

# Norfolk Farming Conference

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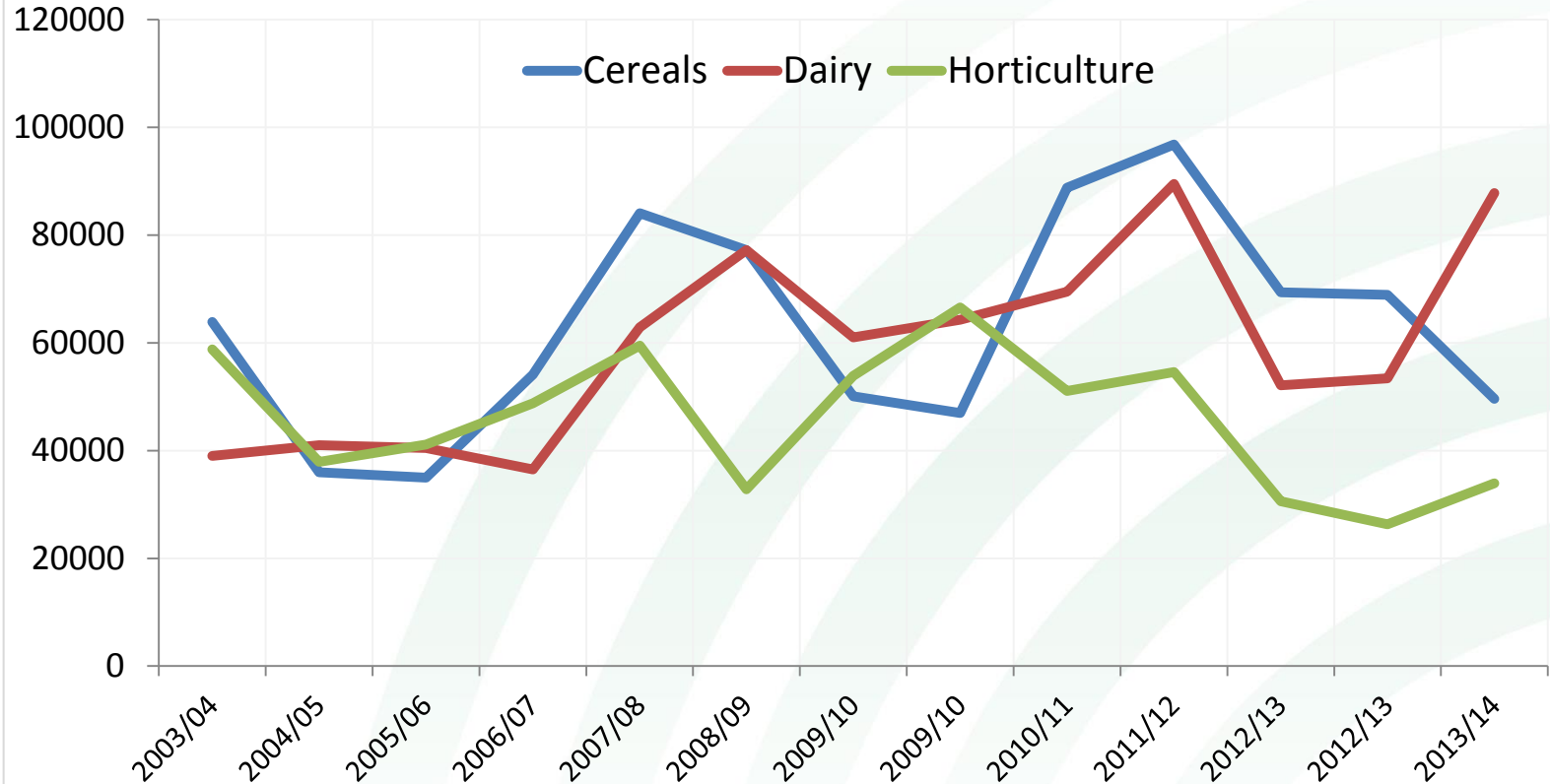
# Outline

- Volatility
- BPS implementation and CAP outlook
- General Election

# MANAGING VOLATILITY

# Trends in Farm Business Income

Average £ per farm



Source: Defra, Farm Business Survey (FBS)

