Agriculture in the United Kingdom 2005

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2005

Preface

Legal basis

1 Agriculture in the United Kingdom 2005 fulfils the requirement under the Agriculture Act 1993 that Ministers publish an annual report on such matters relating to price support for agricultural produce as they consider relevant. The Government will draw on this information when considering policy issues, including proposals by the European Commission in respect of the Common Agricultural Policy (CAP) and the provision of agricultural support.

Changes

2 Some of the figures now given for past years may differ from those published in preceding issues. This is because of the use of later information, changes in the scope and nature of the available data and improvements in statistical methods.

Structure of Tables

3 Most of the data are on a calendar year basis. The data for 2005 are provisional because information for 2005 was still incomplete at the time of publication, and therefore an element of forecasting was required.

4 The following points apply throughout:

(a) All figures relate to the United Kingdom unless otherwise stated.

(b) In the tables

- means 'nil' or 'negligible' (less than half the last digit shown).

. . means 'not available' or 'not applicable'.

(c) The figures for imports and exports include those from intervention stocks and the figures for exports include re-exports. Imports are based on country of consignment. Exports are based on country of reported final destination. The source of Overseas Trade Statistics is HM Customs and Excise.

(d) Where statistics are shown for the European Union (EU) as a whole they represent the present Member States in all years regardless of when they became a member.

5 Where figures are presented in real terms the measure of inflation used is the all-items Retail Price Index.

Source of data

6 The source of data used in tables and charts is the Defra website at http://statistics.defra.gov.uk/esg/publications/auk/2005/excel.asp unless otherwise stated.

Website

7 This publication and other Defra statistics can be found at http://statistics.defra.gov.uk/esg/. Further statistics of the Devolved Administrations can be found at:

- Scottish Executive - http://www.scotland.gov.uk/Topics/?pageID=62
- Department of Agriculture, Northern Ireland - http://www.dardni.gov.uk/econs/stats.htm
- Welsh Assembly Government - http://www.wales.gov.uk/keypubstatisticsforwales/index.htm

‘Agriculture in the United Kingdom’ Seminar 2006

1 The fourth annual ‘Agriculture in the United Kingdom’ seminar takes place in York on 3rd May 2006 and offers stakeholders the opportunity to discuss the prospects for farm incomes and the work of Defra statisticians.

2 The aims of the seminar are to:

- discuss the prospects for farm incomes in the medium term and the impact of CAP reform on individual farm sectors;
- present and discuss work on the Agricultural Change and Environment Observatory - a research programme to monitor impacts of agriculture change including recent CAP Reform on the environment;
- update stakeholders on current priorities and plans for Defra statistics.

2 Further information will be placed on the Defra website at http://statistics.defra.gov.uk/esg/publications/auk/default.asp. Contact details and a reply form are overleaf.

Agricultural Change and Environment Observatory

3 The Agricultural Change and Environment Observatory programme was established in 2005 by Defra and key stakeholders in recognition of the need to enhance monitoring of the impacts of the 2003 CAP Reform and other key drivers of agricultural change on the environment. The aims of the programme are to monitor, and where possible anticipate, changes in agriculture and at farm level brought about by CAP reform, the drivers for that change, and their consequences for the environment.

Prospect for farm incomes in the medium-term term

4 Defra has for some years published medium-term projections for Total Income from Farming per full-time worker in its annual publication, ‘Agriculture in the United Kingdom’, which reflect market information and policy developments known in the preceding autumn. This session will present Defra’s thoughts on the factors that may impact on the future financial prospects for farm incomes provide the opportunity for stakeholders to contribute and share their views on future prospects. Feedback from this session will inform Defra’s next projections to be published in September 2006.

Impact of CAP Reform on individual farming sectors

5 A key event of 2005 has been the introduction of the Single Payment Scheme which replaced eleven CAP payment schemes with one single payment and decouples subsidies from production. This session offers stakeholders the opportunity to break out into groups to discuss the impact of CAP reform on specific sectors.

Update on current plans for Defra statistics

6 Defra’s priorities and needs for statistics to support policy making are currently being considered. There will be a short presentation which will update stakeholders on the current plans for Defra statistics.

'Agriculture in the United Kingdom' Seminar 2006

Name _____ Organisation _____

Email or postal address _____

_____

_____

I would like to attend the Agriculture in the United Kingdom seminar on 3 May 2006. Please send me further details.

Return to:

Keith Seabridge, Defra, Room 137, Foss House, Kings Pool, 1-2 Peasholme Green, York YO1 7PX,

by post or

by fax (01904 455060) or

confirm by email (keith.seabridge@defra.gsi.gov.uk) or by telephone to the Agriculture in the United Kingdom team on 01904 455407.

Chapter 1 Key Events in 2005

Total Income from Farming

1 Total Income from Farming is estimated to have fallen by 8.9 per cent at current prices to £2.5 billion, which equates to a fall of 11 per cent in real terms. Total Income from Farming per full-time person equivalent fell by 8.0 per cent at current prices, a fall of 11 per cent in real terms, to £12,500.

CAP Reform

2 Following the decision of the Government that CAP reform should be implemented in the United Kingdom at the earliest possible opportunity, the Single Payment Scheme was introduced on 1 January 2005, replacing eleven direct subsidies linked to the production of agricultural products. Each of the Agricultural Departments for England, Northern Ireland, Scotland and Wales adopted different methods of payments:

- in England, a flat rate area based system of payment was introduced which will be phased in over a transitional period, ending in 2012;
- in Scotland, the single farm payment will be based on subsidy receipts during 2000 to 2002 - the 'historic' basis – while retaining an element to fund the Scottish Beef Calf Scheme, aimed at supporting the supply of quality Scotch beef and the environment in Scotland;
- in Northern Ireland, a static, vertical hybrid model of decoupling was introduced, comprising of a 'historic' component and a flat rate area based component;
- in Wales, the 'historic' basis will be adopted for the single farm payment.

BSE

3 Following advice from the United Kingdom's Food Standards Agency, the Government announced the start of a managed transition towards the lifting of the Over Thirty Month (OTM) rule and its replacement with a system of robust testing of cattle for BSE. The new testing system replaced the OTM rule in November 2005. Changes in export restrictions are not expected to come into effect before 2006.

4 The Over Thirty Month Scheme (OTMS), which was introduced in May 1996 as a market support measure to remove cattle from the market and pay compensation to producers for cattle over thirty months of age that could no longer enter the food chain as a result of the domestic OTM rule, ended in January 2006. A voluntary compensation scheme, the Older Cattle Disposal Scheme,was introduced in place of the OTMS. This scheme, which is part-funded by the EU, removes cattle born before 1 August 1996 and provides a safe mechanism for ensuring that these animals are disposed of safely and farmers adequately compensated. It will run for three years.

A Vision for the Common Agricultural Policy

5 Defra and HM Treasury launched a joint paper, A Vision for the Common Agricultural Policy, in December 2005, contributing to the debate on how to achieve a sustainable future for agriculture and presenting for debate a vision for what a sustainable model of European agriculture might look like in the future to benefit Europe and the rest of the world.

Reform of the EU sugar regime

6 The United Kingdom Presidency of the European Union achieved agreement in November 2005 on the reform of the sugar sector in the European Union. The key points of the agreements are:

- European Union sugar prices are to be cut by 36 per cent over 4 years alongside a voluntary restructuring scheme aimed at reducing production by around 6 million tonnes in the same period;
- compensation for growers will consist of:

  - fully decoupled payments of 60 per cent of the resulting fall in incomes from the price cuts;

  - some additional funding from the voluntary restructuring scheme; and

  - in Member States surrendering more than 50 per cent of their quotas, additional time-limited coupled aid of a further 30 per cent, which may be paid with a smaller nationally funded top-up.

7 The deal will not involve any new restrictions on preferential imports from least developed countries under the Everything But Arms agreement but does contain new provisions to guard against fraud.

WTO negotiations

8 The Sixth WTO Ministerial Conference was held in Hong Kong from 13 to 18 December 2005. Ministers from the WTO's 149 member governments approved a declaration after six days of intensive negotiations in which a European Union offer to end farm export subsidies by 2013 was approved. No agreement was reached on import tariffs. Rich countries are to phase out export subsidies for cotton but there was no agreement on a date for reducing domestic subsidies for US farmers. The poorest countries are to get quota-free and duty-free access to global markets for 97 per cent of their goods. Members are to complete "full modalities" in agriculture and non-agricultural market access by 30 April 2006.

Chapter 2 Farming Income

Summary

In 2005:

- Total Income from Farming fell by 8.9 per cent, or 11 per cent in real terms, to £2.5 billion;
- Total Income from Farming per full-time person equivalent fell by 8.0 per cent in current prices, or 11 per cent in real terms, to £12,500;
- gross value added for agriculture at market prices decreased by 3.7 per cent;
- incomes are expected to have fallen for all farm types except dairy and specialist poultry;
- Eurostat Indicator A (net value added at factor cost per full-time person equivalent) is estimated to have fallen by 5.6 per cent for the EU as a whole;
- the United Kingdom ranks sixth of EU Member States with an average of 24,500 euros gross value added per full-time person equivalent;
- agriculture's share of the workforce in the United Kingdom is 1.8 per cent;
- the proportion of part-time workers in the United Kingdom has risen from about 25 per cent in the 1980s to 55 per cent of the total.

Long-term trends in farming income (chart 2.1)

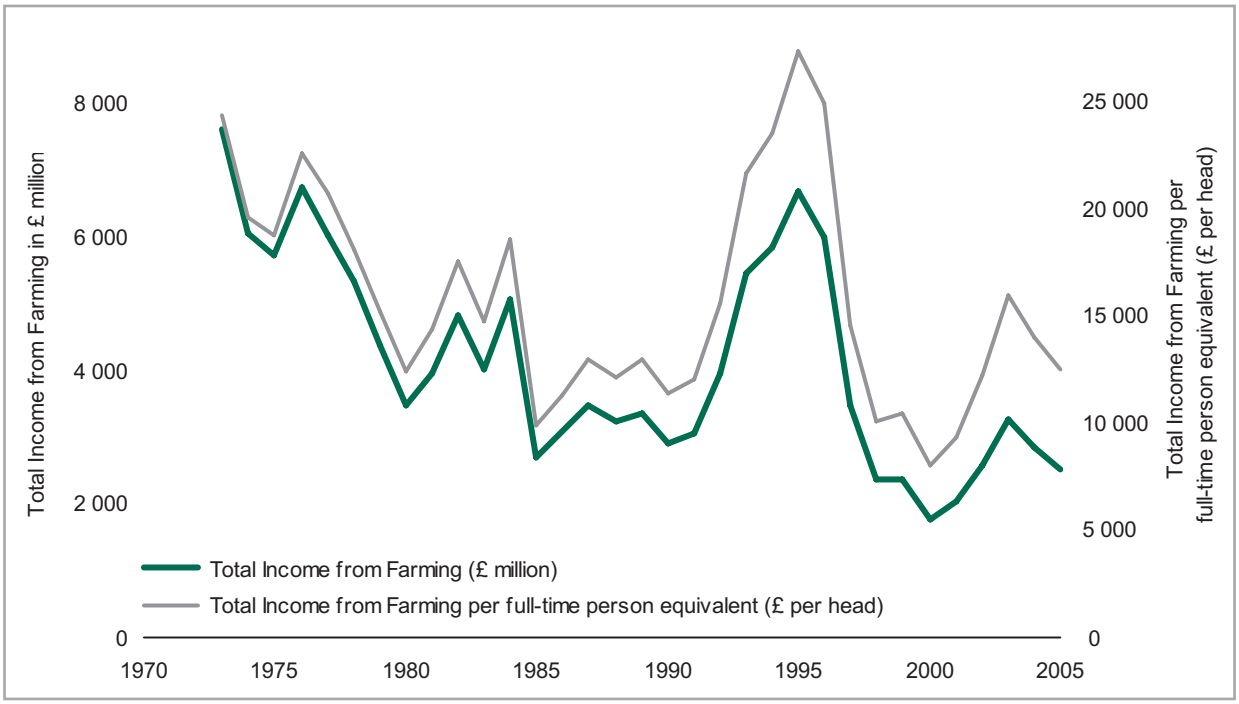
1 In 2005, Total Income from Farming in the United Kingdom is estimated to have fallen by 11 per cent in real terms. It is about 40 per cent above the low point in 2000 and 60 per cent below the peak in 1995. The dramatic rise in farming's profitability in the early nineties followed the decline in the euro/sterling exchange rate after the United Kingdom left the Exchange Rate Mechanism. The equally rapid reverse in the second half of the decade was caused by increases in the exchange rate, lower world commodity prices and the impact of BSE.

Prospects for farming incomes (chart 2.2)

2 The future business prospects for farming will reflect the interaction of the key drivers (both long-term and short-term) which have shaped the present position. Chart 2.2 shows some projections of underlying trends; it should be emphasised that these types of projection have very broad margins of uncertainty and also that agriculture is an industry where specific events, such as disease outbreak or poor weather, can shift incomes from the underlying trend in individual years.

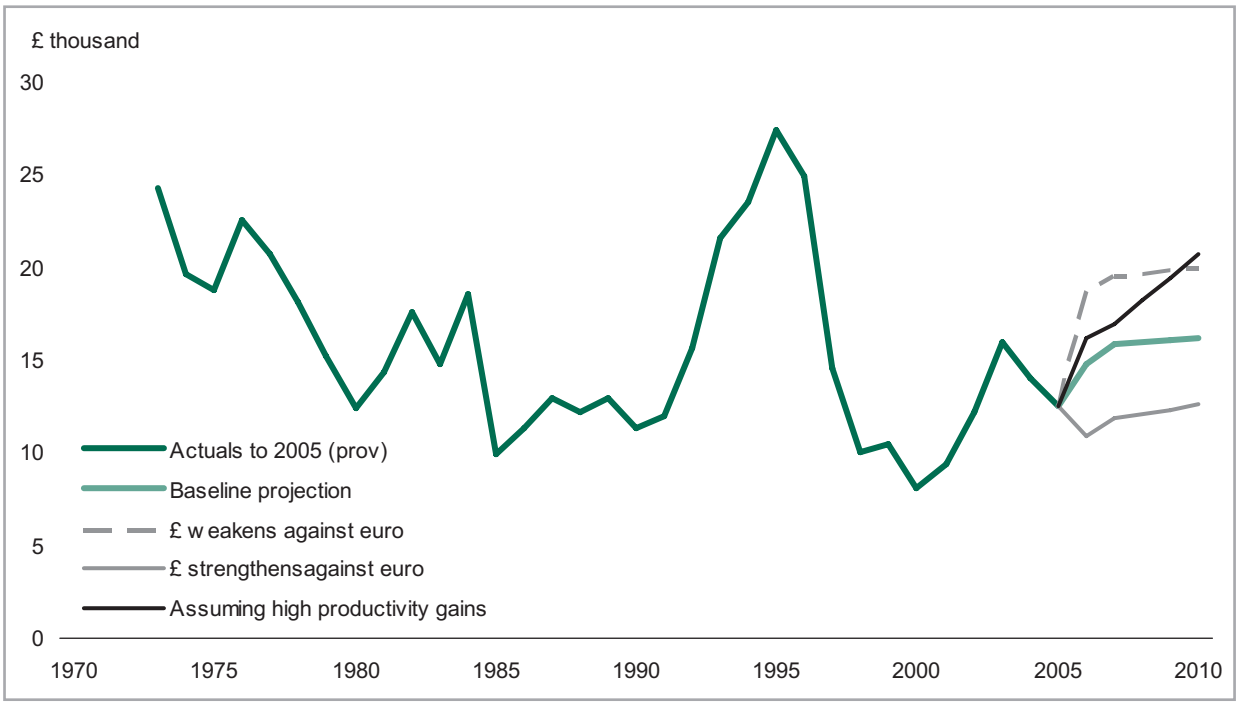
3 The latest projections suggest an easing of the impact of high oil prices resulting in a slight recovery by 2007 to be followed by levels of around £16,000 per full-time person equivalent for each year to 2010. The baseline projection in chart 2.2 assumes an exchange rate of 68.5 pence per euro. Projections are also provided to illustrate the effects of further movements in the exchange rate. The exchange rate scenarios shown illustrate the effects of returns to high and low exchange rates of recent years (71 pence per euro for the pound weakens scenario and 60 pence for the pound strengthens scenario).

Chart 2.1 Long-term trends in farming income in real terms at 2005 prices



4 A key driver of farming incomes is productivity. The high productivity scenario within this analysis has been chosen to broadly match the growth rate seen for the leading group of Member States of the European Union (France, Denmark, the Netherlands and Belgium).

Chart 2.2 Prospects for farming incomes; Total Income from Farming in real terms at 2005 prices per full-time person equivalent up to 2010



Summary measures including Total Income from Farming (tables 2.1, 2.2).

5 Net value added at factor cost includes all subsidies. It makes no allowance for interest, rent or labour costs. In 2005, net value added at factor cost was £5.3 billion, 3.2 per cent lower than in 2004 (5.9 per cent in real terms).

6 Total Income from Farming in the United Kingdom in 2005 is estimated to have fallen by 8.9 per cent in current prices, or by 11 per cent in real terms, to £2.5 billion. It is income generated by production within the agriculture industry, including subsidies. It represents business profits plus remuneration for work done by owners and other unpaid workers and is calculated as: gross output at basic prices (market prices plus subsidies on product); plus other subsidies less taxes on production; less total intermediate consumption, total consumption of fixed capital (depreciation), paid labour, rent and interest.

7 Compensation of employees, or labour costs, was 3.0 per cent higher (0.2 per cent in real terms) than in 2004 as a result of an increase in the average wage. Income from agriculture of total labour input, which is the sum of Total Income from Farming and compensation of employees, fell by 3.9 per cent, or 6.6 per cent in real terms. Total Income from Farming per full-time person equivalent ("Total income from farming per AWU of entrepreneurial labour" in table 2.1) is estimated to have fallen by 8.0 per cent in current prices, or by 11 per cent in real terms, to £12,500.

