For agriculture, the situation outside the EU needs to be **compared with** what the CAP and EU regulations might look like after 2020

# “Brexit”

- The great unknowns
  - UK **trade** policy after Brexit
  - UK **agricultural** policy after Brexit
  - UK regulatory policy after Brexit
  - UK **macroeconomic performance** after Brexit

vs

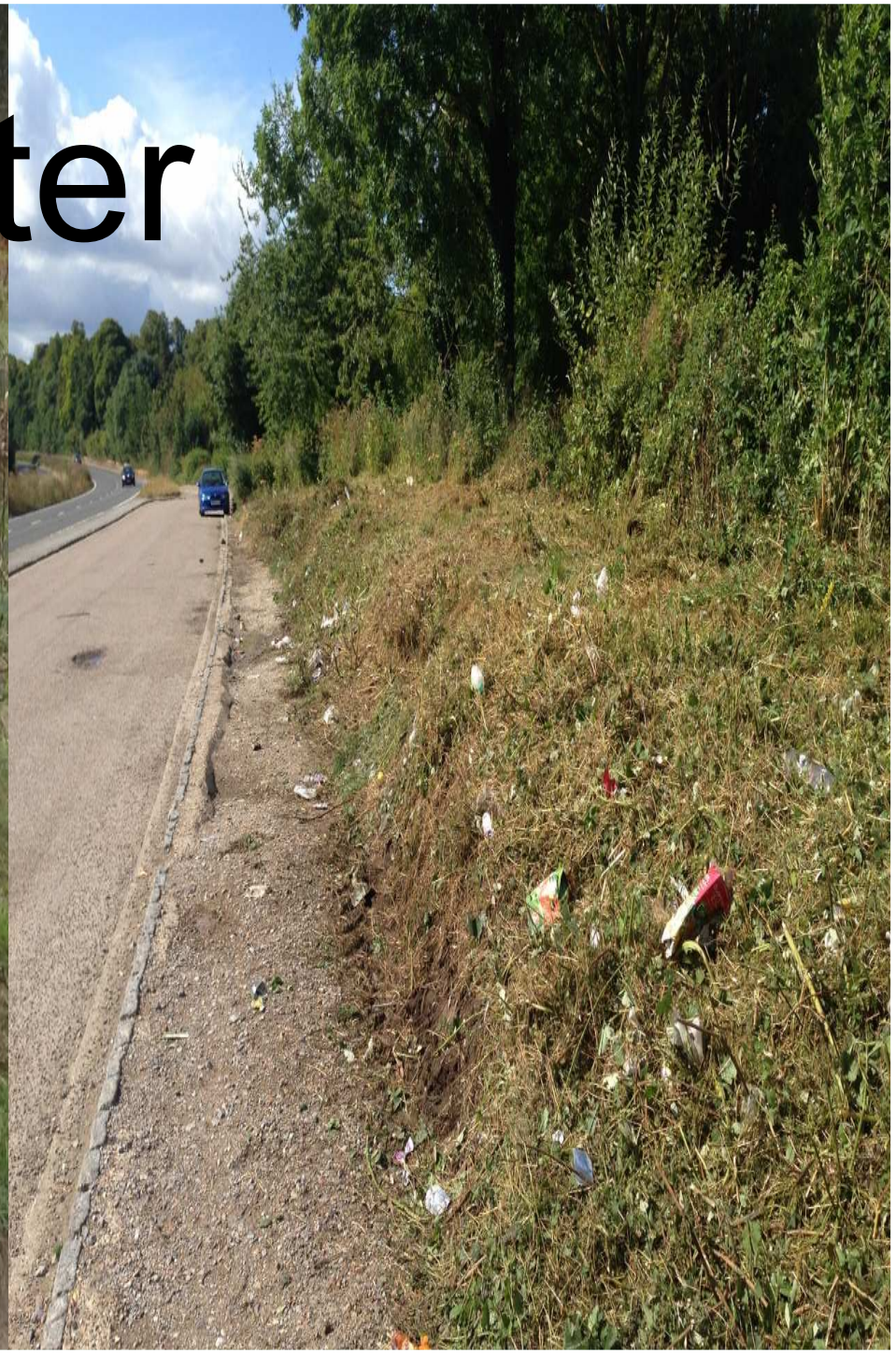
- Structure of **future EU CAP** and **future EU regulatory system** assuming the UK remains a member after 2020

# Rural Matters

# Hare Coursing

# Hare Coursing

# Litter

# Fly Tipping

# Scrap Prices

# Rural Communications

- Poor mobile signal remains a big issue in rural areas.
- Some 98% of NFU members own a mobile phone, yet only one in six of surveyed could receive a mobile phone signal across the farm
- The Mobile Infrastructure Project (MIP) was set up by the government in 2013 and had a budget of £150 million to improve poor mobile coverage in remote areas by 2016 and to address areas with no coverage 'not spots'.
- The project has now been closed early; and it has failed to make any substantial improvements to rural mobile coverage. Only £9.1 million was spent out of the original £150 million. Only 16 new masts have been built out of 600 proposed sites.
- Addressing fellow MPs during a Westminster Hall debate last week, Ed Vaizey, minister for culture and the digital economy, said he was as "guilty as charged" over the failure of the project and admitted it had not been a success.