# Price falls across the board

Commodity Prices	Oct 2014 Prices	Prices a year ago	% change y-o-y
Dairy (ppl)	30.8	33.0	-6.6%
Deadweight Cattle (p/kg)	349.0	391.3	-10.8%
Deadweight Sheep (p/kg)	355.2	392.1	-9.4%
Deadweight Pigs (p/kg)	152.6	171.9	-11.2%
Feed Wheat (£/t)	111.3	160.5	-30.6%
Potatoes (£/t)	126.5	160.67	-21.3%
Source: AHDB/DairyCo/Bpex/Eblex/HGCA/PCL			

# Managing Volatility

- Impact on investment
  - Farmers' averaging 2yrs – 5yrs
  - Annual Investment Allowance
  - Farm Infrastructure Allowance
- Market tools
  - Forward pricing
  - Contracts

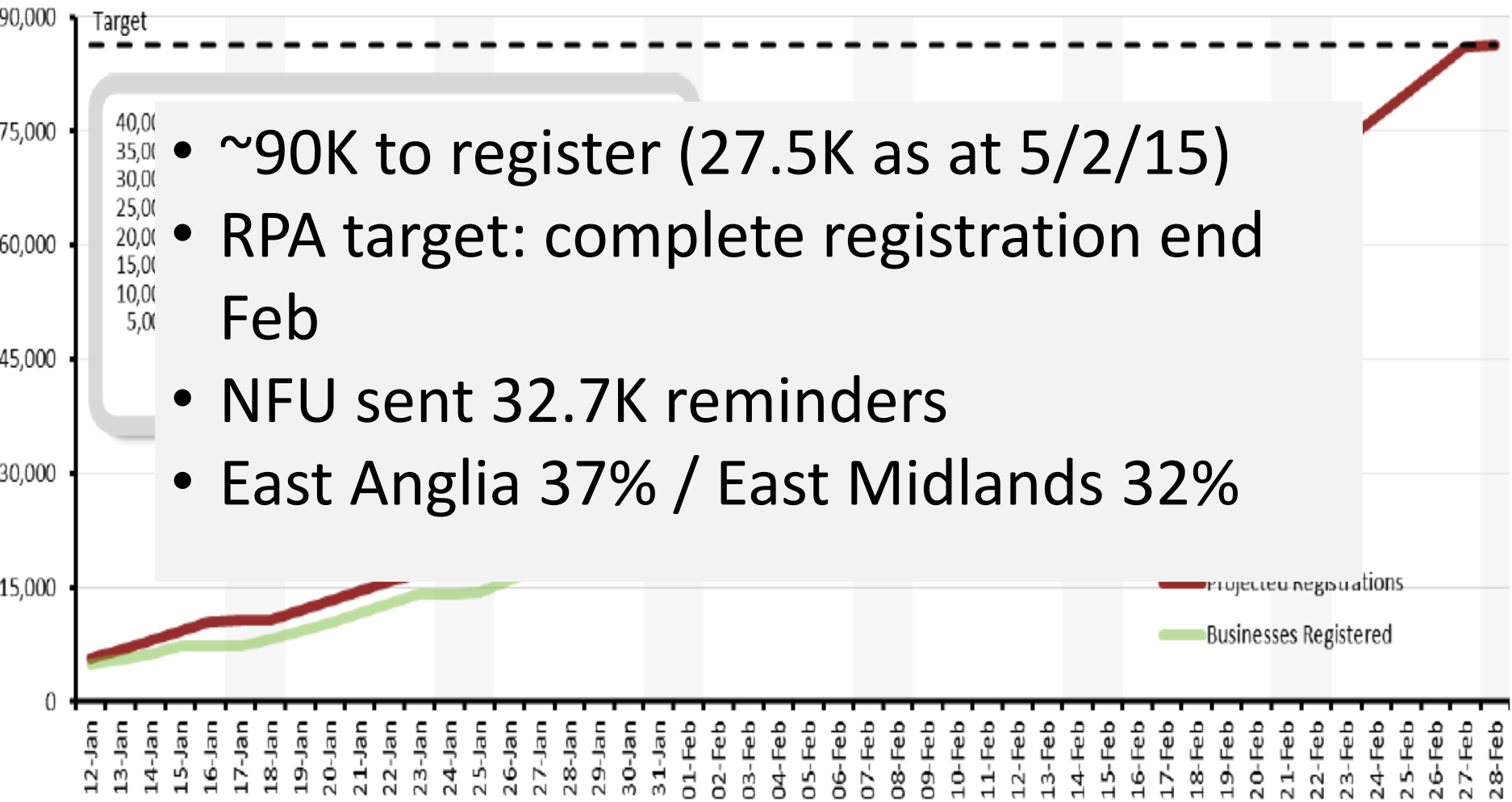
# BPS IMPLEMENTATION

# CAP – Where are we now?

- 3 stage BPS process:
  - Registration (NB register even if agent's applying on your behalf or only claiming ELS/HLS)
  - Confirmation: field data, land use, greening approach, entitlements usage and eligibility of claimant
  - Submission of claim – “April”



# Registrations in line with capacity and forecast campaign activity



- ~90K to register (27.5K as at 5/2/15)
- RPA target: complete registration end Feb
- NFU sent 32.7K reminders
- East Anglia 37% / East Midlands 32%

# Post BPS application

- Hedgerow derogation
  - Commission regulation protects wild birds during nesting **and rearing**
  - Restriction on cutting before 1<sup>st</sup> September
  - NFU lobbied for exemption for hedgerow trimming, derogation achieved
  - Applications in advance for oilseed and temporary grassland sowing in August
  - NB farm-wide ELS/CSS requirements