Table 2.1 Summary measures from the UK aggregate agricultural account

Enquiries: Christine Holleran on +44 (0)1904 455080 email: christine.holleran@defra.gsi.gov.uk

£ million (unless otherwise specified) Calendar years

Year	Net value added at factor cost	Income from farming				Cash flow from farming
		Total income from farming	Compensation of employees	Income from agriculture of total labour input	Total income from farming per AWU of entrepreneurial labour (a)	
		A	B	A + B	(£)	
1996	7 444	4 779	1 881	6 660	19 800	4 794
1997	5 672	2 864	1 930	4 794	12 000	3 105
1998	4 936	2 022	1 975	3 998	8 600	2 735
1999	4 916	2 053	2 029	4 082	9 000	2 908
2000	4 329	1 575	1 901	3 476	7 100	2 642
2001	4 609	1 847	1 951	3 798	8 400	3 905
2002	5 071	2 362	1 966	4 328	11 200	2 694
2003	5 734	3 081	1 916	4 997	15 100	3 538
2004	5 489	2 767	1 967	4 734	13 600	2 848
2005 (provisional)	5 312	2 521	2 027	4 548	12 500	802
In real terms, 2005 prices		A	B	A + B	(£)	
1996	9 358	6 008	2 365	8 373	24 900	6 027
1997	6 914	3 491	2 352	5 844	14 600	3 784
1998	5 817	2 383	2 328	4 711	10 100	3 223
1999	5 706	2 383	2 355	4 738	10 400	3 376
2000	4 880	1 776	2 143	3 918	8 000	2 978
2001	5 103	2 045	2 160	4 205	9 300	4 323
2002	5 524	2 573	2 142	4 716	12 200	2 935
2003	6 071	3 262	2 029	5 291	15 900	3 746
2004	5 645	2 845	2 023	4 868	14 000	2 929
2005 (provisional)	5 312	2 521	2 027	4 548	12 500	802

(a) An annual work unit (AWU) represents the equivalent of an average full-time person engaged in agriculture.

8 Cash flow from farming fell by 72 per cent, or 73 per cent in real terms, to £0.8 billion. Cash flow reflects sales and expenditure on gross fixed capital formation and includes capital transfers paid to the industry in exchange for assets. As cash flow reflects the income from receipts received during the year, the 2005 estimate is affected by the majority of payments through the Single Payment Scheme in the United Kingdom being made in 2006, thus showing a decrease in real terms of £2.1 billion.

9 Gross value added for the industry, which represents its contribution to national gross domestic product (GDP) decreased by 31 per cent at basic prices or 3.7 per cent at market prices, compared to 2004. The large decrease at basic prices is a consequence of the introduction of the Single Payment Scheme which is not included in output (as it is decoupled from production) and therefore does not appear in gross value added.

10 Since 2000 the agricultural industry has accounted for around 0.8 per cent of the total economy falling to 0.5 per cent in 2005, measured in terms of gross value added. Again this fall is a consequence of the introduction of the Single Payment Scheme. Since 1973, when the share was almost 3 per cent, the overall trend has been downwards, although there have been brief recoveries when prices for agricultural commodities improved.

11 The industry's share of the workforce is now at 1.8 per cent. Since the early 1980s there has been a shift in the composition of the labour force with an increase in the proportion of part-time workers, rising from 25 per cent to about 55 per cent of the total.

Summary measures by United Kingdom countries (table 2.2)

12 Table 2.2 shows the main indicators for the agricultural industries in England, Northern Ireland, Scotland and Wales in 2005. In 2005, England and Wales accounted for roughly 75 per cent of the United Kingdom's Total Income from Farming measure; Scotland accounted for about 17 per cent and Northern Ireland for about 7per cent.

13 The measure "Agriculture's share of total regional employment" gives an indication of the relative importance of the agricultural industry to each country. Agriculture's share of employment was greatest in Northern Ireland where it accounted for 6.3 per cent, and least in England and Wales where it accounted for 1.4 per cent.

Table 2.2 Summary measures by country in 2005

Enquiries: Sarah Tumber on +44 (0)1904 4550804 email: sarah.tumber@defra.gsi.gov.uk

	Gross output at basic prices	Intermediate consumption	Gross value added at basic prices	Total Income from Farming	Agriculture's share of total regional gross value added at basic prices	Agriculture's share of total regional employment (a) (b)	Agriculture's share of total regional gross fixed capital formation
	£ million	£ million	£ million	£ million	%	%	%
United Kingdom	14 289	9 051	5 238	2 521	0.5	1.8	1.4
England & Wales	11469	7130	4339	1901	. .	1.4	. .
Scotland	1 747	1 143	604	436	. .	2.7	. .
Northern Ireland	1 074	778	296	186	. .	6.3	. .

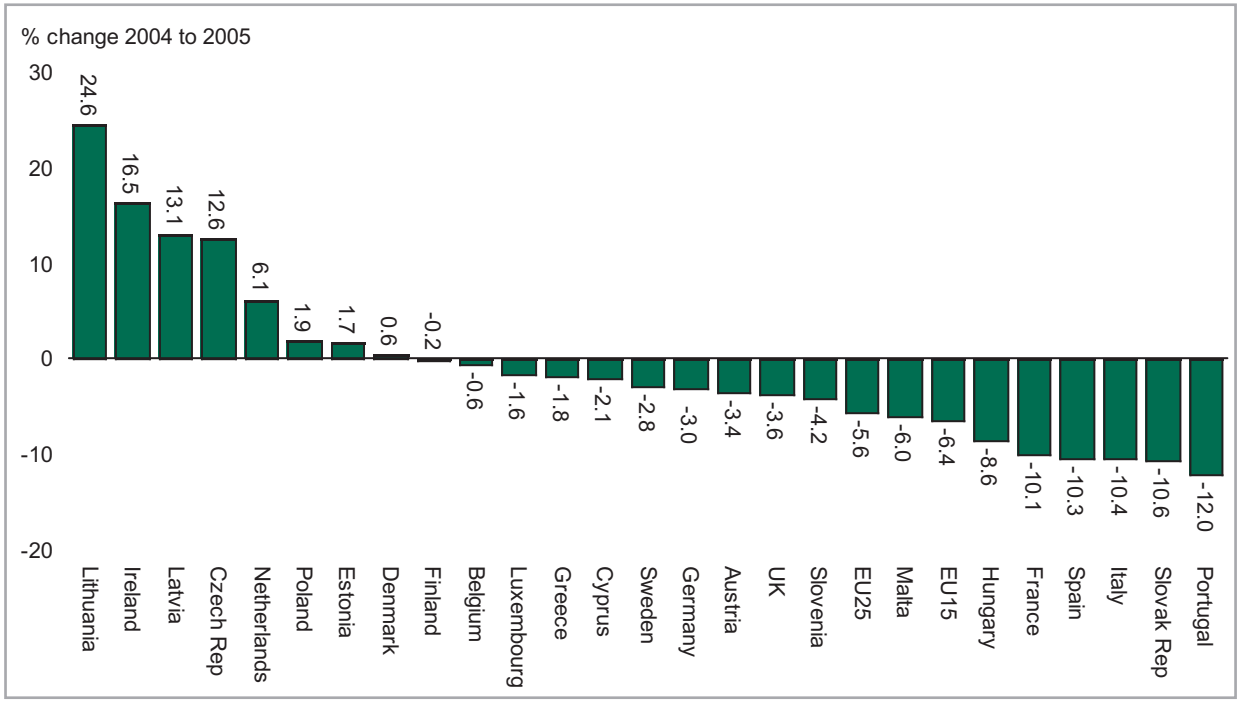
(a) The total workforce in employment consists of employees in employment, the self-employed and people in work-related government training schemes. For Northern Ireland, agriculture's percentage share is higher than that published by the Northern Ireland Department of Enterprise, Trade and Investment, which excludes part-time owners, partners, directors and spouses of farmers.

(b) The agriculture industry includes a high proportion of part-time workers. A comparison on the basis of full-time person equivalent would show lower percentages.

Comparison of income measures in EU Member States (chart 2.3, table 2.3)

14 Chart 2.3 shows estimated changes from 2004 to 2005 in income from agricultural activity across EU Member States as measured by Eurostat's Indicator A. The figures quoted are estimates published by Eurostat and are based on provisional economic accounts for agriculture submitted to Eurostat by Member States at the end of January 2006.

Chart 2.3 Changes in income across the EU: Indicator A



Source: Eurostat

15 Net value added at factor cost (deflated by the GDP price index) per annual work unit (or full-time person equivalent), Indicator A, was estimated to have fallen by 5.6 per cent in the EU as a whole in 2005. It was was estimated to have increased in eight Member States with the largest increases being in Lithuania and Ireland. Income is estimated to have fallen in seventeen Member States with the largest falls in Portugal, the Slovak Republic, Italy, Spain and France.

16 Total entrepreneurial income (deflated by the GDP price index) per annual work unit, Indicator B, was estimated to have fallen by 7.0 per cent in 2005 for the United Kingdom.

17 Total entrepreneurial income (deflated by the GDP price index), Indicator C, was estimated to have fallen by 14 per cent in the European Union in 2005.

18 Table 2.3 compares Indicator A, Indicator B and Indicator C for the EU 15 to 2005. Between 2001 and 2005, Indicator A rose by 15 per cent in the United Kingdom but fell by 8.1 per cent in the EU 15; Indicator B rose by 30 per cent in the United Kingdom, and Indicator C rose by 20 per cent in the United Kingdom but fell by 22 per cent in the EU 15.

Table 2.3 Eurostat income indicators

Enquiries: Christine Holleran on +44 (0)1904 455080 email: christine.holleran@defra.gsi.gov.uk

Index 2000 = 100

	Average of 1994-96	2001	2002	2003	2004	2005
Net value added at factor cost of agriculture per total Annual Work Unit (Indicator A)						
UK	161.9	106.3	116.2	138.5	127.0	122.5
EU15	97.6	105.7	99.1	101.8	104.1	97.1
Net agricultural entrepreneurial income per unpaid Annual Work Unit (Indicator B)						
UK	272.1	114.9	138.9	185.1	171.1	149.5
EU15	. .	. .	. .	. .	. .	. .
Net entrepreneurial income from agriculture (Indicator C)						
UK	301.8	114.0	132.9	172.1	159.1	136.4
EU15	113.9	106.7	93.5	95.6	96.8	83.2

Source: Eurostat

Table 2.4 Comparison of agriculture in EU Member States for 2005

Enquiries: Christine Holleran on +44 (0)1904 455080 email: christine.holleran@defra.gsi.gov.uk

Country comparison at current prices and current exchange rates € million (except where otherwise stated)

	Total crop output	Total animal output	Gross output	Gross Value Added	Entrepreneurial income	Total labour input AWU (a)	Gross Value Added per AWU
						'000 AWU	€ '000
Member States							
EU25	161 494	129 362	310 089	145 869	76 125	9 010	16.2
EU15	146 359	115 291	279 125	133 866	68 640	5 794	23.1
Austria	2 184	2 655	5 382	2 354	1 738	169	13.9
Belgium	2 950	3 729	6 756	2 503	1 172	71	35.5
Cyprus	245	289	569	286	- 45	24	12.2
Czech Republic	1 685	1 525	3 349	999	329	132	7.5
Denmark	2 536	4 678	7 688	2 487	156	64	39.0
Estonia	190	270	507	217	151	40	5.5
Finland	1 722	2 033	4 073	1 243	993	101	12.3
France	34 323	24 216	63 040	28 795	10 029	943	30.5
Germany	18 325	18 809	38 708	13 918	5 715	575	24.2
Greece	8 537	2 904	12 295	8 167	5 940	610	13.4
Hungary	3 221	2 138	5 942	2 127	1 070	512	4.2
Ireland	1 290	4 050	5 602	2 158	2 292	167	12.9
Italy	25 772	13 224	41 194	25 900	11 602	1 115	23.2
Latvia	325	309	734	292	277	136	2.2
Lithuania	672	758	1 492	607	340	149	4.1
Luxembourg	83	151	249	96	59	4	24.1
Malta	42	71	122	56	54	4	12.9
Netherlands	10 172	8 411	21 053	8 633	2 471	200	43.2
Poland	7 372	7 443	15 384	6 402	5 011	2 025	3.2
Portugal	3 663	2 754	6 743	2 813	1 751	417	6.8
Slovakia	831	742	1 773	529	28	103	5.1
Slovenia	551	526	1 094	488	270	90	5.4
Spain	26 081	14 227	41 748	26 420	19 574	989	26.7
Sweden	1 631	2 271	4 279	1 051	611	72	14.5
United Kingdom	7 091	11 179	20 314	7 329	4 538	299	24.5

source: Eurostat

(a) Differs from workforce in agriculture in tables 3.8 and 6.2 which is shown in thousand persons. In this table the basis is annual work units (AWU) (full-time equivalents) as opposed to persons employed.

Comparison of agriculture in EU Member States (table 2.4)

19 Table 2.4 shows the relative importance of agriculture in the 25 Member States in 2005. Again these are estimates based on economic accounts for agriculture submitted to Eurostat by Member States at the end of January.

20 France, Italy, Spain and Germany are estimated to account for almost two-thirds of the total value of crop output in the EU in 2005. France was also the main producer in the livestock sector and, together with Germany, Spain, Italy and the United Kingdom, was estimated to have accounted for over 60 per cent of the total value of livestock output in the EU.

21 In terms of gross value added per annual work unit, the United Kingdom ranks sixth behind the Netherlands, Denmark, Belgium, France and Spain, with an average of 24,500 euros per full-time person equivalent.

Net farm incomes by farm type (tables 2.5, 2.6, chart 2.4)

22 Estimates of net farm income and cash income include provision for Single Payment Scheme receipts which are recorded as due for the 2005/06 accounting year. Although the payment is not included in crop or livestock output it is included in total farm output. Estimates of Single Payment Scheme receipts by farm type are speculative. The level of payment will vary from farm to farm, even within the same farm type.

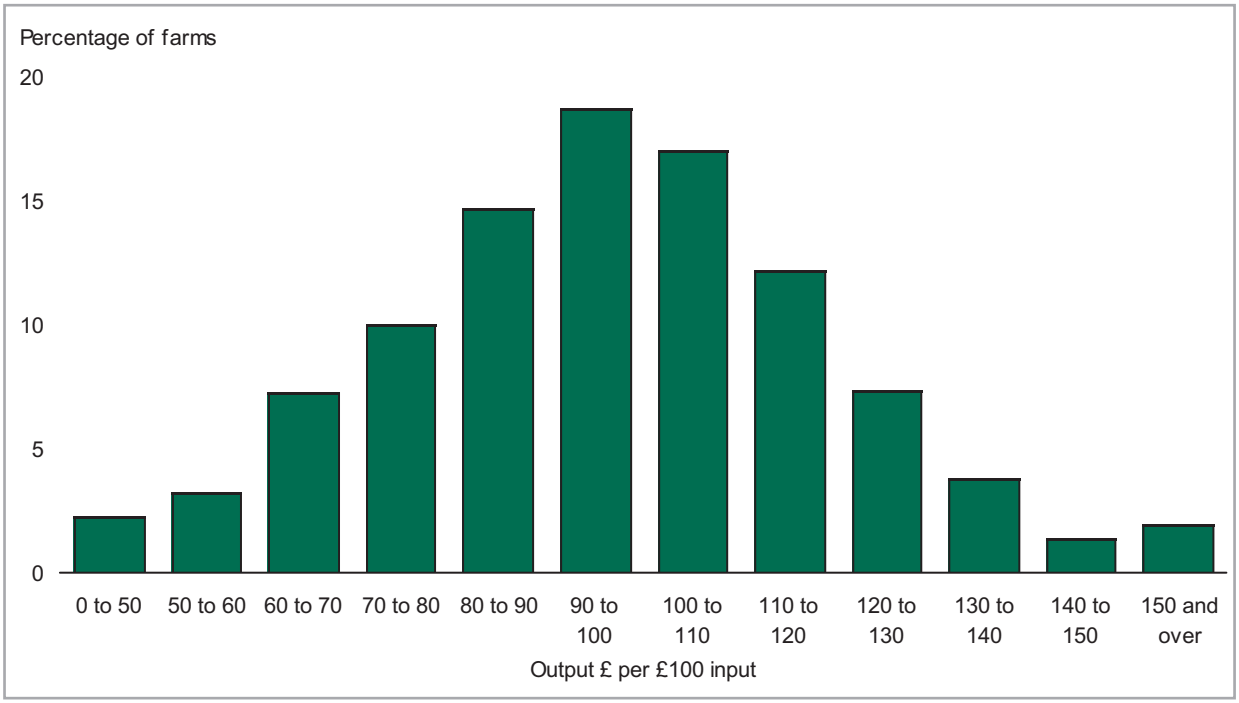
23 In real terms, average net farm income for all types of farms in the United Kingdom is expected to be around £17,500 in 2005/06, a level similar to 2004/05. The main effects on incomes are a fall in cereal prices and the consequent decline in expenditure on animal feed, a large increase in energy costs and a rise in fertiliser prices. Incomes for dairy and pig farms are expected to increase as higher running costs are offset by savings on feed. Specialist poultry incomes are expected to fall due to a drop in the value of eggs. Incomes are forecast to be lower for cereal farms, due to the fall in prices and increased fuel costs, while general cropping farms are expected to be slightly higher as the Single Payment is estimated to counteract the fall in output. A fall in income is forecast for lowland grazing livestock farms as most costs are predicted to rise while livestock prices have fallen. Incomes on LFA grazing livestock farms are expected to remain broadly similar in 2005/06.

24 Table 2.6 shows there were wide variations in the level of income across farms in 2004/05. In the United Kingdom a quarter of farms had a net farm income of less than zero; just over a third had an income of less than £5,000. These proportions were reflected in each country with the exception of Wales, where about 20 per cent of farms had an income of less than zero, and Northern Ireland where over 40 per cent had an income under £5,000. Nearly a quarter of farms in England had an income of at least £30,000 but only 11 per cent in Northern Ireland.

25 The table compares three measures of farm income: net farm income, occupier's net income and cash income. Net farm income treats all farms, whether tenanted or owner-occupied, on the same basis so the profitability of farms with different tenure types can be compared. Occupier's net income differs because imputed rent is not deducted as a cost and land-type costs are included in inputs. This measure is therefore closer to the income position from the occupier's point of view. Cash income is defined as the cash return to the group (with an entrepreneurial interest in the business) for their labour and on all investment and is calculated as output less input.

26 Chart 2.4 shows the differences in performance of farms in the United Kingdom for 2004/05. Performance is measured as £ of output per £100 of input, where input includes a charge for farmer and spouse manual labour, imputed or otherwise. The chart illustrates the significant variation in performance across all farms with approximately 55% of farms failing to recover their costs.

Chart 2.4 UK distribution of performance across farms > 0.5 SLR in 2004/05



Diversification

27 Diversification is widely held to offer considerable scope for improving the economic viability of farm businesses. It can be thought of as "the entrepreneurial use of farm resources for a non-agricultural purpose for commercial gain". There are some obvious activities that are included as diversification such as tourism, sport, recreation and processing, and others that are not, such as the production of organic or novel crops, which while possibly reflecting a change in focus and entrepreneurial activity by the farmer, remain agricultural activities. Others such as off-farm employment or investment income are not regarded as diversified activities as they do not utilise farm resources.

28 Further information on diversification in the countries of the United Kingdom, is available at:

- http://statistics.defra.gov.uk/esg/index/list.asp?i_id=014
- http://www.countryside.wales.gov.uk/fe/master.asp?n1=4&n2=107
- http://www.ruralni.gov.uk/ruraldev/diversification/index.asp
- http://www.scotland.gov.uk/about/FCSD/MCG-NW/00018956/page486428816.aspx

Table 2.5 Net farm income by country and type of farm

Enquiries: Selina Matthews +44 (0)20 7238 3274 email: selina.matthews@defra.gsi.gov.uk

Average net farm income per farm (£ per farm) — Accounting years ending on average in February

	2000/01	2001/02 (a)	2002/03	2003/04	2004/05	2005/06 (provisional)
At current prices						
England						
Dairy	14 000	30 900	16 400	23 600	26 400	30 000
Grazing livestock (LFA)	5 900	7 400	17 700	15 000	13 400	19 000
Grazing livestock (lowland)	- 400	- 100	6 400	7 100	5 400	3 000
Cereals	7 500	5 900	13 200	36 400	15 600	9 500
General cropping	18 600	17 500	15 600	56 800	32 200	33 500
Specialist pigs	42 100	21 600	25 300	34 400	25 100	30 500
Specialist poultry	30 300	26 700	97 100	53 200	89 700	73 000
Mixed	7 600	4 500	11 400	24 400	16 400	19 000
Wales						
Dairy	12 300	29 600	18 200	18 100	20 500	20 000
Grazing livestock (LFA)	3 900	1 600	13 300	15 900	14 300	14 000
Grazing livestock (lowland)	800	2 200	9 400	8 900	3 900	3 500
Scotland						
Dairy	19 500	37 400	8 800	22 700	24 600	. .
Grazing livestock (LFA)	3 200	11 700	15 700	18 100	15 500	. .
Cereals	4 500	1 100	500	17 000	1 400	. .
General cropping	5 400	2 600	-1 400	25 300	4 100	. .
Mixed	8 800	10 300	9 100	22 400	14 600	. .
Northern Ireland						
Dairy	14 600	17 500	6 500	15 500	17 100	21 500
Grazing livestock (LFA)	700	4 000	4 600	4 900	6 200	6 000
United Kingdom						
Dairy	14 300	28 200	14 200	21 100	23 700	26 000
Grazing livestock (LFA)	3 200	5 800	13 000	14 300	13 000	13 500
Grazing livestock (lowland)	- 200	1 300	6 700	7 100	5 300	3 500
Cereals	6 900	5 000	11 000	33 500	13 600	10 000
General cropping	15 600	14 200	11 700	50 800	26 400	28 500
Specialist pigs	37 600	20 000	23 500	32 100	25 100	30 500
Specialist poultry	26 300	22 100	83 500	49 900	89 700	73 000
Mixed	7 700	5 300	10 400	22 600	14 800	18 000
ALL TYPES (Including Horticulture)	8 700	13 000	13 700	23 900	17 900	18 000
In real terms (at 2004/05 prices)						
United Kingdom						
Dairy	15 700	30 500	15 100	21 800	23 700	25 500
Grazing livestock (LFA)	3 500	6 300	13 700	14 700	13 000	13 000
Grazing livestock (lowland)	- 200	1 400	7 100	7 300	5 300	3 500
Cereals	7 600	5 400	11 600	34 600	13 600	10 000
General cropping	17 100	15 300	12 400	52 400	26 400	27 500
Specialist pigs	41 300	21 600	24 900	33 100	25 100	29 500
Specialist poultry	28 900	23 900	88 500	51 500	89 700	71 000
Mixed	8 400	5 700	11 100	23 300	14 800	17 500
ALL TYPES (Including Horticulture)	9 500	14 000	14 600	24 700	17 900	17 500

(a) Excluding farms subjected to compulsory foot and mouth disease cull.

Table 2.6 All farm types: distribution of farm incomes by country 2004/05

Enquiries: Selina Matthews +44 (0)20 7238 3274 email: selina.matthews@defra.gsi.gov.uk

Percentage of farms

	England	Wales	Scotland	Northern Ireland	United Kingdom
Net Farm Income					
Less than zero	24.6	19.2	27.0	28.5	24.7
0 to less than £5,000	11.3	14.9	9.6	15.4	12.0
£5,000 to less than £10,000	9.7	12.1	13.1	17.2	11.4
£10,000 to less than £20,000	17.7	22.8	19.1	16.7	18.4
£20,000 to less than £30,000	12.8	13.4	12.0	10.8	12.5
£30,000 to less than £50,000	11.3	11.2	11.1	8.2	10.9
£50,000 and over	12.7	6.5	8.0	3.0	10.1
Average (£ thousand per farm)	21.2	14.6	13.2	9.4	17.9
Occupier's Net Income					
Less than zero	23.3	19.0	22.2	26.8	23.0
0 to less than £5,000	10.4	11.1	6.0	16.9	10.6
£5,000 to less than £10,000	9.5	13.2	15.6	15.9	11.6
£10,000 to less than £20,000	18.6	21.0	23.7	19.8	19.7
£20,000 to less than £30,000	12.5	13.6	11.5	10.6	12.3
£30,000 to less than £50,000	11.9	12.9	11.2	7.5	11.4
£50,000 and over	13.9	9.2	8.9	2.3	11.3
Average (£ thousand per farm)	23.2	17.2	15.6	8.9	19.7
Cash Income					
Less than zero	8.8	7.2	5.6	2.8	7.5
0 to less than £5,000	5.8	5.4	3.6	6.6	5.5
£5,000 to less than £10,000	8.3	10.0	6.9	12.9	8.8
£10,000 to less than £20,000	16.6	20.6	22.1	32.1	19.6
£20,000 to less than £30,000	13.2	16.6	15.0	14.3	14.0
£30,000 to less than £50,000	18.8	20.6	21.0	17.4	19.2
£50,000 and over	28.5	19.6	25.6	14.1	25.3
Average (£ thousand per farm)	46.7	31.2	36.3	26.0	40.9

Chapter 3 The Structure of the Industry

2005

Summary

In 2005:

- the total area of agricultural land in the United Kingdom was 18.5 million hectares, about 77 per cent of the total land area;
- the area of all crops fell by 3.3 per cent to 4.4 million hectares; the area for cereals fell by 6.7 per cent while other arable crops increased by 6.6 per cent;
- the dairy herd continued its long-term declining trend and fell by 3.1 per cent while the beef breeding herd increased by 1.6 per cent;
- the size of the sheep flock fell by 1.0 per cent and the size of the pig breeding herd fell by 10 per cent.

Introduction

1 The tables and charts in this chapter show the size and structure of the agricultural industry in the United Kingdom. They provide information on land use and livestock numbers, on the distribution of these between holdings, on the industry's labour force and on its fixed capital.

Land use, crop areas and livestock numbers (tables 3.1, 3.2, charts 3.1 to 3.4)

2 At June 2005, the total area of agricultural land was 18.5 million hectares, some 77 per cent of the total land area in the United Kingdom.

Chart 3.1 Total area on agricultural holdings in the UK

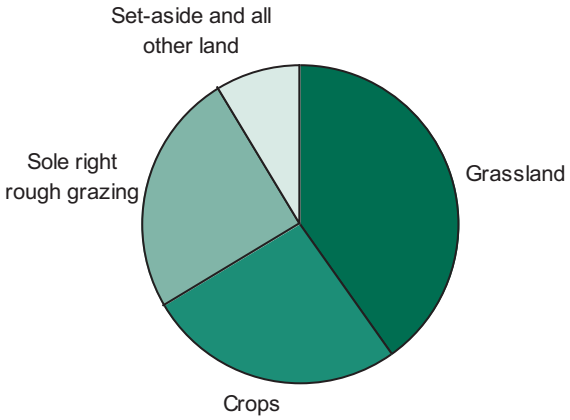


Chart 3.2 Total area of crops grown in the UK

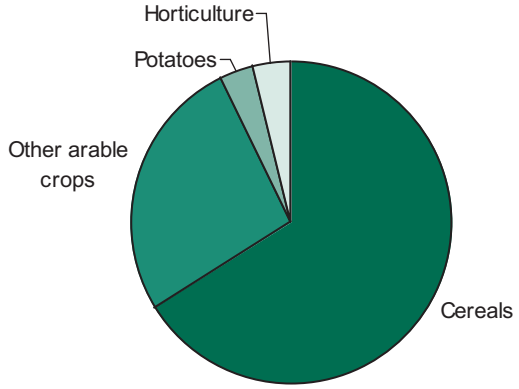


Table 3.1 UK agricultural land use

The data in this table cover all holdings (including minor holdings) in the UK (a)

Enquiries: Alison Wray on +44 (0)1904 455313 email: alison.wray@defra.gsi.gov.uk

Thousand hectares — At June

	Average of 1994-96	2001	2002	2003	2004	2005
Total agricultural area (b)	18 782	18 556	18 506	18 467	18 437	18 509
of which:						
crops	4 578	4 455	4 573	4 478	4 593	4 443
bare fallow	42	43	33	29	29	140
Total tillage	4 620	4 498	4 605	4 507	4 623	4 583
All grass under five years old	1 419	1 205	1 243	1 201	1 246	1 193
Total arable land	6 040	5 703	5 848	5 708	5 869	5 777
All grass five years old and over (excluding rough grazing)	5 372	5 584	5 519	5 683	5 620	5 711
Total tillage and grass (c)	11 412	11 287	11 366	11 391	11 489	11 488
Sole right rough grazing	4 790	4 435	4 488	4 329	4 326	4 354
Set-aside	623	800	612	689	560	559
All other land (d) and woodland	733	801	806	821	825	872
Total area on agricultural holdings	17 558	17 323	17 271	17 230	17 200	17 273
Common rough grazing (estimated)	1 225	1 232	1 234	1 236	1 237	1 236

(a) Before 2000 Scottish minor holdings were not included; data for earlier years are therefore not directly comparable.
(b) Total area on agricultural holdings plus common rough grazing.
(c) Includes bare fallow.
(d) In Great Britain other land comprises farm roads, yards, buildings (excluding glasshouses), ponds and derelict land.

3 The June 2005 Census showed a fall of 3.3 per cent in the area of crops in the United Kingdom. The total area of cereals fell by 6.7 per cent overall, compared with an increase of 2.4 per cent in the previous year. The area devoted to other arable crops increased by 6.6 per cent following a 4.0 per cent increase in the previous year. The area used for horticulture fell by 3.1 per cent.

4 The cattle population fell by 1.8 per cent compared to June 2004. The dairy herd continued its long-term trend of declining numbers falling by 3.1 per cent while the beef breeding herd showed an increase of 1.6 per cent.

5 The sheep and lambs population fell by 1.0 per cent to 35.5 million animals. The total pig population fell by 5.8 per cent but the number of breeding sows and gilts in pig fell by 10 per cent.

Chart 3.3 Changes in UK crop areas

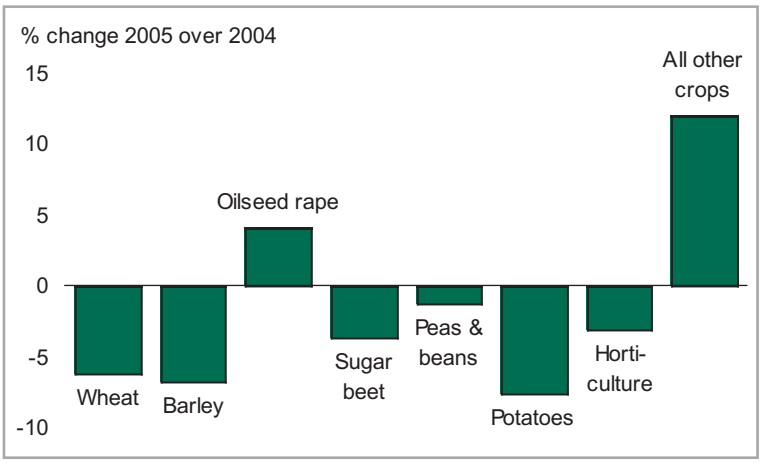
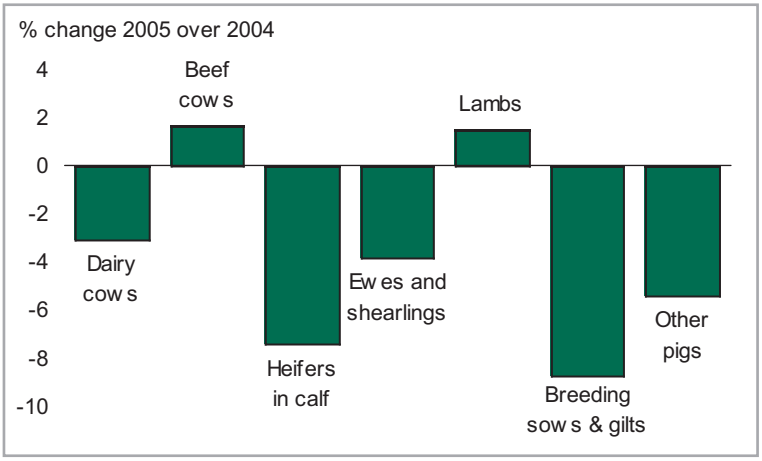


Chart 3.4 Changes in UK livestock numbers



2005

Table 3.2 UK crop areas and livestock numbers

The data in this table cover all holdings (including minor holdings) in the UK. (a) (b)

Enquiries: Alison Wray on +44 (0)1904 455313 email: alison.wray@defra.gsi.gov.uk

		Average of 1994-96	2001	2002	2003	2004	At June 2005
Crop areas (thousand hectares)							
Total		4 511	4 455	4 573	4 478	4 593	4 443
of which:							
Total cereals		3 086	3 014	3 245	3 059	3 133	2 925
of which:	wheat	1 810	1 635	1 996	1 837	1 990	1 868
	barley	1 156	1 245	1 101	1 078	1 010	942
	oats	106	112	126	122	108	91
	rye and mixed corn	11	7	9	9	9	9
	triticale	7	14	14	15	15	13
Other arable crops (excluding potatoes)		1 024	1 103	993	1 092	1 136	1 211
of which:	oilseed rape	372	404	357	460	498	519
	sugar beet not for stockfeeding	197	177	169	162	154	148
	hops	3	2	2	2	2	1
	peas for harvesting dry and field beans	200	276	249	235	242	239
	linseed	51	31	12	32	30	45
	other crops	199	214	204	201	203	45
Potatoes		171	165	158	145	149	137
Horticulture		188	173	176	176	175	170
of which:	vegetables grown in the open	130	120	124	125	125	121
	orchard fruit (c)	30	28	26	25	24	23
	soft fruit (d)	13	9	9	9	9	9
	plants and flowers (e)	14	14	15	14	15	14
	glasshouse crops	2	2	2	2	2	2
Livestock numbers (thousand head)							
Total cattle and calves		11 950	10 602	10 345	10 517	10 603	10 414
of which:	dairy cows	2 635	2 251	2 227	2 192	2 131	2 065
	beef cows	1 838	1 708	1 657	1 700	1 739	1 768
	heifers in calf	789	701	728	680	691	639
Total sheep and lambs		43 068	36 716	35 834	35 846	35 890	35 517
of which:	ewes and shearlings (f)	20 690	17 921	17 630	17 599	17 665	16 990
	lambs under one year old	21 184	17 769	17 310	17 335	17 275	17 532
Total pigs		7 703	5 845	5 588	5 047	5 161	4 864
of which:	sows in pig and other sows for breeding	665	527	483	443	449	403
	gilts in pig	105	71	74	73	66	67
Total fowl (g)		128 040	163 875	155 005	165 324	. .	160 528
of which:	table fowl including broilers	77 854	112 531	105 137	116 774	119 912	111 487
	laying fowl (h)	31 836	29 895	28 778	29 274	29 662	29 550
	growing pullets	10 235	9 367	9 784	8 286	8 156	10 929

(a) For various reasons, the crop area figures and livestock numbers shown in this table may differ slightly from those shown in chapter 5.

(b) Before 2000 Scottish minor holdings were not included; data for earlier years are therefore not directly comparable.

(c) Includes non-commercial orchards.

(d) Includes wine grapes.

(e) Hardy nursery stock, bulbs and flowers.

(f) Improvements to the questions on sheep were introduced in 1995; data for earlier years are therefore not directly comparable.

(g) Improvements to the Census methodology were introduced in 1997 to account for poultry production on unregistered units; data for earlier years are therefore not directly comparable.

(h) Excludes fowls laying eggs for hatching.

Numbers and sizes of holdings and enterprises (tables 3.3 to 3.5)

6 Tables 3.3 and 3.4 show the relative sizes of all holdings in England, Wales, Scotland and Northern Ireland and of holdings in less favoured areas. The largest holdings in terms of European size units (ESU) are found in England while the largest in terms of area are found in Scotland. Northern Ireland has the smallest holdings in terms of both ESUs and area. Table 3.5 shows agricultural holdings by farm type, size and country.

7 European size units measure the financial potential of the holding in terms of the margins which might be expected from crops and stock. The margins used are gross margins standardised at 1987-89 values. The threshold of 8 ESU is judged to be the minimum for full-time holdings.

Table 3.3 Agricultural holdings by size and country 2004 (a)

Enquiries: Alison Wray on +44 (0)1904 455313 email: alison.wray@defra.gsi.gov.uk

At June

	England		Wales		Scotland		Northern Ireland	
	Number of holdings (thousand)	Per cent of total ESU	Number of holdings (thousand)	Per cent of total ESU	Number of holdings (thousand)	Per cent of total ESU	Number of holdings (thousand)	Per cent of total ESU
Size of holding (ESU)								
under 8 ESU	118.1	1.9	23.6	4.1	36.9	3.7	12.8	7.0
8 to under 40 ESU	31.0	7.9	7.0	21.0	7.5	19.5	10.2	29.8
40 to under 100 ESU	21.7	18.1	3.6	32.6	4.4	34.5	3.5	33.7
100 to under 200 ESU	13.2	23.4	1.2	23.4	1.6	27.0	1.0	20.1
200 ESU and over	8.8	48.7	0.4	18.8	0.4	15.2	0.2	9.4
Total	192.8	100.0	35.9	100.0	50.8	100.0	27.6	100.0
Average size (ESU):								
All holdings		40.9		19.4		16.0		23.2
Holdings 8 ESU and over		103.5		54.4		56.3		40.1
	Number of holdings (thousand)	Hectares (thousand)	Number of holdings (thousand)	Hectares (thousand)	Number of holdings (thousand)	Hectares (thousand)	Number of holdings (thousand)	Hectares (thousand)
Total area on holdings								
Under 20 hectares	118.9	503.1	19.4	110.1	29.6	154.5	11.7	120.8
20 to under 50 hectares	25.7	851.5	7.3	243.4	6.3	206.8	9.1	294.9
50 to under 100 hectares	21.5	1 542.2	5.4	382.3	5.6	405.4	4.6	316.5
100 hectares and over	26.8	6 269.9	3.7	717.4	9.3	4 750.4	2.1	330.6
Total	192.8	9 166.6	35.9	1 453.1	50.8	5 517.1	27.6	1 062.8
Average area (hectares):								
All holdings		47.5		40.5		108.7		38.5
Holdings 8 ESU and over		110.6		74.5		277.3		58.5
% of total area on holdings with 100 hectares and over		68.4		49.0		86.1		31.1

(a) This table contains data for all holdings in Great Britain and all active farm businesses in Northern Ireland.