# BPS payment timescale

- SPS 2014 delivery:
  - 99K claimants paid on 1/12/14
  - 98% claimants and 97% of budget now paid
  - SPS target for March achieved 31 January
- BPS target...should be the same.

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# Post 2015 - CAP Simplification?

- Hogan's approach:
  - Political decisions taken in 2013 stay in place;
  - Retain “sound financial management”; and,
  - Focus on areas concerning farmers and other beneficiaries where most would benefit from a reduction in the administrative burden.
- Focus on 2<sup>nd</sup> legislation, implementing rules, penalties, definitions of crop, evidence for compliance etc

# CAP timetable 2016+

- **2016 :**
  - Commission committed to “thoroughly evaluate the experience with the implementation of the obligations on EFA after the first year of application”
- **By end 2016:**
  - EU Budget (MFF) 2014-2020 review.
- **By 31 March 2017:**
  - EFA area review (5-7%)
- **By end 2018:**
  - Commission to present an initial report on the monitoring and evaluation of the CAP.

# GENERAL ELECTION

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There's strength in members.



# Farming's contribution

- 2013 farmers' contribution to the economy has grown by £2.4 billion – up 35% to £9.4Bn
- UK's agricultural output by value – up 63% (to £26Bn)
- EU accounts for 75% per cent of the UK's food exports
- Food and drink is UK's 4th largest export sector
- Agriculture remains a major employer in rural areas with over 460,000 jobs on UK farms