Table 3.4 Agricultural holdings wholly or mainly in Less Favoured Areas by size and country 2004 (a)

Enquiries: Alison Wray on +44 (0)1904 455313 email: alison.wray@defra.gsi.gov.uk

At June

	England		Wales		Scotland		Northern Ireland	
	Number of holdings (thousand)	Per cent of total ESU	Number of holdings (thousand)	Per cent of total ESU	Number of holdings (thousand)	Per cent of total ESU	Number of holdings (thousand)	Per cent of total ESU
Size of holding (ESU) (b)								
under 8 ESU	15.0	4.4	15.5	4.4	24.5	5.6	9.3	9.1
8 to under 40 ESU	5.1	21.6	5.6	25.1	5.0	27.1	7.6	37.9
40 to under 100 ESU	2.7	35.4	2.8	36.6	2.4	39.2	2.1	33.8
100 to under 200 ESU	0.9	23.4	0.7	20.4	0.6	21.9	0.4	13.6
200 ESU and over.	0.2	15.2	0.2	13.5	0.1	6.1	0.1	5.5
Total	24.0	100.0	24.8	100.0	32.5	100.0	19.4	100.0
Average size (ESU):								
All holdings		20.4		19.0		11.7		18.9
Holdings 8 ESU and over		52.2		48.4		44.6		33.1
% of total ESU on:								
LFA holdings		93.8		67.5		47.2		57.3
non-LFA holdings		6.2		32.5		52.8		42.7
	Number of holdings (thousand)	Hectares (thousand)	Number of holdings (thousand)	Hectares (thousand)	Number of holdings (thousand)	Hectares (thousand)	Number of holdings (thousand)	Hectares (thousand)
Total area on holdings								
Under 20 hectares	13.4	67.0	12.9	74.5	18.7	100.7	8.2	87.4
20 to under 50 hectares	3.8	126.5	5.0	166.9	4.1	135.6	6.6	211.9
50 to under 100 hectares	3.2	227.8	4.0	281.0	3.4	248.9	3.1	211.4
100 hectares and over	3.7	982.0	2.9	581.2	6.3	4 101.4	1.4	231.6
Total	24.0	1 403.4	24.8	1 103.5	32.5	4 586.7	19.4	742.3
Average area (hectares):								
All holdings		58.4		44.5		140.9		38.4
Holdings 8 ESU and over		137.8		77.8		382.4		59.0
% of total area on holdings with 100 hectares and over		70.0		52.7		89.4		31.2
% of total area on:								
LFA holdings		15.3		76.0		80.4		69.8
non-LFA holdings		84.7		24.0		19.6		30.2

(a) This table contains data for all holdings in Great Britain and all active farm businesses in Northern Ireland.

Table 3.5 UK Agricultural holdings by farm type, size and country 2004 (a)

Enquiries: Alison Wray on +44 (0)1904 455313 email: alison.wray@defra.gsi.gov.uk

At Juner

	England		Wales		Scotland		Northern Ireland	
	Number of holdings (thousand)	Per cent of total ESU	Number of holdings (thousand)	Per cent of total ESU	Number of holdings (thousand)	Per cent of total ESU	Number of holdings (thousand)	Per cent of total ESU
Dairy								
under 8 ESU	0.4	0.1	0.1	0.1	0.1	0.1	0.0	0.1
8 to under 40 ESU	1.2	2.4	0.4	4.0	0.1	2.0	1.3	12.8
40 to under 100 ESU	5.3	28.4	1.3	30.2	0.8	38.0	2.1	47.1
100 to under 200 ESU	3.8	41.3	0.8	38.5	0.5	47.2	0.7	32.4
200 ESU and over	1.3	27.7	0.3	27.1	0.1	12.7	0.1	7.6
Total	12.0	100.0	2.9	100.0	1.6	100.0	4.2	100.0
Cattle and sheep (LFA)								
under 8 ESU	5.6	7.6	5.2	5.8	8.2	7.5	8.7	18.3
8 to under 40 ESU	4.2	37.7	5.0	39.1	3.9	40.0	6.1	58.0
40 to under 100 ESU	1.5	39.8	1.9	40.8	1.4	39.6	0.6	19.7
100 to under 200 ESU	0.2	9.6	0.2	11.1	0.2	10.5	0.1	4.0
200 ESU and over	-	5.3	-	3.2	-	2.3		
Total	11.5	100.0	12.4	100.0	13.7	100.0	15.5	100.0
Cattle and sheep (lowland)								
under 8 ESU	23.8	13.6	2.1	12.6	1.9	15.1	2.8	19.4
8 to under 40 ESU	8.9	33.0	1.0	42.6	0.3	33.0	1.6	57.6
40 to under 100 ESU	1.6	21.8	0.2	26.6	0.1	31.9	0.2	18.6
100 to under 200 ESU	0.6	17.7	-	9.7	-	20.0	-	4.4
200 ESU and over	0.2	13.9	-	8.4	-	-		
Total	35.1	100.0	3.4	100.0	2.3	100.0	4.6	100.0
Cereals								
under 8 ESU	3.3	-	0.1	4.1	1.4	3.7	0.2	10.3
8 to under 40 ESU	7.4	9.1	0.1	18.1	1.6	26.8	0.2	34.0
40 to under 100 ESU	6.5	23.9	-	34.5	0.8	38.3	-	28.7
100 to under 200 ESU	3.8	29.6	-	43.3	0.2	22.5	-	27.1
200 ESU and over	2.0	36.6			-	8.8		
Total	22.9	100.0	0.3	100.0	4.0	100.0	0.5	100.0
General Cropping								
under 8 ESU	0.6	0.1	-	1.1	0.6	0.4	0.1	1.6
8 to under 40 ESU	1.5	2.0	-	9.5	0.4	7.2	-	17.0
40 to under 100 ESU	2.3	8.6	-	25.0	0.7	30.1	0.1	23.2
100 to under 200 ESU	2.3	17.8	-	28.5	0.4	35.2	0.1	26.8
200 ESU and over	2.6	71.5	-	35.9	0.1	27.1		31.4
Total	9.4	100.0	0.1	100.0	2.3	100.0	0.2	100.0
Pigs and poultry								
under 8 ESU	4.9	0.7	0.5	1.0	1.0	0.6	0.1	0.5
8 to under 40 ESU	1.0	3.4	-	3.1	0.1	3.3	0.2	11.9
40 to under 100 ESU	0.7	7.8	-	7.1	0.1	11.2	0.2	28.6
100 to under 200 ESU	0.6	14.5	-	16.2	0.1	27.3	0.1	17.7
200 ESU and over	0.8	73.6	-	72.6	-	57.6	-	41.3
Total	7.9	100.0	0.7	100.0	1.2	100.0	0.6	100.0
Horticulture								
under 8 ESU	3.3	1.1	0.3	3.7	0.7	9.0	0.1	1.1
8 to under 40 ESU	2.6	6.4	0.1	11.9	0.1	18.6	0.1	10.7
40 to under 100 ESU	1.8	13.2	0.1	15.7	-	14.8	0.1	17.8
100 to under 200 ESU	0.9	14.1	-	9.3	-	13.6	-	23.3
200 ESU and over	0.8	65.2	-	59.5			-	47.1
Total	9.5	100.0	0.5	100.0	0.9	100.0	0.3	100.0

Table 3.5 continued

At June

	England		Wales		Scotland		Northern Ireland	
	Number of holdings (thousand)	Per cent of total ESU	Number of holdings (thousand)	Per cent of total ESU	Number of holdings (thousand)	Per cent of total ESU	Number of holdings (thousand)	Per cent of total ESU
Mixed								
under 8 ESU	3.5	1.2	0.4	3.1	0.8	1.6	0.2	2.5
8 to under 40 ESU	3.1	8.9	0.2	15.2	0.8	17.2	0.5	27.8
40 to under 100 ESU	2.0	17.2	0.1	29.0	0.6	33.7	0.2	34.3
100 to under 200 ESU	1.1	20.5	-	23.6	0.2	27.6	0.1	24.3
200 ESU and over	1.0	52.2	-	29.1	0.1	19.9	-	11.1
Total	10.7	100.0	0.7	100.0	2.5	100.0	1.0	100.0
Other								
under 8 ESU	72.6	29.8	14.8	68.4	22.3	83.1	0.6	2.7
8 to under 40 ESU	1.2	14.3	0.1	16.1	0.1	16.9	-	9.5
40 to under 100 ESU	-	2.4	-	15.5	-	-	0.1	62.5
100 to under 200 ESU	-	1.4			-	-	-	25.3
200 ESU and over	-	52.0			-	-		
Total	73.9	100.0	14.9	100.0	22.4	100.0	0.7	100.0
Total								
under 8 ESU	118.1	1.9	23.7	4.8	36.9	3.7	12.8	7.0
8 to under 40 ESU	31.0	7.9	7.3	25.5	7.5	19.5	10.2	29.8
40 to under 100 ESU	21.7	18.1	3.6	37.0	4.4	34.5	3.5	33.7
100 to under 200 ESU	13.2	23.4	1.0	21.8	1.6	27.0	1.0	20.1
200 ESU and over	8.8	48.7	0.2	10.9	0.4	15.2	0.2	9.4
Total	192.8	100.0	35.9	100.0	50.8	100.0	27.6	100.0

(a) This table contains data for all holdings in Great Britain and all active farm businesses in Northern Ireland.

Labour force in agriculture (table 3.6)

8 The total labour force at June 2005 is estimated to have fallen by 1.0 per cent to 541 thousand persons compared with June 2004. The total number of workers fell by 1.2 per cent while the number of farmers, partners, directors and spouses fell by 1.0 per cent.

Fixed capital stock (table 3.7)

11 Agriculture's total volume of fixed capital stock is estimated to have been 1.0 per cent lower at the end of 2005 compared to the end of 2004, a decline of around 13 per cent on the 1994-96 average level. In recent years, buildings and works and plant and machinery have shown a decline in fixed capital stock. In contrast, capital stock for vehicles has increased by about 3.4 per cent compared with the 1994-96 average level. Table 3.7 provides information on the volume of gross stock of fixed capital (excluding land and livestock) available to the agricultural industry. The figures are shown before allowing for consumption of fixed capital and give a broad indication of how this aspect of the industry's productive capacity has changed over the years.

Table 3.6 UK labour force in agriculture

The data cover main and minor holdings in the UK.

Enquiries: Pippa Gibson +44 (0)1904 455335 email: pippa.gibson@defra.gsi.gov.uk

Thousand persons — At June

	Average of 1994-96 (a)	2001 (b)	2002	2003	2004	2005
Workers						
Regular whole-time:						
male	91	70	65	60	58	57
female	13	11	11	10	10	10
Regular part-time: (c)						
male	30	23	22	21	23	24
female	24	19	18	17	17	17
Seasonal or casual:						
male	55	45	46	45	50	46
female	27	19	18	18	19	19
Salaried managers	8	14	13	13	15	16
Total workers	249	202	194	184	192	190
Farmers, partners, directors and spouses						
whole-time	. .	168	164	160	156	154
part-time (c)	. .	198	193	190	198	196
Total farmers, partners, directors and spouses	372	367	356	349	354	351
Total labour force (including farmers and their spouses) (d) (e)	621	568	550	533	546	541

(a) These results exclude the effect of the register improvement in England and are directly comparable with previous years.

(b) These results and those for following years include the effect of the register improvement in England and are NOT directly comparable with previous years.

(c) Part-time is defined as less than 39 hours per week in England and Wales, less than 38 hours per week in Scotland and less than 30 hours per week in Northern Ireland.

(d) This is the series referred to as 'Workforce in agriculture' in table 2.2.

(e) Figures exclude schoolchildren and most trainees.

Table 3.7 Fixed capital stock of UK agriculture

Enquiries: Sarah Tumber on +44 (0)1904 455084 email: sarah.tumber@defra.gsi.gov.uk

Indices 2000 = 100 — At year end

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Gross capital stock (excludes livestock capital assets)						
Buildings and works	107.2	98.1	96.0	94.2	92.7	91.5
Plant and machinery	109.5	97.8	96.0	94.9	94.7	94.3
Vehicles	97.4	101.1	101.1	101.3	101.2	100.7
Total	107.5	98.1	96.3	94.8	94.0	93.1

Chapter 4 Prices

Summary

In 2005:

- the average producer price of agricultural products fell by 3.2 per cent;
- the average price of crop products fell by 6.0 per cent;
- the average price of livestock and livestock products fell by 1.3 per cent;
- the average price of agricultural inputs rose by 1.9 per cent;
- provisional results for Great Britain suggest a rise of 0.5 per cent in average farm rents.

Introduction

1 This chapter presents price indices for agricultural products and inputs, indices for average farm rents and average prices for sales of agricultural land.

2 The price indices for agricultural products and inputs are constructed using fixed annual weights relating to 2000. They reflect observed market prices and do not take account of subsidy payments coupled to production. The price changes presented in table 8.2 are based on current production and may differ from the price movements presented here.

3 The surveys on which the indices for average farm rents are based are conducted in October. No survey was run for England and Wales in 2005 and estimates for this year are based on trends for previous years. No data has been available for Wales since 2000 and estimates have been made. Due to the duration of periods for rent settings, the values applying to the calendar year are deemed to be mainly (approximately 75 per cent) carried over from those recorded in the preceding October. The derivation of the changes are driven primarily by developments in 2004 and only to a lesser extent (approximately 25 per cent) by conditions in 2003.

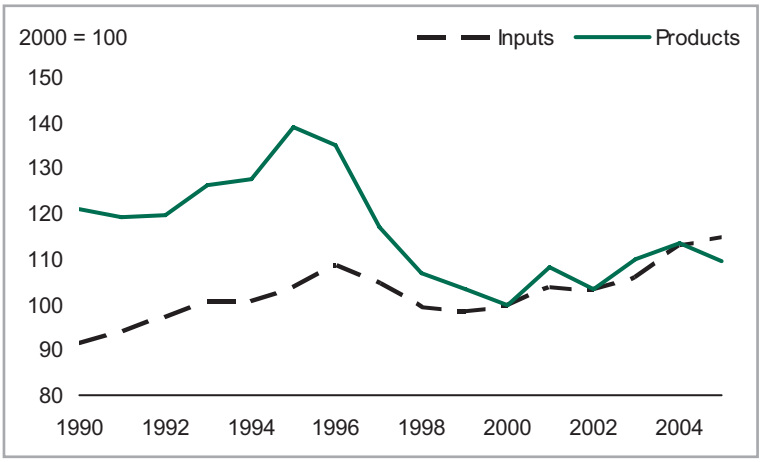
4 The average prices for sales of agricultural land are obtained from data on land transfers collected by the Valuation Office Agency in Great Britain and the Valuation and Lands Agency in Northern Ireland. Only a very small proportion of the total area of farmland in the United Kingdom is sold in any particular year. The average price of land sold can therefore be subject to considerable variation from year to year and, in the case of unweighted averages shown here, may vary with size and type of lot sold in the year concerned. Recent data on land prices in Scotland should be treated with caution given difficulties with collecting accurate statistics and substantial time lags in gathering data; land price data for Scotland are not currently being collected.

Price indices (table 4.1, chart 4.1)

5 The average producer price of agricultural products fell by 3.2 per cent in 2005 while the average price of agricultural inputs rose by 1.9 per cent. Prices for products are 21 per cent below the peak in 1995 with the largest falls being in the prices of potatoes (59 per cent), cereals (41 per cent) and seeds (27 per cent).

The average price of agricultural inputs is 11 per cent higher than in 1995.

Chart 4.1 UK price indices for agricultural products and inputs



6 In 2005 the average price of crop products fell by 6.0 per cent. The price for potatoes fell by 22 per cent, the price for cereals fell by 14 per cent and the price for industrial crops fell by 6.5 per cent. The average price of forage crops rose by 25 per cent and the price for fresh vegetables rose by 6.5 per cent The average price of livestock and livestock products fell by 1.3 per cent with the average price of eggs falling by 11 per cent. Prices for livestock for slaughter and export fell by 1.1 per cent whilst the average prices for milk and other livestock products were largely unchanged.

7 The average price of agricultural inputs rose by 1.9 per cent. Within this, the average price of inputs which are currently consumed in agriculture rose by 1.6 per cent and for those inputs which contribute to agricultural investment, the average price rose by 4.2 per cent. Most inputs increased in price, in particular the price of energy and lubricants rose by 24 per cent, fertilisers and soil improvers by 9.4 per cent and machinery and other equipment by 7.9 per cent. The price of livestock feedstuffs fell by 7.9 per cent.

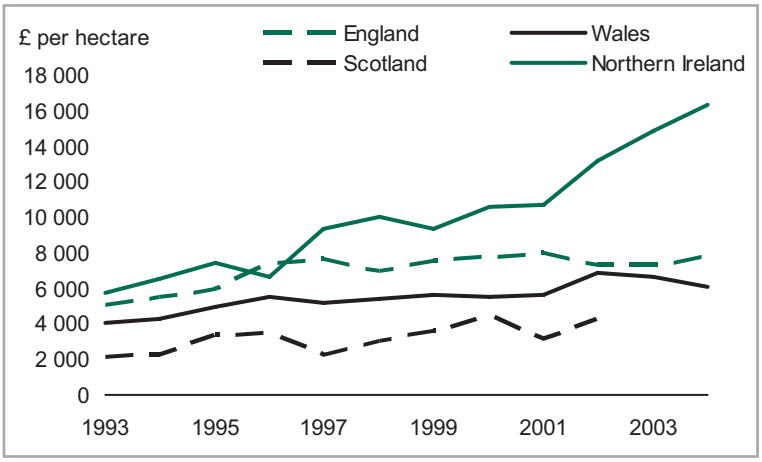
Farm rents (table 4.2)

8 Provisional results for Great Britain suggest a rise of 0.5 per cent in average farm rents in 2005. Average rents rose by 0.5 per cent in England and is estimated to have risen by 1.7 per cent in Wales. Rents for full agricultural tenancies fell by 3.0 per cent in England.