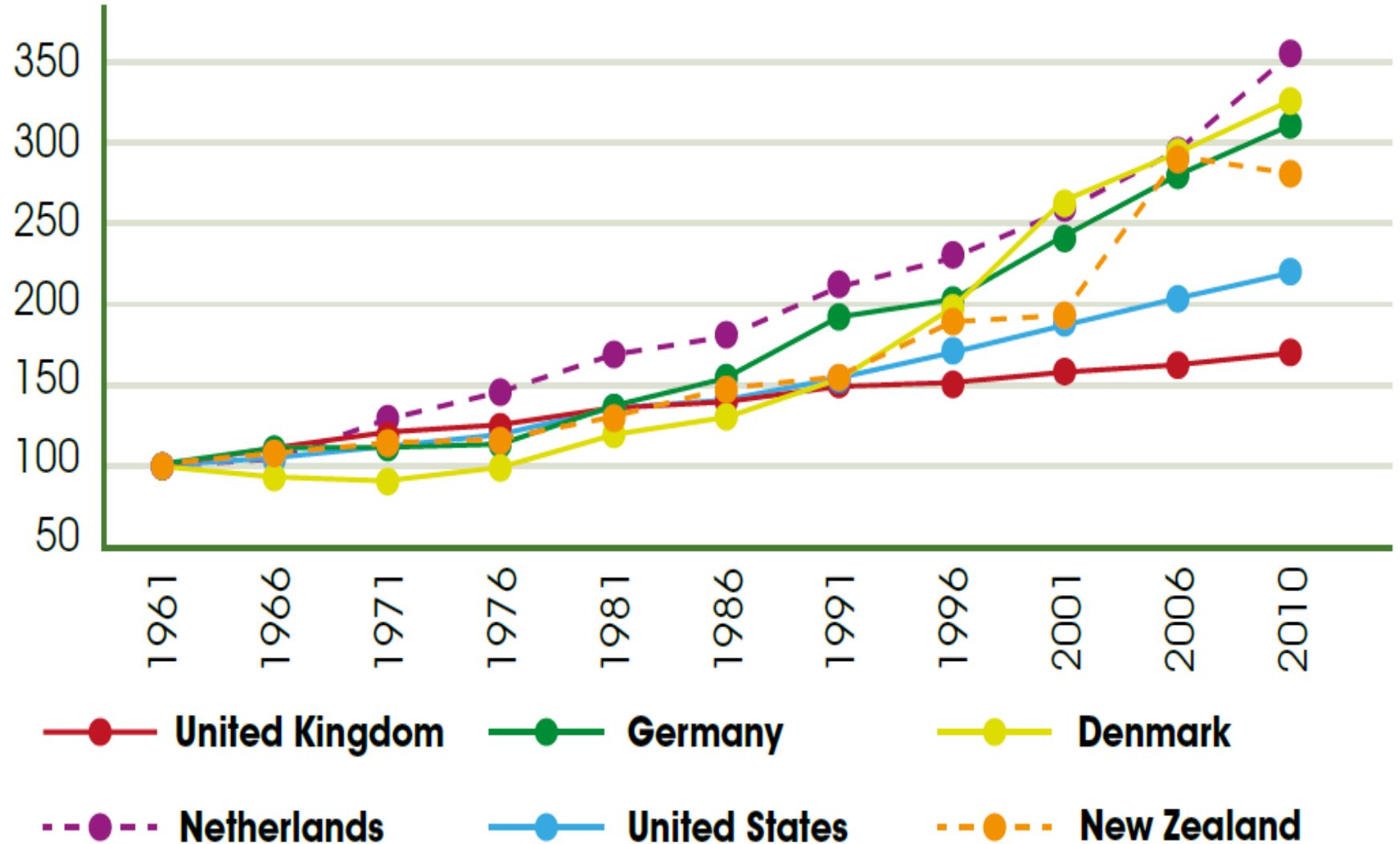


FIGURE 2

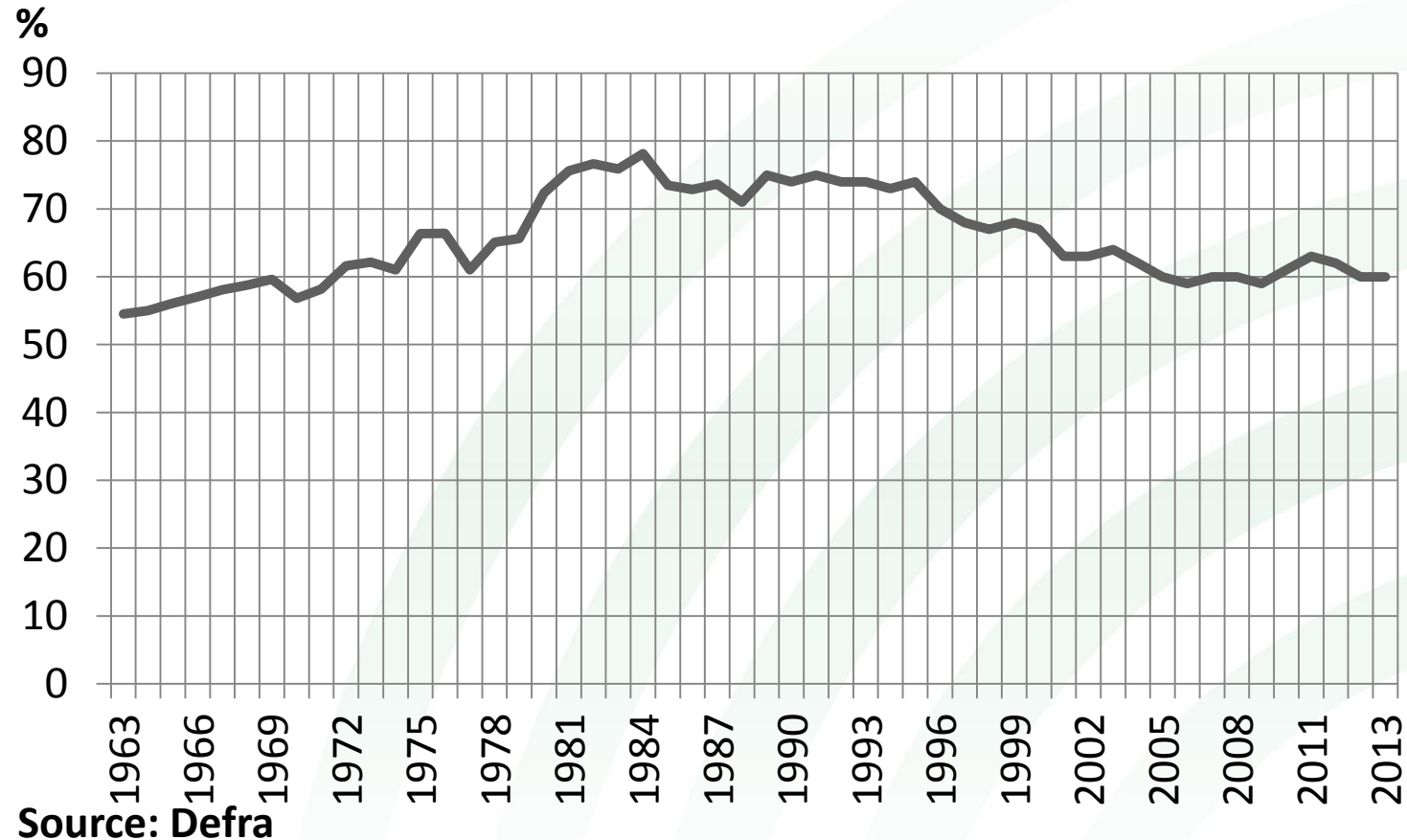
# AGRICULTURAL TOTAL FACTOR PRODUCTIVITY

Source: USDA/FAO

1961 = 100



# UK self-sufficiency trend



# Self-sufficiency in key commodities

	<b>Self-sufficiency 2009-2013</b>	<b>Self-sufficiency 1985-1989</b>
<b>Wheat</b>	<b>103%</b>	<b>114%</b>
<b>Potatoes</b>	<b>81%</b>	<b>90%</b>
<b>Beef</b>	<b>84%</b>	<b>95%</b>
<b>Lamb</b>	<b>96%</b>	<b>84%</b>
<b>Milk</b>	<b>103%</b>	<b>No data available</b>



# THE NATIONAL FARMERS' UNION 2015 GENERAL ELECTION MANIFESTO



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# NFU's General Election Themes

- Investing for Growth
  - Agri-food plan, Annual Investment Allowance, Trailer weights, Broadband
- Securing knowledge and technology
  - Agri-Tech strategy, access to GM technology
- Protecting animal and plant health
  - Healthy Harvest campaign, TB eradication strategy
- Building fair, safe and secure food chains
  - Public procurement, GCA scope and powers
- Conserving the countryside
  - Access to Countryside Stewardship, flood defence spending, abstraction reforms

# THE NATIONAL FARMERS' UNION 2015 GENERAL ELECTION MANIFESTO

## TOP TEN POLICY ASKS

- 1 A UK government engaging and championing farming in EU policy making and the implementation of CAP greening.
- 2 Comprehensive support for food production in the long term, reversing the decline in self-sufficiency.
- 3 Robust scientific support and access to a wide range of technologies using risk-based approaches.
- 4 Implement all elements of the Eradication Strategy.
- 5 Support and extension of the Adjudicator role to address the gap between producers and consumers.
- 6 Fiscal incentives that encourage investment to manage volatility and improve productivity.
- 7 Increased investment in rural infrastructure including development of biotechnology tools through the Rural Innovation Fund.
- 8 Accelerated rollout of high speed broadband to rural areas.
- 9 Accurate food and farm data to be made available to schools and colleges.
- 10 Planning rules that enable small and medium enterprises to compete and grow with expanding potential market and conform to regulatory requirements.



**THANK YOU**

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