Agricultural land prices (table 4.3, chart 4.2)

9 The average price of agricultural land in England increased by 8.9 per cent in 2004 but fell in Wales by 6.0 per cent. It is expected to have increased in Northern Ireland by 13 per cent. In Northern Ireland most land sales involve relatively small areas and the number of recorded sales has been declining in recent years. These factors, coupled with difficulties with data collection, mean figures for 2004 have been estimated. No data is yet available for Scotland.

Chart 4.2 UK prices of agricultural land (all sales) at 2004 prices



Over the longer term, all of the four countries of the United Kingdom have shown upward trends in the average price for agricultural land since 1993. The increase in land prices in Northern Ireland has shown the greatest rise.

Table 4.1 UK price indices for products and inputs

Enquiries: Allan Howsam on +44 (0)1904 455253 email: allan.howsam@defra.gsi.gov.uk

Indices (a) 2000 = 100 Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Producer prices for agricultural products (b)	134.0	108.3	103.3	109.9	113.3	109.7
of which:						
Crop products:	135.5	112.0	104.0	110.7	115.2	108.4
Cereals	162.9	107.8	95.0	105.2	114.9	99.0
Industrial Crops	147.3	111.9	114.4	120.3	121.6	113.7
Forage Crops	92.7	126.8	125.5	75.9	88.1	110.4
Fresh vegetables	104.3	113.6	112.7	125.7	113.6	121.0
Potatoes	178.6	131.0	90.0	105.6	140.3	108.8
Fresh fruit	101.6	99.0	113.9	124.2	111.6	116.7
Seeds	144.1	104.0	95.7	107.4	108.7	108.8
Flowers and plants	98.6	105.3	106.8	107.9	105.3	105.6
Other crop products	130.8	106.0	98.9	104.4	106.8	107.3
Livestock and livestock products:	133.0	105.8	102.7	109.4	112.0	110.5
Livestock (for slaughter and export)	127.3	101.3	103.2	109.3	111.7	110.5
Milk	142.0	113.7	101.0	106.4	109.1	109.1
Eggs	135.6	104.8	109.6	130.4	135.3	120.8
Other livestock products	142.8	107.7	100.0	107.4	109.3	109.4
Prices of agricultural inputs:	104.5	103.6	103.2	105.8	112.8	115.0
of which:						
Currently consumed in agriculture:	106.3	104.3	103.7	106.4	114.1	115.9
Livestock feedingstuffs	132.9	107.4	103.5	104.9	112.0	103.1
Seeds	129.7	109.2	105.5	113.1	110.7	109.2
Fertilisers and soil improvers	102.7	115.8	110.3	119.0	133.5	146.1
Plant protection products	111.7	96.8	95.8	95.7	100.6	102.9
Maintenance and repair of plant and machinery	84.2	104.3	109.4	116.0	122.5	130.3
Energy, lubricants	81.0	96.7	92.4	100.5	108.8	134.7
Maintenance and repair of buildings	93.7	102.1	104.9	108.4	113.1	118.1
Veterinary services	98.2	98.6	97.8	101.6	104.6	103.3
Other Goods and Services	95.5	102.5	105.5	105.2	114.0	114.1
Contributing to agricultural investment (c):	92.3	99.0	100.0	101.5	104.4	108.7
Machinery and other equipment	88.8	97.4	95.7	95.1	96.1	103.8
Transport Equipment	98.2	97.3	97.8	99.1	101.6	103.2
Buildings	87.6	103.3	107.8	112.1	118.1	123.7
Engineering and Soil Improvement operations	85.5	102.4	107.4	110.7	114.0	118.3

(a) Indices covering an aggregation of commodities are weighted annual averages with weights based on the values of output of the respective commodities in 2000.

(b) These indices reflect prices received by producers but exclude subsidies coupled to production.

(c) Covers the purchase and maintenance of capital items, but excludes stocks.

Table 4.2 UK farm rents

Enquiries: Michael Rowland on +44 (0)1904 455557 email: michael.rowland@defra.gsi.gov.uk

Average per hectare: indices 2000 = 100 Calendar years

		Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
England:	full agricultural tenancies (a)	89.3	97.4	93.4	93.3	93.2	90.4
	average (b)	87.6	99.8	100.4	98.4	96.5	96.9
Wales: (c)	full agricultural tenancies (a)	91.5	98.8	100.1	100.4	100.6	100.8
	average (b)	80.7	107.1	105.6	107.4	109.2	111.0
Scotland (d)		78.9	99.6	99.3	101.4	103.4	103.4
Great Britain		84.8	100.4	100.8	99.3	97.8	98.4
Northern Ireland (e)		108.8	101.1	95.6	91.2	90.7	90.7

(a) Average rent estimates for full agricultural tenancies up to 1995 were sourced from the rent enquiry. For 1995 to 1997, a weighted average of rent enquiry and annual survey of tenanted land data was used. From 1998, estimates were sourced from the Tenanted Land Survey. From 2002, the Tenanted Land Survey has been run every two years with estimates for intervening years being based on the trend.

(b) A new series for England and Wales has been introduced giving a weighted average rent in £ per hectare for all agreements over a year in length.

(c) No data is available for Wales after 2000; estimates for 2001 onwards have been made based on trends.

(d) Scottish estimates prior to 1998 relate to crops and grassland only. From 1998 onwards crops and grass were replaced by a non-less favoured area classification.

(e) In Northern Ireland, virtually all land is let in 'conacre', i.e. nominally short-term lettings (for 11 months or 364 days), although in practice some can be extended beyond this. The estimates are based on results from the Northern Ireland Farm Business Survey.

Table 4.3 UK agricultural land prices

Enquiries: Clare Burgon on +44 (0)1904 455326 email: clare.f.burgon@defra.gsi.gov.uk

£ per hectare of all sales (a) Calendar years

	Average of 1994-96	2000	2001	2002	2003	2004
England	5 091	7 082	7 406	6 892	7 097	7 729
Wales	3 915	4 981	5 192	6 513	6 498	6 107
Scotland	2 341	4 103	2 894	3 984	. .	. .
Northern Ireland	5 459	9 632	9 961	12 456	14 475	16 286

(a) These series, based on Inland Revenue data, exclude land sold for non-agricultural purposes. Also excluded are: sales of less than 5 hectares in England, Wales and Scotland; and sales of less than two hectares in Northern Ireland.

Chapter 5 Commodities

Summary

In 2005, the value of production at market prices for:

- wheat fell by 19 per cent to £979 million;
- barley fell by 11 per cent to £375 million;
- oilseed rape increased by 2.3 per cent to £263 million;
- sugar beet fell by 5.3 per cent to £263 million;
- fresh vegetables increased by 7.8 per cent to £1.0 billion;
- plants and flowers fell by 0.8 per cent to £781 million;
- potatoes fell by 23.9 per cent to £482 million;
- fresh fruit increased by 15.7 per cent to £369 million;
- beef increased by 6.1 per cent to £1.3 billion;
- pigmeat fell by 0.7 per cent to £673 million;
- mutton and lamb fell by 8.5 per cent to £654 million;
- poultrymeat increased by 5.0 per cent to £1.3 billion;
- milk fell by 0.5 per cent to £2.6 billion;
- eggs fell by 8.5 per cent to £349 million.

Methodology note

1 In 2005, eleven subsidy schemes directly linked to production of commodities were replaced with one single payment, the Single Payment Scheme. The Single Payment Scheme is decoupled from production and it is inappropriate to include it in the value of production of commodities. To enable comparison with previous years, all comments in the text on value of production have been made on a 'value of production at market prices' basis, excluding all subsidies and levies where applicable. An additional line showing value of production at market prices has been incorporated into the statistical tables where appropriate.

Cereals

Total cereals (table 5.1)

2 The area of cereals planted fell by 6.5 per cent in 2005. This was only partially offset by an increase in yields and overall production was down by 4.4 per cent. Prices were lower in 2005, falling back towards 2002 levels after the higher prices of 2004, which followed the drought affected 2003 harvest in the European Union and resulted in tight supplies during the 2003/04 marketing year. The total value of production at market prices was £1.4 billion, 17 per cent lower than in 2004.

Table 5.1 Total UK cereals

Enquiries: Alex Clothier on +44 (0)1904 455068 email: alex.clothier@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Production						
Area (thousand hectares)	3 195	3 014	3 245	3 059	3 133	2 928
Volume of harvested production	22 140	18 959	22 965	21 511	22 030	21 060
Value of production (£ million) (a)	3 179	2 023	2 180	2 329	2 385	1 389
Value of production at market prices (£ million) (b)	2 443	1 386	1 460	1 602	1 675	1 389
Supply and use						
Production	22 140	18 959	22 965	21 511	22 030	21 060
Imports from: the EU	2 075	2 158	2 239	1 954	1 945	2 075
the rest of the world	529	828	772	646	465	579
Exports to: the EU	3 839	1 859	2 478	4 240	2 933	2 933
the rest of the world	1 417	574	254	827	80	213
Total new supply	19 489	19 512	23 244	19 044	21 428	20 567
Change in farm and other stocks	- 163	-1 788	2 084	-2 051	486	23
Total domestic uses	19 652	21 300	21 159	21 095	20 941	20 544
Production as % of total new supply for use in UK	113	97	99	113	103	102

(a) Includes arable area payments, but excludes set-aside payments and farm saved seed. Taxes, where applicable, are deducted.
(b) Excluding subsidies and taxes.

Wheat (table 5.2)

3 The area of wheat planted fell by 6.1 per cent but this was partially offset by an increase in yields to give an overall fall in production of 3.9 per cent. Grain quality in 2005 was much improved from the rain disrupted 2004 harvest, however prices of 2005 new crop milling wheat were around £6/tonne lower. Over the course of 2005 as a whole, milling wheat was £13/tonne lower at £73/tonne and feed wheat £10/tonne lower at £66/tonne, mainly due to the higher prices in the early part of 2004 following the drought affected 2003/04 harvest in the European Union. The value of production of wheat (excluding subsidies) fell by 19 per cent to £979 million due to a combination of lower production and lower prices. Exports increased by 1.5 per cent to around 2.3 million tonnes helped by the availability of supplies and competitive prices. Imports increased by 50 per cent to around 1.2 million tonnes as millers sourced more grain from overseas due to the lower quality of the 2004 harvest. Overall, total domestic uses of wheat were 1.7 per cent higher due to increased feed and millers usage.

Barley (table 5.3)

4 There was a 4.9 per cent fall in production of barley. This was due to a 6.5 per cent fall in the planted area, which was partially offset by a 1.7 per cent increase in yields. The lower areas of barley reflect both greater interest in other crops such as oilseed rape and lower demand as a result of a reduction in capacity of the malting industry in the United Kingdom. The value of barley production (excluding subsidies) fell by 11.4 per cent to £375 million. Barley prices for the year as a whole were lower than in 2004 with malting barley at £76/tonne down £3/tonne and feed at £65/tonne down £5/tonne. As for wheat, most of the fall reflected the higher prices seen in the 2003/04 marketing year. Exports of barley increased by 25 per cent to around 780 thousand tonnes while imports fell by 11 per cent to around 70 thousand tonnes. Total domestic uses fell by 8.3 per cent mainly due to lower demand by the feed and malting sectors.

Oats (table 5.4)

5 The value of production of oats fell by 14 per cent to £33 million. A reduction in the area planted of 16 per cent and a slight increase in yield combined to give a fall in production of 15 per cent. The reduction in production of oats and as a consequence the tighter supply situation resulted in increases in prices. The average price for milling oats was up by £6/tonne to £70/tonne whilst feed oats was up by £5/tonne to £68/tonne. Total domestic use of oats was down 7.9 per cent with increased use by the milling sector more than offset by lower animal feed use. Exports fell by around 65 per cent.

Table 5.2 UK wheat

Enquiries: Alex Clothier on +44 (0)1904 455068 email: alex.clothier@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

		Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Production							
Area (thousand hectares)		1 882	1 635	1 996	1 837	1 990	1 869
Yield (tonnes per hectare)		7.7	7.1	8.0	7.8	7.8	8.0
Volume of harvested production		14 576	11 580	15 973	14 288	15 473	14 877
Value of production (£ million) (a)		2 039	1 227	1 479	1 529	1 658	979
of which:	sales	1 468	1 010	836	1 150	1 025	946
	subsidies (b)	439	350	446	440	447	. .
	on farm use	66	43	39	77	98	68
	change in stocks	66	- 176	159	- 138	88	- 35
Value of production at market prices (£ million) (c)		1 600	877	1 033	1 089	1 211	979
Prices (average prices weighted by volumes of sales (£ per tonne))							
Milling wheat		118.9	81.8	70.9	83.2	85.8	72.8
Feed wheat		107.8	74.6	62.6	75.1	76.1	66.2
Supply and use							
Production		14 576	11 580	15 973	14 288	15 473	14 877
Imports from:	the EU	656	736	826	633	432	688
	the rest of the world	256	569	542	352	352	487
Exports to:	the EU	2 650	1 277	1 429	3 121	2 250	2 310
	the rest of the world	791	349	195	657	43	18
Total new supply		12 048	11 259	15 717	11 495	13 964	13 724
Change in farm and other stocks		238	-2 151	2 522	-1 909	677	207
Total domestic uses		11 810	13 410	13 195	13 404	13 287	13 517
of which:	flour milling	5 376	5 667	5 616	5 592	5 576	5 612
	animal feed	5 310	6 626	6 478	6 712	6 633	6 830
	seed	352	298	281	281	280	260
	other uses and waste	772	819	820	819	798	816
Production as % of total new supply for use in UK		121	103	102	124	111	108
% of home grown wheat in milling grist		84	85	83	85	86	82

UK wheat (crop years: July-June)

Thousand tonnes (unless otherwise specified) Crop years: July-June

		2000/01	2001/02	2002/03	2003/04	2004/05
Production and output						
Volume of harvested production		16 704	11 580	15 973	14 288	15 473
Value of production (£ million) (a)		1 539	1 287	1 453	1 706	1 485
of which:	sales	1 058	829	986	1 158	955
	subsidies (b)	458	350	446	440	447
	on farm use	37	44	39	114	82
	change in stocks	- 14	64	- 17	- 6	2
Value of production at market prices (£ million) (c)		1 081	937	1 007	1 266	1 038

(a) Excludes farm saved seed

(b) Includes arable area payments but excludes set-aside payments and is net of taxes.

(c) Excluding subsidies and taxes.

Table 5.3 UK barley

Enquiries: Alex Clothier on +44 (0)1904 455068 email: alex.clothier@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Production						
Area (thousand hectares)	1 190	1 245	1 101	1 078	1 010	944
Yield (tonnes per hectare)	5.7	5.4	5.6	5.9	5.8	5.9
Volume of harvested production	6 861	6 660	6 128	6 370	5 816	5 533
Value of production (£ million) (a)	1 046	724	624	719	656	375
of which: sales	563	290	261	323	273	258
subsidies (b)	269	259	242	253	232	. .
on farm use	202	152	143	159	148	136
change in stocks	13	23	- 21	- 16	3	- 19
Value of production at market prices (£ million) (c)	777	465	382	466	424	375
Prices (average prices weighted by volumes of sales (£ per tonne))						
Malting barley	133.6	76.8	72.4	82.1	79.6	76.5
Feed barley	102.7	67.5	58.2	70.7	69.9	65.3
Supply and use						
Production	6 861	6 660	6 128	6 370	5 816	5 533
Imports from: the EU	102	79	51	51	75	70
the rest of the world	24	21	31	7	4	-
Exports to: the EU	1 051	466	893	947	583	583
the rest of the world	626	216	58	170	37	195
Total new supply	5 310	6 078	5 259	5 311	5 275	4 825
Change in farm and other stocks	- 403	364	- 513	- 126	- 156	- 154
Total domestic uses	5 713	5 714	5 772	5 437	5 431	4 979
of which: brewing/distilling	1 845	1 934	1 916	1 945	1 847	1 729
animal feed	3 605	3 570	3 651	3 296	3 401	3 073
seed	217	165	162	152	142	137
other uses and waste	46	45	43	44	41	40
Production as % of total new supply for use in UK	129	110	117	120	110	115

UK barley (crop years: July-June)

Thousand tonnes (unless otherwise specified) Crop years : July-June

	2000/01	2001/02	2002/03	2003/04	2004/05
Production and output					
Volume of harvested production	6 492	6 660	6 128	6 370	5 816
Value of production (£ million) (a)	690	706	644	738	621
of which: sales	297	292	254	336	256
subsidies (b)	244	259	242	253	232
on farm use	142	150	145	168	129
change in stocks	6	5	3	- 19	4
Value of production at market prices (£ million)	743	445	447	402	485	389

(a) Excludes farm saved seed

(b) Includes arable area payments but excludes set-aside payments and is net of taxes.

(c) Excluding subsidies and taxes.

Table 5.4 UK oats

Enquiries: Alex Clothier on +44 (0)1904 455068 email: alex.clothier@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

		Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Production							
Area (thousand hectares)		106	112	126	122	108	91
Yield (tonnes per hectare)		5.7	5.5	6.0	6.2	5.8	5.8
Volume of harvested production		601	621	753	749	627	534
Value of production (£ million) (a)		85	65	70	73	63	33
of which:	sales:	42	28	27	33	30	26
	subsidies (b)	24	23	28	29	25	. .
	on farm use	18	13	10	11	12	9
	change in stocks	2	-	5	-	- 4	- 3
Value of production at market prices (£ million) (c)		62	42	42	45	38	33
Prices (average prices weighted by volumes of sales (£ per tonne))							
Milling oats		104.0	68.8	57.3	63.2	63.6	69.8
Feed oats		101.3	65.5	53.7	60.9	63.4	68.1
Supply and use							
Production		601	621	753	749	627	534
Imports from:	the EU	2	10	18	11	31	29
	the rest of the world	-	-	-	-	-	-
Exports to:	the EU	122	108	144	157	80	28
	the rest of the world	-	-	-	-	-	-
Total new supply		482	523	627	603	578	535
Change in farm and other stocks		3	- 1	75	- 16	- 35	- 30
	Total domestic uses	479	524	552	619	613	565
of which:	milling	225	287	312	322	321	342
	animal feed	230	217	219	278	276	207
	seed	20	18	17	15	13	13
	other uses and waste	3	3	4	4	3	3
Production as % of total new supply for use in UK		128	119	120	124	108	100

(a) Excludes farm saved seed

(b) Includes arable area payments but excludes set-aside payments and is net of taxes.

(c) Excluding subsidies and taxes.

Industrial crops

Oilseed rape (table 5.5)

6 The total area planted increased by 6.3 per cent in 2005. Yields were higher than in 2004 by an average of around 0.3 tonnes per hectare or 11 per cent. The total volume of harvested production was 18 per cent higher than last year at 1.9 million tonnes, the highest level of production recorded in the United Kingdom. Market prices in 2005 were lower than in 2004, particularly compared to the first half of the year. Prices fell during the second half of 2004 and continued at similar levels during 2005 due to the volume of supply on the market and competition from other oils, particularly soya. The total value of production at market prices was up 2.3 per cent to £263 million. Due to the higher than normal production levels, total imports were down. Exports of oilseed rape increased by 50 thousand tonnes compared with 2004.

Linseed (table 5.6)

7 The area of linseed increased significantly in 2005 by 18 thousand hectares to 49 thousand hectares compared with the 2004 area and, as a consequence, production increased to 83 thousand tonnes. The majority of linseed was grown under contract with guaranteed prices enabling increased exports to the European Union, mainly to Belgium and Germany. The value of sales of the 2005 crop was estimated at £15 million, up 63 per cent, in line with the 61 per cent increase in production. The value of production at market prices was £16 million, up 70 per cent.

Sugar beet and sugar (table 5.7)

8 A 3.6 per cent fall in the area of contracted sugar beet and lower average yields compared with 2004 gave an overall fall in the volume of production of 6.0 per cent to 8.5 million tonnes. This was offset to some degree by a slightly higher average sugar content and average market price. Consequently, the value of production in 2005 was 5.3 per cent lower than 2004 at £263 million. Production as a percentage of total new supply for use in the UK was 70 per cent, down from 74 per cent in 2004.

Table 5.5 UK oilseed rape

Enquiries: Lindsay Holmes on +44 (0)1904 455563 email: lindsay.holmes@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Production						
Area (thousand hectares)	448	451	432	542	558	593
Yield (tonnes per hectare)	2.9	2.6	3.4	3.3	2.9	3.2
Volume of harvested production	1 297	1 157	1 468	1 771	1 609	1 902
of which:						
Production not on set-aside land:						
Area (thousand hectares)	372	404	357	460	498	519
Yield (tonnes per hectare) (a)	3.0	2.6	3.5	3.4	3.0	3.3
Production (a)	1 112	1 038	1 246	1 548	1 471	1 706
Production on set-aside land:						
Area (thousand hectares)	77	48	75	82	59	74
Yield (tonnes per hectare)	2.5	2.5	2.9	2.7	2.3	2.7
Production	186	119	221	223	138	196
Value of production (£ million) (b)	399	276	298	417	375	263
of which: sales	234	167	205	283	262	250
subsidies (c)	160	104	80	113	118	. .
change in stocks	6	4	12	21	- 5	13
Value of production at market prices (£ million) (d)	239	172	217	304	257	263
Supply and use						
Production	1 297	1 157	1 468	1 771	1 609	1 902
Imports from: the EU	247	530	265	136	198	52
the rest of the world	138	75	62	-	-	-
Exports to: the EU	57	16	162	271	101	150
the rest of the world	43	-	45	1	3	5
Total new supply	1 582	1 746	1 587	1 634	1 703	1 800
Production as % of total new supply for use in UK	83	66	92	108	94	106

(a) These figures are on the basis of a standard (9%) moisture content.

(b) Value of production is calculated taking into account the price for oilseed rape produced not on set-aside with an average oil content of 43%

(c) Includes arable area payments but excludes set-aside payments.

(d) Excluding subsidies and taxes.

Table 5.6 UK linseed

Enquiries: Lindsay Holmes on +44 (0)1904 455563 email: lindsay.holmes@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Production						
Area (thousand hectares)	63	31	13	34	31	49
Yield (tonnes per hectare)	1.4	1.2	1.4	1.7	1.7	1.7
Volume of harvested production	87	39	18	59	52	83
of which:						
Production not on set-aside land:						
Area (thousand hectares)	53	31	12	32	30	45
Yield (tonnes per hectare) (a)	1.4	1.2	1.3	1.7	1.7	1.7
Production (a)	74	38	16	56	50	78
Production on set-aside land:						
Area (thousand hectares)	10	-	1	2	1	3
Yield (tonnes per hectare) (a)	1.4	1.3	2.9	1.5	1.5	1.6
Production (a)	13	1	2	3	1	5
Value of production (£ million)	40	16	6	18	16	16
of which: sales	13	6	3	10	9	15
subsidies (b)	27	10	3	8	7	. .
change in stocks	-	-	-	1	-	1
Value of production at market prices (£ million) (c)	13	6	3	10	9	16
Supply and use						
Production	87	39	18	59	52	83
Imports from: the EU	1	1	1	1	2	3
the rest of the world	36	25	21	10	3	-
Exports to: the EU	14	44	9	22	36	60
the rest of the world	1	-	-	-	1	-
Total new supply	109	20	32	48	21	27
Production as % of total new supply for use in UK	81	190	58	122	251	312

(a) These figures are based on a standard (9%) moisture content.

(b) Includes arable area payments but excludes set-aside payments.

(c) Excluding subsidies and taxes.

Table 5.7 UK sugar beet and sugar

Enquiries: Lindsay Holmes on +44 (0)1904 455563 email: lindsay.holmes@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Sugar beet						
Area (thousand hectares)	197	177	169	162	154	148
Yield (adjusted tonnes per hectare)	46.7	47.0	56.5	56.6	58.7	57.3
Volume of harvested production	9 190	8 335	9 557	9 168	9 042	8 500
Value of production (£ million)	352	256	283	280	278	263
Sugar content %	17.15	17.16	17.38	18.74	17.20	17.40
Prices (average market price (£ per adjusted tonne)) (a)	38.6	30.8	29.6	30.5	30.8	31.0
Sugar (refined basis)						
Production (b)	1 320	1 222	1 430	1 368	1 390	1 300
Imports from: the EU	92	121	118	122	131	209
the rest of the world	1 123	1 118	1 104	1 008	1 140	1 131
Exports to: the EU	61	132	127	132	159	116
the rest of the world	390	497	329	565	628	664
Total new supply	2 084	1 832	2 197	1 800	1 874	1 859
Production as % of total new supply for use in UK	63	67	65	76	74	70

(a) Average price for all sugar beet, including transport allowance and bonuses.

(b) Sugar coming out of the factory in the early part of the new year is regarded as being part of the previous calendar year's production.

Forage crops

9 The total value of forage plants rose by 4.1 per cent to £97 million in 2005. This includes: peas and beans grown for stockfeed, hay and dried grass, and non-agricultural grazing.

Peas and beans for stockfeed (table 5.8)

10 The combined value of production at market prices for peas and beans for stockfeed increased by 6.6 per cent to £74 million in 2005. The area of dried peas grown for stockfeed fell by 16 per cent. This was partially offset by a yield increase of 9.6 per cent to give a fall in production of 8.5 per cent. The area of field beans grown for stockfeed increased by 5.2 per cent in 2005; yield increased by 3.0 per cent resulting in an overall increase in production of 8.3 per cent.

Table 5.8 UK peas and beans harvested dry

Enquiries: Joanne Gardiner on +44 (0)1904 455076 email: joanne.gardiner@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Peas for harvesting dry (a)						
Area (thousand hectares)	62	89	77	65	51	43
Yield (tonnes per hectare)	3.8	3.5	3.4	3.9	3.5	3.8
Volume of harvested production	238	314	262	254	176	161
Value of production (£ million)	50	49	39	41	30	15
of which: sales	27	28	20	24	15	14
subsidies (b)	23	22	19	17	15	2
Value of production at market prices (£ million) (c)	27	28	20	24	15	14
Field beans						
Area (thousand hectares)	123	173	164	165	178	187
Yield (tonnes per hectare)	3.0	3.5	3.9	3.9	3.7	3.8
Volume of harvested production	364	606	632	639	661	716
Value of production (£ million)	87	95	88	106	103	67
of which: sales	41	53	46	59	54	60
subsidies (b)	46	42	42	48	49	7
Value of production at market prices (£ million) (c)	41	53	46	59	54	60

(a) The figures presented here cover only that part of the crop which is harvested dry (about 80% to 90% of total production) and largely used for stockfeed. The remainder is included in UK fresh vegetables, table 5.9.

(b) Includes arable area payments except those on set-aside; includes protein crop premium from 2004.

(c) Excluding subsidies and taxes.

Vegetables and horticultural products

Fresh vegetables (table 5.9)

11 The area of field vegetables increased by 3.9 per cent in 2005 to 122 thousand hectares and the value of production increased by 9.8 per cent to £762 million. The value of carrots increased by 27 per cent due to increased yields and prices. The value of production of cabbages fell by 11 per cent and the value of production of cauliflowers fell by 3.0 per cent. The warm early autumn led to a glut of brassicas, in particular cauliflowers and calabrese. The value of mushrooms fell by 2.1 per cent to £105 million; the industry faced downward pressure on prices and strong competition from abroad.

12 The area of protected vegetables fell by 5.3 per cent and the value of production rose by 2.1 per cent to £240 million. The overall value of production for tomatoes increased by 17 per cent to £69 million and lettuces fell by 5.1 per cent to £83 million.

Plants and flowers (table 5.10)

13 The overall area for plants and flowers fell by 3.9 per cent in 2005 to 20 thousand hectares. The total value of production fell slightly to £781 million. The total value of production of the relatively small flowers and bulbs sector remained static at £33 million. This has continued to be a competitive sector despite strong competition from abroad.

14 The value of hardy nursery stock also fell slightly to £473 million. It was a difficult and challenging year for nursery stock sales with poor weather at key times and competition from imports.

15 The value of protected plants and flowers fell by 1.9 per cent to £275 million. Initially, production was on a par with previous years but the poor weather reduced demand and increased wastage for bedding plants and continued to make 2005 a demanding year.

‘Basic Horticultural Statistics’

16 More statistics for vegtables and horticultural products are available in the publication ‘Basic Horticultural Statistics’, which can be found on the Defra website at http://statistics.defra.gov.uk/esg/publications/bhs/default.asp.

Table 5.9 UK fresh vegetables

Enquiries: Lesly Lawton on +44 (0)1904 455072 email: lesly.lawton@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

		Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Production							
Area (thousand hectares):		161	129	120	124	118	123
of which:	grown in the open (a) (b)	159	128	119	124	117	122
	protected (c)	2	1	1	1	1	1
Value of production (£ million):		1 045	1 023	954	1 001	930	1 003
of which:	grown in the open	708	718	667	721	695	762
	protected	338	305	287	280	235	240
of which:	subsidies (d)	6	5	4	4	3	. .
Selected crops:	cabbages	73	62	57	61	67	60
	carrots	96	163	147	127	128	163
	cauliflowers	64	31	38	42	50	48
	lettuces	123	99	86	105	87	83
	mushrooms	162	150	137	119	107	105
	peas	61	54	55	53	46	41
	tomatoes	75	79	80	79	59	69
Value of production at market prices (£ million) (e)		1 039	1 018	949	997	927	1 003
Prices (farm gate price (£ per tonne))							
Selected crops:	cauliflowers	251.0	285.3	331.0	331.7	301.7	369.8
	tomatoes	670.9	724.9	793.7	1 042.3	750.0	868.9
Supply and use (f)							
Total production		3 014	2 857	2 582	2 555	2 610	2 627
Supplies from the Channel Islands		19	14	12	12	12	12
Imports from:	the EU	1 381	1 306	1 365	1 415	1 498	1 650
	the rest of the world	215	180	201	197	203	214
Exports to:	the EU	259	97	105	97	74	59
	the rest of the world	36	5	7	6	18	30
Total new supply		4 335	4 255	4 048	4 076	4 229	4 414
Production as % of total new supply for use in the UK		70	67	64	63	62	60

(a) Includes peas harvested dry for human consumption.

(b) Areas relate to field areas multiplied by the number of crops in the year and hence differ from those shown in table 3.2.

(c) Excludes area of mushrooms.

(d) Arable area payments for peas harvested dry.

(e) Excluding subsidies and taxes.

(f) Trade figures relate to fresh produce where distinguishable.

Table 5.10 UK plants and flowers

Enquiries: Lisa Szydlowska +44 (0)1904 455070 email: lisa.szydlowska@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

		Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Production							
Area (thousand hectares) (a):		20	19	22	21	21	20
Value of production (£ million)		638	688	750	772	788	781
of which:	flowers and bulbs in the open (b)	54	32	32	33	33	33
	hardy plants and flowers nursery stock	327	393	441	456	474	473
	protected crops	257	263	277	283	281	275
Trade (£ million)							
Imports							
Bulbs		36	40	43	43	48	52
Cut flowers		249	413	549	552	528	521
Foliage		15	21	27	27	26	23
Indoor plants		78	112	112	100	102	105
Outdoor plants		35	35	42	55	53	78
Trees		12	34	47	52	57	63
Other		15	23	29	33	32	32
Total Imports (exc. Channel Islands)		441	677	849	862	846	873
Exports							
Bulbs		8	7	6	8	8	8
Cut flowers		14	21	18	23	19	25
Foliage		3	2	2	1	2	2
Indoor plants		2	1	1	-	1	-
Outdoor plants		3	4	3	4	4	5
Trees		2	1	1	2	2	2
Other		2	1	3	3	5	5
Total Exports		34	38	33	41	40	48

(a) Areas relate to field areas multiplied by the number of crops in the year and hence differ from those shown in table 3.2.
(b) Including forced flower bulbs.

Potatoes

Potatoes (table 5.11)

17 The total area for all potatoes fell by 7.6 per cent. The yield for maincrop potatoes was similar to 2004 but the yield for early potatoes was down by 13 per cent. Coupled with the fall in area, this led to a drop in production for all potatoes of 7.9 per cent to 5.8 million tonnes. Market prices in 2005 were competitive but on average 16 per cent lower for all potatoes compared with 2004 when prices were particularly strong. For early potatoes the fall in price was more significant at 41 per cent. This resulted in a fall in the value of production of 24 per cent to £482 million in 2005.

Table 5.11 UK potatoes

Enquiries: Lindsay Holmes on +44 (0)1904 455563 email: lindsay.holmes@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Production						
Area (thousand hectares)	171	165	158	145	149	137
of which: early	15	14	14	14	15	13
maincrop	156	151	144	132	134	125
Yield (tonnes per hectare):						
early	22.5	12.4	16.4	20.0	17.4	15.1
maincrop	40.9	42.8	46.7	42.9	45.2	45.1
overall	39.3	40.2	44.0	40.7	42.5	42.3
Volume of harvested production	6 725	6 649	6 966	5 918	6 316	5 815
of which: early	346	172	235	271	257	189
maincrop	6 379	6 477	6 732	5 647	6 060	5 626
End year stocks	3 460	3 436	3 386	2 915	2 820	2 509
Value of production (£ million)	814	656	480	517	633	482
of which: sales	776	589	469	559	631	498
on farm seed use	30	17	15	6	13	14
change in stocks	9	50	- 4	- 48	- 11	- 31
Prices (average price paid to registered producers (£ per tonne)) (a)						
early potatoes	147.1	183.7	110.3	132.3	178.5	104.9
maincrop potatoes	136.6	106.7	75.5	99.1	111.2	94.7
all potatoes	138.1	111.4	81.1	102.8	116.9	98.2

continued

Table 5.11 continued

Thousand tonnes (unless otherwise specified)	Calendar years					
	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Supply and use						
Total production	6 725	6 649	6 966	5 918	6 316	5 815
Supplies from the Channel Islands	44	36	39	31	31	36
Imports	1 120	1 900	1 788	1 709	1 777	1 620
of which:						
early from:						
the EU	57	98	96	68	97	69
the rest of the world	159	74	68	75	95	127
maincrop from:						
the EU	162	488	152	124	154	157
the rest of the world	6	10	10	7	12	6
processed (raw equivalent) from:						
the EU	659	1 169	1 425	1 390	1 371	1 232
the rest of the world	40	22	10	11	12	11
seed from:						
the EU	39	38	28	34	36	18
the rest of the world	-	-	-	-	-	-
Exports	317	343	461	444	395	419
of which:						
raw to:						
the EU	122	119	176	175	97	132
the rest of the world	55	2	4	7	5	5
processed (raw equivalent) to:						
the EU	59	110	155	166	192	163
the rest of the world	15	26	21	20	22	27
seed to:						
the EU	34	57	49	14	28	49
the rest of the world	32	28	56	62	50	43
Total new supply	7 572	8 242	8 334	7 213	7 730	7 052
Change in stocks	54	450	- 49	- 471	- 95	- 311
Total domestic uses	7 517	7 793	8 383	7 684	7 825	7 363
of which:						
used for human consumption	6 208	6 606	6 892	6 446	6 549	6 087
seed for home crops (including seed imports)	493	421	416	369	369	389
chats, waste and retained stockfeed	815	765	1 076	868	907	888
Production as % of total new supply for use in the UK	89%	81%	84%	82%	82%	82%

UK potatoes (crop years: June-May)

Thousand tonnes (unless otherwise specified)	Crop years: June-May				
	2000/01	2001/02	2002/03	2003/04	2004/05 (provisional)
Production					
Volume of harvested production	6 636	6 649	6 966	5 918	6 316
Value of production (£ million)	634	561	422	699	512
of which:					
sales	626	532	413	691	515
on farm seed use	9	18	7	8	21
change in stocks	- 2	12	2	1	- 23
Prices (average realised return (£ per tonne)) (a)	116.6	98.8	71.9	131.4	99.7

(a) Takes account of support buying, seed sales and sacks where appropriate.

Fresh fruit

Fresh fruit (table 5.12)

18 The area of orchard fruit fell by 3.8 per cent in 2005. The value of production increased by 2.3 per cent to £108 million. Apple yields increased as fruit size was above average towards the end of the season, especially Cox apples. The value of production for dessert apples increased by 12 per cent. Pears showed a very slight increase in the value of production although the yield of Conference pears was lower than 2004.

19 The area of soft fruit increased by 5.8 per cent and the value of production increased by 23 per cent to £213 million. The value of production of raspberries rose by 44 per cent and that of strawberries rose by 28 per cent. Quality throughout the season was generally high and the area of raspberry and strawberry production increased. Raspberry growers also benefited from an extended season due to a mild autumn.

Table 5.12 UK fresh fruit

Enquiries: Lesly Lawton on +44 (0)1904 455072 email: lesly.lawton@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

		Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Production							
Area (thousand hectares):		40	33	28	27	26	26
of which:	orchard fruit (a)	28	24	20	19	18	17
	soft fruit (b)	12	9	8	8	8	9
End year stocks (c)		105	82	62	61	81	90
Value of production (£ million) (d):		265	239	251	310	319	369
of which:	orchard fruit	125	95	85	102	105	108
	soft fruit	136	127	143	175	173	213
of which:	sales	268	238	260	309	310	366
	change in stocks (c)	- 3	1	- 8	1	9	3
Selected crops:	dessert apples	58	37	32	32	37	41
	culinary apples	32	19	27	35	28	31
	pears	14	14	14	10	8	8
	raspberries	32	26	31	40	41	59
	strawberries	69	81	94	109	100	128
Prices (farm gate price (£ per tonne))							
Selected crops:	dessert apples	430.5	352.2	385.2	460.3	357.3	353.2
	culinary apples	254.6	175.7	285.7	471.7	259.1	339.1
	pears	437.1	352.1	402.9	344.0	354.9	356.1
Supply and use (e)							
Total production		396	331	294	269	298	352
Supplies from the Channel Islands		19	14	12	12	12	12
Imports from:	the EU	1 193	1 310	1 362	1 244	1 509	1 260
	the rest of the world	1 278	1 569	1 640	1 752	2 322	2 064
Exports to:	the EU	73	73	69	78	126	98
	the rest of the world	2	1	1	1	1	1
Total new supply		2 812	3 152	3 238	3 197	4 013	3 589
Change in stocks		- 6	2	- 19	- 1	20	8
Total domestic uses		2 818	3 149	3 258	3 198	3 994	3 580
Production as % of total new supply for use in the UK		14	11	9	8	7	10

(a) Includes field area of commercial orchards only and may therefore differ from the area in table 3.2, which also includes non-commercial orchards.

(b) Excludes area of wine grapes and may therefore differ from the area in table 3.2.

(c) Stocks relate to apples and pears.

(d) Includes glasshouse fruit.

(e) Trade figures relate to fresh produce where distinguishable.

Livestock

Cattle and calves: beef and veal (table 5.13)

20 The value of production of beef and veal, excluding subsidies but including changes in work-in-progress and imported cattle, rose by 6.1 per cent in 2005 to £1.3 billion. Deadweight cattle prices were buoyant at the start of the year and remained higher than in 2004 until the end of June. They then fell sharply in the late summer/autumn before recovering in November. Clean cattle marketings increased by 3.0 per cent in 2005 continuing the recovery seen after the outbreak of foot and mouth disease in 2001. Home-fed production of beef and veal rose by 7.2 per cent to 763 thousand tonnes with the amount of beef available for domestic uses rising slightly to 1.0 million tonnes.

Pigs and pigmeat (table 5.14)

21 The value of production of pigmeat fell by 0.7 per cent to £673 million, the lowest value since the late 1970s. Finished pig prices strengthened throughout the first half of 2005 with a peak of 106.4 pence per kg in June. There was a lesser degree of movement in prices throughout the year possibly due to changes in the structure of contracts. In the second half of the year, deadweight prices fell to just under 102 pence per kg, mainly due to an increase in domestic pig supplies. Falling prices in the European Union also had an impact on the United Kingdom market.

22 Marketings of clean pigs fell by 1.1 per cent, a less severe fall than the decline seen in recent years. This reflects the continuing recovery in sow productivity and also the better management of incidences of the pig wasting diseases PMWS and PNDS. The June 2005 census results indicate a further decline of 6.7 per cent in the pig breeding herd. Clean pig carcase weights remained at an average of 75 kg.

23 Home-fed production of pork remained similar to 2004 at 576 thousand tonnes. An increase in imports, partly offset by an increase in exports, led to the amount of pork available for domestic uses increasing by 2.3 per cent to 930 thousand tonnes. Home-cured production of bacon increased by 2.1 per cent to 215 thousand tonnes, with the amount available for domestic uses declining by 0.9 per cent to 493 thousand tonnes. Imports accounted for more than half of the domestic supplies of bacon and ham.

Sheep and lambs: mutton and lamb (table 5.15)

24 The total value of production of sheepmeat, excluding subsidies but including changes in work-in-progress and exports of breeding animals, fell by 8.5 per cent to £654 million in 2005 due mainly to a change in work-in-progress. Prices for finished sheep fell in both Great Britain and Northern Ireland.

25 Clean sheep marketings rose slightly by 2.1 per cent in 2005 while the June Census results showed a slight dip of 1.7 per cent in the size of the flock. Clean sheep carcase weights were about 19 kg per head, similar to recent years. Home-fed sheepmeat production rose by 2.7 per cent to 321 thousand tonnes. The amount of sheepmeat available for domestic uses fell slightly by 1.2 per cent to 366 thousand tonnes, aided by a fall of 5.8 per cent in imports.

Poultry and poultrymeat (table 5.16)

26 The value of production of poultrymeat increased by 5.0 per cent to £1.3 billion. Production rose by 1.5 per cent in 2005 to 1.6 million tonnes with slaughterings of birds rising by 2.4 per cent. Imports and exports fell, by 17 per cent and 19 per cent respectively.

27 Overall, average producer prices for poultrymeat increased during 2005. Turkey meat prices rose by 1.9 per cent to 111.8 pence per kg, duck meat prices by 1.4 per cent to 160.9 pence per kg and goose meat prices by 4.4 per cent to 461.1 pence per kg. However the price of broiler meat and of meat from boiling fowls fell slightly to 72.0 pence per kg and 9.4 pence per kg respectively.

Gross indigenous production

28 Two measures of production are shown in tables 5.13, 5.14 and 5.15. Gross indigenous production is a measure of animal production commonly used in other European Union Member States and is therefore useful for making international comparisons. It is measured as total slaughterings plus all live exports minus all live imports of breeding and non-breeding livestock. Home-fed production includes imports and exports of non-breeding animals only, i.e. it is measured as total slaughterings plus live exports (non-breeding) minus live imports (non-breeding).

Table 5.13 UK cattle and calves; beef and veal

Enquiries: Steve Walton on +44 (0)1904 455090 email: steve.walton@defra.gsi.gov.uk

Thousand tonnes (unless otherwise stated) Calendar years

		Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Population							
Total cattle and calves (thousand head at June)		11 950	10 600	10 343	10 517	10 551	10 378
of which:	dairy cows	2 635	2 251	2 227	2 192	2 133	2 071
	beef cows	1 838	1 708	1 656	1 700	1 735	1 755
	dairy heifers in-calf	576	502	470	441	461	439
	beef heifers in-calf	213	199	257	239	228	189
	other	6 688	5 940	5 732	5 945	5 994	5 924
Production (a) (b)							
Total home-fed marketings (thousand head)		3 276	2 143	2 289	2 273	2 324	2 393
of which:	steers, heifers and young bulls	2 344	2 046	2 187	2 181	2 220	2 242
	calves	358	92	98	87	100	116
	cows and adult bulls	574	5	4	5	4	35
Average dressed carcase weight (kg) (c):							
	steers, heifers and young bulls	303	313	315	319	319	334
	calves	59	27	26	26	26	26
	cows and adult bulls	287	258	243	237	264	287
Production (dressed carcase weight):							
	home-fed production	886	645	694	699	712	763
	gross indigenous production	882	634	682	686	697	752
Value of production (£ million)		2 531	1 786	2 126	2 182	2 292	1 529
of which:	value of home-fed production	1 839	997	1 113	1 166	1 264	1 348
	subsidies (d)	750	831	980	960	1 040	201
	change in work-in-progress (e)	- 50	- 39	36	58	- 11	- 18
	less imported livestock	9	2	3	2	1	2
	plus breeding animals exported	-	. .	. .	. .	. .	. .
Value of production at market prices (£ million) (f)		1 781	955	1 146	1 221	1 252	1 328

continued

Table 5.13 continued

Thousand tonnes (unless otherwise stated) — Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Prices						
Store cattle (£ per head) (g):						
1st quality Hereford/cross bull calves (h)	160.1	. .	84.9	112.7	113.7	81.5
1st quality beef/cross yearling steers (i)	463.7	. .	403.9	451.5	465.3	429.1
Finished cattle (pence per kg liveweight): All clean cattle	116.8	87.5	91.4	95.2	101.2	102.2
Over Thirty Month Scheme						
Over Thirty Month Scheme:(j)						
clean cattle throughput (thousand head)	369.0	55	65	43	36	27
cull cattle throughput (thousand head)	761.0	562	766	679	761	683
receipts (£ million)	524.2	158.2	236.7	198.9	198.4	181.4
Supply and use (dressed carcase weight) (k)						
Home-fed production (a) (b)	886	645	694	699	712	763
Imports from: the EU (l)	130	189	211	222	235	208
the rest of the world	61	74	88	85	88	78
Exports to: the EU (m)	185	8	10	11	11	14
the rest of the world	51	-	-	-	-	-
Total new supply	841	900	983	996	1 024	1 036
Change in stocks	- 27	- 1	- 6	2	8	9
Total domestic uses	868	901	989	994	1 017	1 027
Production as % of total new supply for use in the UK	105%	72%	71%	70%	70%	74%
Closing stocks	86	39	33	35	42	51

(a) Measures of marketings, production and value exclude all cattle removed from the food chain by the Over Thirty Month Scheme and the Selective Cull Scheme. Payments to producers for the Over Thirty Month Scheme are included as subsidies directly linked to the production, i.e. coupled payments. Payments under the Selective Cull Scheme are not included as the payments are for the replacement of capital assets.

(b) Cattle slaughtered during the outbreak of foot-and-mouth disease in 2001 and under the Livestock Welfare Disposal Scheme are also not included in marketings, production and value as these animals were removed from the food chain. Foot and mouth disease compensation payments are not included in the value of production as these have been treated as payments for the loss of capital assets.

(c) Average dressed carcase weight of animals fed and slaughtered in the United Kingdom.

(d) Comprising hill livestock compensatory allowances, suckler cow premium, beef special premium, deseasonalisation premium, extensification payments, slaughter premium and Scottish Beef Calf Scheme. Includes payments made under the Over Thirty Month Scheme and the Calf Processing Aid Scheme.

(e) A valuation of the change in work-in-progress of animals to be slaughtered.

(f) Excluding subsidies and taxes.

(g) Average prices at representative markets in England and Wales.

(h) Category changes: Prior to January 2002, 1st quality Hereford/cross bull calves. From January 2002, Hereford/cross bull calves.

(i) Category changes: Prior to January 2002, Hereford/cross, Charolais/cross, Limousin/cross, Simmental/cross, Belgian blue/cross, other continental/cross, other beef/dairy cross, other beef/beef cross. From January 2002, Hereford/cross, Continental/cross, others.

(j) Cattle slaughtered under the Over Thirty Month Scheme are not included within the volume of production. Receipts for the Over Thirty Month Scheme are included as subsidies.

(k) Does not include meat offals or trade in preserved or manufactured meat products. Boneless meat has been converted to bone-in weights.

(l) Includes meat from finished animals imported from the Irish Republic.

(m) Adjusted, as necessary, for unrecorded trade in live animals.

Table 5.14 UK pigs and pigmeat

Enquiries: Steve Walton on +44 (0)1904 455090 email: steve.walton@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

		Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Population							
Total pigs (thousand head at June)		7 703	5 845	5 588	5 047	5 161	4 851
of which:	sows in pig and other sows for breeding	665	527	483	443	432	403
	gilts in pig	105	71	74	73	66	65
	other	6 933	5 247	5 030	4 531	4 662	4 383
Production (a)							
Total home-fed marketings (thousand head)		14 814	10 567	10 282	8 989	8 805	8 711
of which:	clean pigs	14 437	10 383	9 966	8 742	8 561	8 479
	sows and boars	378	184	316	247	244	232
Average dressed carcase weight (kg) (b):							
	clean pigs	67	72	73	74	75	75
	sows and boars	140	156	156	161	158	156
Production (dressed carcase weight):							
	home-fed production	1 023	777	774	687	677	673
	gross indigenous production	1 021	777	774	687	677	671
Value of production (£ million)		1 190	749	686	670	678	673
of which:	value of home-fed production	1 186	738	694	681	676	672
	change in work-in-progress (c)	- 2	11	- 10	- 14	- 1	- 6
	less imported livestock	. .	. .	. .	. .	. .	. .
	plus breeding animals exported	6	-	2	3	3	7
Prices (pence per kg deadweight)							
Clean pigs		118.7	97.8	93.3	102.6	102.8	102.7
Supply and use of pork (dressed carcase weight) (d) (e)							
Home-fed production (a)		803	595	613	568	575	576
Imports from:	the EU (f)	161	259	310	421	420	447
	the rest of the world	1	2	6	3	8	4
Exports to:	the EU (g)	159	35	80	67	79	88
	the rest of the world	20	4	15	7	15	9
Total new supply		786	817	834	918	908	930
Change in stocks		1	4	- 2	- 2	- 1	- 1
Total domestic uses		785	813	836	919	909	930
Production as % of total new supply for use in the UK		102%	73%	73%	62%	63%	62%
Closing stocks		12	12	10	8	8	7
Supply and use of bacon and ham (product weight) (d)							
Home-cured production (a)		242	216	215	214	211	215
Imports from:	the EU	238	281	292	301	302	287
	the rest of the world	-	-	-	-	-	-
Exports to:	the EU	5	7	10	14	12	10
	the rest of the world	1	-	1	-	1	-
Total new supply		474	490	496	502	499	492
Change in stocks		-	1	- 2	2	1	- 1
Total domestic uses		474	490	498	500	498	493
Production as % of total new supply for use in the UK		51%	44%	43%	43%	42%	44%
Closing stocks		2	5	3	5	7	5

(a) Pigs slaughtered during outbreaks of foot and mouth disease and classical swine fever, and under Livestock Welfare Disposal Schemes are not included in marketings, production and value as these animals were removed from the food chain. Foot and mouth disease compensation payments are not included in the value of production as these have been treated as payments for the loss of capital assets.

(b) Average dressed carcase weight of animals fed and slaughtered in the UK.

(c) A valuation of the change in work-in-progress of animals to be slaughtered.

(d) Does not include meat offals or trade in preserved or manufactured meat products.

(e) Boneless meat has been converted to bone-in weights.

(f) Includes meat from finished animals imported from the Irish Republic.

(g) Adjusted, as necessary, for unrecorded trade in live animals.

Table 5.15 UK sheep and lambs; mutton and lamb

Enquiries: Steve Walton on +44 (0)1904 455090 email: steve.walton@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Population						
Total sheep and lambs (thousand head at June)	43 068	36 716	35 834	35 846	35 848	35 253
of which: breeding flock	20 747	17 921	17 630	17 599	17 702	16 844
lambs under 1 year old	21 184	17 769	17 310	17 335	17 217	17 423
others	1 137	1 026	894	911	929	986
Production (a)						
Total home-fed marketings (thousand head)	20 469	13 322	15 342	15 265	15 203	15 529
of which: clean sheep and lambs	17 868	11 550	13 417	13 346	13 316	13 442
ewes and rams	2 601	1 772	1 925	1 919	1 887	2 087
Average dressed carcase weight (kg) (b):						
clean sheep and lambs	18	19	19	19	19	19
ewes and rams	27	28	29	28	29	28
Production (dressed carcase weight):						
home-fed production	387	267	307	306	313	321
gross indigenous production	387	267	307	306	313	321
Value of production (£ million)	1 266	622	888	975	1 032	654
of which: value of home-fed production	823	442	623	693	696	661
subsidies (c)	456	184	275	286	318	. .
change in work-in-progress (d)	- 6	- 2	- 10	- 4	19	- 7
less imported livestock	7	1	-	-	-	-
plus breeding animals exported	-	-	-	-	-	-
Value of production at market prices (£ million) (e)	810	438	613	689	715	654
Prices						
Store sheep (£ per head): (f)						
Lambs, hoggets and tegs	43.8	. .	. .	37.7	. .	30.5
Finished sheep (pence per kg estimated dressed carcase weight) (g):						
Great Britain	252.1	. .	233.4	271.1	262.6	250.5
Northern Ireland (h)	232.3	. .	222.8	239.9	227.8	224.3
Supply and use (dressed carcase weight) (i)						
Home-fed production (a)	387	267	307	306	313	321
Imports from: the EU (j)	17	15	14	19	22	21
the rest of the world	124	98	109	117	120	113
Exports to: the EU (k)	163	38	69	83	85	86
the rest of the world	3	-	1	1	1	1
Total new supply	362	342	360	358	369	368
Change in stocks	- 1	- 1	- 1	-	- 2	2
Total domestic uses	363	342	361	358	370	366
Production as % of total new supply for use in the UK	107%	78%	85%	85%	85%	87%
Closing stocks	13	8	8	8	6	8

(a) Sheep slaughtered during the outbreak of foot and mouth disease in 2001 and under the Livestock Welfare Disposal Scheme are not included in marketings, production and value as these animals were removed from the food chain. Foot and mouth disease compensation payments are not included in the value of production as these have been treated as payments for the loss of capital assets.

(b) Average dressed carcase weight of animals fed and slaughtered in the UK.

(c) Comprising variable premium, hill livestock compensatory allowances, sheep annual premium and 'light lambs' welfare disposal scheme.

(d) A valuation of the change in work-in-progress of animals to be slaughtered.

(e) Excluding subsidies and taxes.

(f) Average prices at representative markets in England and Wales, excluding prices at autumn hill sheep sales. Category changes: Prior to January 2002, 1st quality lambs, hoggets and tegs. From January 2002, lambs, hoggets and tegs.

(g) Unweighted average of weekly prices at representative markets as reported to the European Commission.

(h) Source: Livestock and Meat Commission for Northern Ireland (LMC).

(i) Does not include meat offals or trade in preserved or manufactured meat products. Boneless meat has been converted to bone-in weights.

(j) Includes meat from finished animals imported from the Irish Republic.

(k) Adjusted, as necessary, for unrecorded trade in live animals.

Table 5.16 UK poultry and poultrymeat

Enquiries: Michael Chatten on +44 (0)1904 455098 email: michael.j.chatten@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Population						
Number (thousand head at June) (a):	125 013	166 881	156 290	167 110	168 152	159 323
of which: chickens and other table fowls	77 854	112 531	105 137	116 774	119 912	111 487
birds in the laying flock (b)	31 835	29 895	28 778	29 274	29 662	29 550
fowls for breeding	8 115	12 083	11 307	10 990	8 201	8 562
turkeys, ducks and geese (c)	7 209	12 373	11 069	10 072	10 376	9 725
Production						
Slaughterings (millions) (d):	789	866	862	882	882	903
of which: fowls	737	819	819	840	843	864
turkeys	38	26	23	21	21	20
ducks & geese	14	22	20	20	18	19
Production (carcase weight) (e):	1 415	1 566	1 556	1 570	1 564	1 586
of which: chickens and other table fowls	1 042	1 214	1 222	1 245	1 246	1 277
boiling fowls (culled hens)	53	50	50	50	48	50
turkeys	286	253	238	229	228	215
ducks & geese	34	50	46	46	41	44
Value of production (£ million):	1 413	1 266	1 172	1 229	1 246	1 309
of which: fowls	932	859	838	865	894	924
change in work-in-progress in fowls	9	15	- 22	3	11	- 9
turkeys, ducks and geese	421	323	273	290	266	320
exports of live poultry	45	62	70	69	74	75
hatching eggs for export	16	17	24	19	21	20
less live poultry imported	6	5	5	5	6	8
less hatching eggs imported	4	5	7	11	14	15
Prices (average producer prices (pence per kg carcase weight)):						
chickens and other table fowls	87.4	70.6	68.8	68.6	72.7	72.0
boiling fowls (culled hens)	38.6	9.5	9.8	9.6	9.5	9.4
turkeys	129.9	123.9	113.8	124.1	109.7	111.8
ducks	141.5	164.7	169.2	169.1	158.6	160.9
geese	196.1	270.5	396.2	450.7	441.8	461.1
Supply and use (carcase weight) (e)						
Production	1 415	1 566	1 556	1 570	1 564	1 586
Imports from: the EU	242	304	332	361	410	324
the rest of the world	7	42	34	50	67	70
Exports to: the EU	98	144	159	171	196	170
the rest of the world	51	42	54	89	72	46
Total new supply	1 515	1 725	1 709	1 721	1 772	1 765
Change in stocks	1	8	- 9	11	- 24	-
Total domestic uses	1 513	1 717	1 718	1 710	1 797	1 765
Production as % of total new supply for use in the UK	93%	91%	91%	91%	88%	90%

(a) Improvements to the Census methodology were introduced in 1997 onwards to account for poultry production on unregistered units. Consequently the figures from 1997 onwards are not directly comparable with those for earlier years.

(b) Hens and pullets kept mainly for producing eggs for eating.

(c) Data prior to 1996 do not include figures for turkeys.

(d) Slaughtering figures include registered and un-registered slaughterhouses.

(e) Excludes offal.

Livestock products

Milk (table 5.17)

29 The value of production of milk produced for human consumption in 2005, excluding subsidies and levies, is estimated to be 0.5 per cent lower than 2004 at £2.6 billion reflecting a slight fall in the value of milk sold to dairy companies for processing. The latter half of 2005 saw an increase in farmgate prices for milk with the overall average for 2005 expected to remain similar to 2004. Structural change to the dairy industry in the United Kingdom continued in 2005.

30 The volume of milk processed on farm for sale direct to consumers in 2005 was similar to 2004 and the value of production was also similar. A superlevy charge of just under £1.0 million arose as direct sales milk production in the 2004/05 quota year exceeded quota by 4.1 million litres. However, the United Kingdom was under its quota for wholesale milk production in the 2004/05 quota year by 148.6 million litres.

Milk products (table 5.18)

31 Production of butter is estimated to have increased by 12 per cent in 2005. An increase of 38 per cent in exports of butter, which was only partially offset by an increase of 6.4 per cent in imports, accounted for much of the increase in production. Most of the increase in exports was destined for the world market. The total quantity of butter available for domestic use increased by 2.4 per cent to 214 thousand tonnes. Intervention trends for butter in 2005 generally mirrored those in 2004 with no intervention purchases of butter in the United Kingdom and sales out of intervention at low levels. As a result of CAP reform, intervention prices for butter were reduced by 7 per cent in 2004 and 2005 and the market price for butter moved significantly closer to the new intervention price levels.

32 Production of cheese is estimated to have increased by 9.6 per cent to 409 thousand tonnes in 2005. There was an increase in both imports and exports of cheese to and from the United Kingdom. However, the increase in production and export volumes had little impact on the trade deficit for cheese as the bulk of exports were of low-value commodity cheddar while a significant proportion of higher-value speciality cheeses were imported. Wholesale cheese prices have generally been stable with high whey prices helping to boost profitability.

33 Production of skimmed milk powder (SMP) fell by 19 per cent to 71 thousand tonnes in 2005. Volumes of imports were similar to 2004 but exports fell by about 50 per cent, reflecting a wider trend in Europe where exports of European production of SMP fell by around one-third in 2005. Cuts of 5 per cent in intervention prices for skimmed milk powder took place on 1 July 2004 and 2005 but market prices had not fully reflected the intervention price cuts at the close of 2005. There were no intervention purchases of skimmed milk powder in the United Kingdom during the year.

Hen eggs (table 5.19)

34 The value of production of eggs for human consumption fell by 8.5 per cent to £349 million. The total quantity of eggs produced for human consumption rose by 0.5 per cent to 782 million dozen. Of this, production of processed eggs rose by 15 per cent and eggs sold in shell, which accounted for almost 76 per cent of the eggs sold for human consumption in 2005, fell by 3.4 per cent. The weighted average price of eggs graded in the United Kingdom fell by 8.9 per cent to 44.6 pence per dozen.

Table 5.17 UK milk

Enquiries: Colin Beattie on +44 (0)1904 455095 email: colin.j.beattie@defra.gsi.gov.uk

Million litres (unless otherwise specified) Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Population and yield						
Dairy herd (annual average, thousand head) (a)	2 651	2 251	2 224	2 203	2 150	2 090
Average yield per dairy cow (litres per annum)	5 414	6 346	6 494	6 618	6 609	6 770
Production						
Milk from the dairy herd (b)	14 348	14 283	14 441	14 577	14 208	14 147
Milk from the beef herd (b)	7	7	7	7	7	7
less on farm waste and milk fed to stock	266	283	269	220	259	271
Volume for human consumption	14 089	14 007	14 178	14 364	13 956	13 883
Value of production (£ million)	3 434	2 821	2 466	2 629	2 715	2 601
of which: raw milk leaving farm (c)	3 361	2 657	2 391	2 556	2 543	2 529
raw milk processed on farm (d)	113	85	75	73	73	73
subsidies	. .	79	. .	. .	108	. .
less levies	39	. .	. .	. .	8	1
Value of production at market prices (£ million) (e)	3 473	2 742	2 466	2 629	2 615	2 602
Prices (average price received by milk producers, net of delivery charges (pence per litre)) (f)						
Farmgate price of milk excluding bonus payments	24.7	19.1	17.0	18.0	18.4	18.4
Farmgate price of milk including bonus payments	25.0	19.3	17.1	18.0	18.5	18.5
Supply and use (g)						
Production	14 355	14 290	14 448	14 584	14 215	14 154
Imports	146	64	72	105	69	61
Exports	162	414	421	400	449	611
Total new supply	14 290	13 940	14 099	14 289	13 835	13 604
of which:						
for liquid consumption	6 842	6 761	6 756	6 629	6 518	6 422
for manufacture	7 050	6 741	6 965	7 281	6 922	6 787
of which: butter (h)	277	259	279	268	249	278
cheese	3 259	3 568	3 449	3 424	3 531	3 865
cream (h)	277	286	286	324	358	258
condensed milk (i)	710	536	491	375	359	367
milk powder - skimmed	1 437	663	973	1 379	971	733
other	1 090	1 430	1 488	1 511	1 453	1 286
dairy wastage and stock change	100	105	72	116	75	57
other uses (j)	318	333	306	263	321	338

(a) Dairy herd is defined as cows and heifers in milk plus cows in calf but not in milk, kept mainly for producing milk or rearing calves for the dairy herd.

(b) Excludes suckled milk.

(c) Value of raw milk sold to other businesses for processing.

(d) Value of milk and milk products processed on farm and sold direct to the consumer.

(e) Excluding subsidies and taxes/levies.

(f) No deduction is made for superlevy. In the current year, estimated bonuses for April to December have been included.

(g) Aggregated data from surveys run by Defra, SEERAD and DARD, NI, on the utilisation of milk by dairies.

(h) Includes the utilisation of the residual fat of low fat liquid milk production.

(i) Includes condensed milk used in the production of chocolate crumb and in the production of machine skimmed milk.

(j) Includes farmhouse consumption, milk fed to stock and on farm waste. Excludes suckled milk.

Table 5.18 UK milk products

This data shows UK production and supplies of milk products manufactured by both dairy companies and on farm. The data is quoted in thousand tonnes and is not directly comparable with the data shown in table 5.17, which is quoted in million litres.

Enquiries: Colin Beattie on +44 (0)1904 455095 email: colin.j.beattie@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

		Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Butter (a) (b)							
Production (c)		137	126	136	131	122	136
Imports from: (d)	the EU	51	76	97	118	114	121
	the rest of the world	65	40	19	-	-	-
Exports to:	the EU (e)	45	36	35	33	22	28
	the rest of the world	8	5	4	11	12	20
Total new supply (e)		200	201	213	205	201	209
Change in stocks (f)		- 7	1	1	- 2	- 8	- 5
Total domestic uses (e) (f)		207	200	212	207	209	214
Production as % of total new supply for use in the UK		68%	63%	64%	64%	61%	65%
Closing stocks (f)		15	18	19	17	9	4
Cheese							
Production (c)		360	395	380	363	373	409
Imports (g) from:	the EU	199	247	255	288	310	321
	the rest of the world	22	28	31	28	25	22
Exports (g) to:	the EU	38	58	64	73	78	85
	the rest of the world	20	10	19	17	16	14
Total new supply		523	602	583	589	614	652
Change in stocks		- 4	5	- 3	- 5	4	- 3
Total domestic uses		526	596	585	594	610	655
Production as % of total new supply for use in the UK		69%	66%	65%	62%	61%	63%
Closing stocks (h)		19	15	12	7	11	8
Cream - fresh, frozen, sterilized							
Production (b) (c)		279	290	290	330	364	261
Imports from:	the EU	4	17	15	15	15	24
	the rest of the world	-	-	-	-	-	-
Exports to:	the EU	84	83	91	112	81	95
	the rest of the world	2	1	-	1	-	-
Total new supply		197	224	214	231	297	190
Change in stocks		. .	. .	. .	. .	. .	. .
Total domestic uses		197	224	214	231	297	190
Production as % of total new supply for use in the UK		142%	130%	135%	143%	122%	138%
Closing stocks		. .	. .	. .	. .	. .	. .
Condensed milk (i)							
Production		195	161	174	158	161	147
Imports from:	the EU	12	14	12	20	25	29
	the rest of the world	-	-	-	-	-	-
Exports to:	the EU	17	20	28	20	18	4
	the rest of the world	41	1	1	-	-	-
Total new supply		148	153	156	157	169	172
Change in stocks		-	3	- 1	- 2	-	2
Total domestic uses		148	150	157	159	168	171
Production as % of total new supply for use in the UK		132%	105%	112%	101%	96%	85%
Closing stocks		10	10	9	7	8	9

continued

Table 5.18 continued

Thousand tonnes (unless otherwise specified) Calendar years

		Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Skimmed milk powder							
Production		122	71	87	115	88	71
Imports from:	the EU	13	23	17	32	52	53
	the rest of the world	-	-	-	-	-	-
Exports to:	the EU (e)	33	26	21	30	53	23
	the rest of the world	13	4	9	26	25	17
Total new supply (e)		89	63	75	91	61	84
Change in stocks		8	7	16	22	- 30	- 10
Total domestic uses (e)		82	56	59	69	91	94
Production as % of total new supply for use in the UK		139%	111%	115%	126%	144%	85%
Closing stocks		22	12	28	51	21	11

(a) Includes butterfat and oil, dehydrated butter and ghee.

(b) Includes production from the residual fat of low fat milk products.

(c) Includes farmhouse manufacture.

(d) In 2001, New Zealand Milk entered a partnership with Arla Foods and manufacturing operations were switched from the United Kingdom to Denmark. Consequently, New Zealand butter is entering the United Kingdom via Denmark and is included in Danish butter imports statistics.

(e) Includes the use of these products for animal feed.

(f) In addition to stocks in public coldstores surveyed by Defra, closing stocks include all intervention stocks in private cold stores. Total domestic uses does not equate exactly with consumption since changes in unrecorded stocks are not included in the calculation.

(g) Includes processed cheese.

(h) Cheese stocks held in public coldstores. Public coldstores make their storage space available to the public or to the Rural Payments Agency, formerly the Intervention Board. The ownership of the store whether public or private is irrelevant.

(i) Includes condensed milk used in the production of chocolate crumb and in the production of sweetened and unsweetened machine skimmed milk.

Table 5.19 UK hen eggs

Enquiries: Colin Beattie on +44 (0)1904 455095 email: colin.j.beattie@defra.gsi.gov.uk

Million dozen (unless otherwise specified) Calendar years

		Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Population and yield							
Number of fowls laying eggs for eating (millions) (a)		33	31	30	30	31	31
Average yield per layer (number of eggs per bird per year)		279	294	297	298	301	307
Production							
Volume of production of eggs		878	863	858	845	892	895
of which:	eggs for human consumption	779	753	746	733	778	782
	eggs for hatching (b)	88	96	95	98	98	98
	hatching eggs for export (c)	3	6	10	6	7	6
	waste	8	8	7	7	8	8
Value of production of eggs for human consumption (£ million) (d)		328	307	314	338	381	349
Prices (pence per dozen)							
Weighted average of eggs graded in the UK (e)		42.1	40.8	42.1	46.1	48.9	44.6
Supply and use							
UK production of eggs for human consumption		779	753	746	733	778	782
of which:	eggs sold in shell	667	601	598	580	613	592
	eggs processed	112	152	149	154	165	190
Imports from (f):	the EU	66	101	124	156	148	124
	the rest of the world	2	2	3	2	2	2
Exports to (f):	the EU	16	8	14	15	13	13
	the rest of the world	2	2	2	1	1	-
Total new supply		829	847	858	875	916	895
Production as % of total new supply for use in the UK		94%	89%	87%	84%	85%	87%

(a) Population is implied from gross production and average yield and hence differs from the census figures in table 3.2.

(b) Eggs for hatching are not valued as they are included in the final value for poultry (table 5.16).

(c) Hatching eggs for exports are valued in table 5.16.

(d) Excludes the value of eggs for hatching.

(e) Represents the price paid by packers to producers in the United Kingdom, excluding bonus, and takes accounts of all egg systems - laying cages, free range and barn.

(f) Includes shell egg equivalent of whole (dried, frozen and liquid) egg, egg yolk and albumen.

Animal feed

Animal feed (table 5.20)

35 The total cost of all purchased animal feed fell by 9.9 per cent to £2.3 billion in 2005. This reflected a fall of 2.3 per cent in total feed volumes and a fall in feed ingredient costs, particularly of cereals and oilseeds. Compound feed volumes fell by 2.6 per cent with falls in all sectors. There was a fall of 0.1 per cent in the use of straight concentrates while inter/intra farm transfer of feed fell by 6.2 per cent.

Table 5.20 UK animal feed

Including direct inter-farm and intra-farm transfer

Enquiries: Joanne Gardiner on +44 (0)1904 455076 email: joanne.gardiner@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Compounds:						
cattle	4 311	4 230	4 124	4 406	4 376	4 243
calves	291	180	177	193	200	189
pigs	2 476	1 970	1 802	1 560	1 602	1 588
poultry (a)	3 190	3 243	3 456	3 337	3 354	3 258
other	739	704	627	692	717	705
Total (b)	10 987	10 180	10 077	10 083	10 147	9 885
Straight concentrates (c)	6 757	7 082	6 369	7 042	7 126	7 116
Non-concentrates (d)	538	525	525	525	525	525
Inter/intra farm transfer	2 689	3 000	3 170	3 351	3 454	3 241
Total all purchased animal feed	20 971	20 787	20 141	21 000	21 251	20 767
Value of purchased animal feed (£ million) (e)	3 033	2 367	2 219	2 362	2 506	2 259

(a) Includes poultry feed produced by 'retail' compounders, but excludes production from integrated poultry units which are included within the straight concentrates data.

(b) Including imports, less exports.

(c) These are cereals, cereal offals, proteins and other high energy feeds.

(d) Low energy bulk feeds expressed as concentrate equivalent. Brewers and distillers grains, hay, milk byproducts and other low energy bulk feeds expressed in terms of equivalent tonnage of high energy feeds.

(e) See table 8.1 for a breakdown of this total.

Chapter 6 The food chain

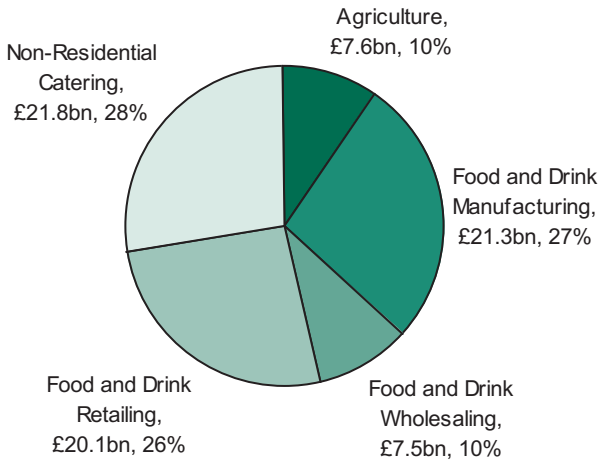
Summary

- The agri-food sector accounted for 7.6 per cent of the total economy in 2004.
- The food supply chain in the United Kingdom in 2005 received £142 billion from spending by consumers and the balance of revenue from exports less spending on imports.
- The agri-food sector provided a total of just under 3.8 million jobs in the third quarter of 2005, 14 per cent of all employees in the United Kingdom.
- The trade gap in food, feed and drink widened by 11 per cent to £12 billion in 2004.
- Self-sufficiency is estimated to be 60 per cent for all food and 73 per cent for indigenous type food.
- Expenditure on food increased by 1.5 per cent in real terms over the year to the third quarter of 2005.
- Farmers' share of a basket of food staples is estimated to have fallen by 23 per cent between 1988 and 2005.
- Since 1998, food prices have risen by 8.5 per cent while prices of all items have increased by 22 per cent.

Contribution of the agri-food sector to the national economy (chart 6.1, table 6.2)

1 The agri-food sector in the United Kingdom accounted for a total estimated gross value added of £78 billion in 2004, a 9.4 per cent increase on 2003. Non-residential catering is the largest sub-sector in terms of gross value added, overtaking manufacturing and accounting for 28 per cent of the total. Manufacturing accounts for 27 per cent while retailing accounts for 26 per cent. Agriculture and food and drink wholesaling are the smallest sub-sectors in terms of gross value added, each accounting for around 10 per cent of the total. In 2005, gross value added for agriculture was £5.2 billion, the fall being due to changes in subsidies specifically the introduction of the Single Payment Scheme. This would reduce its share to 6.9 per cent.

Chart 6.1 Gross value added (£ billion) by the agri-food sector 2004

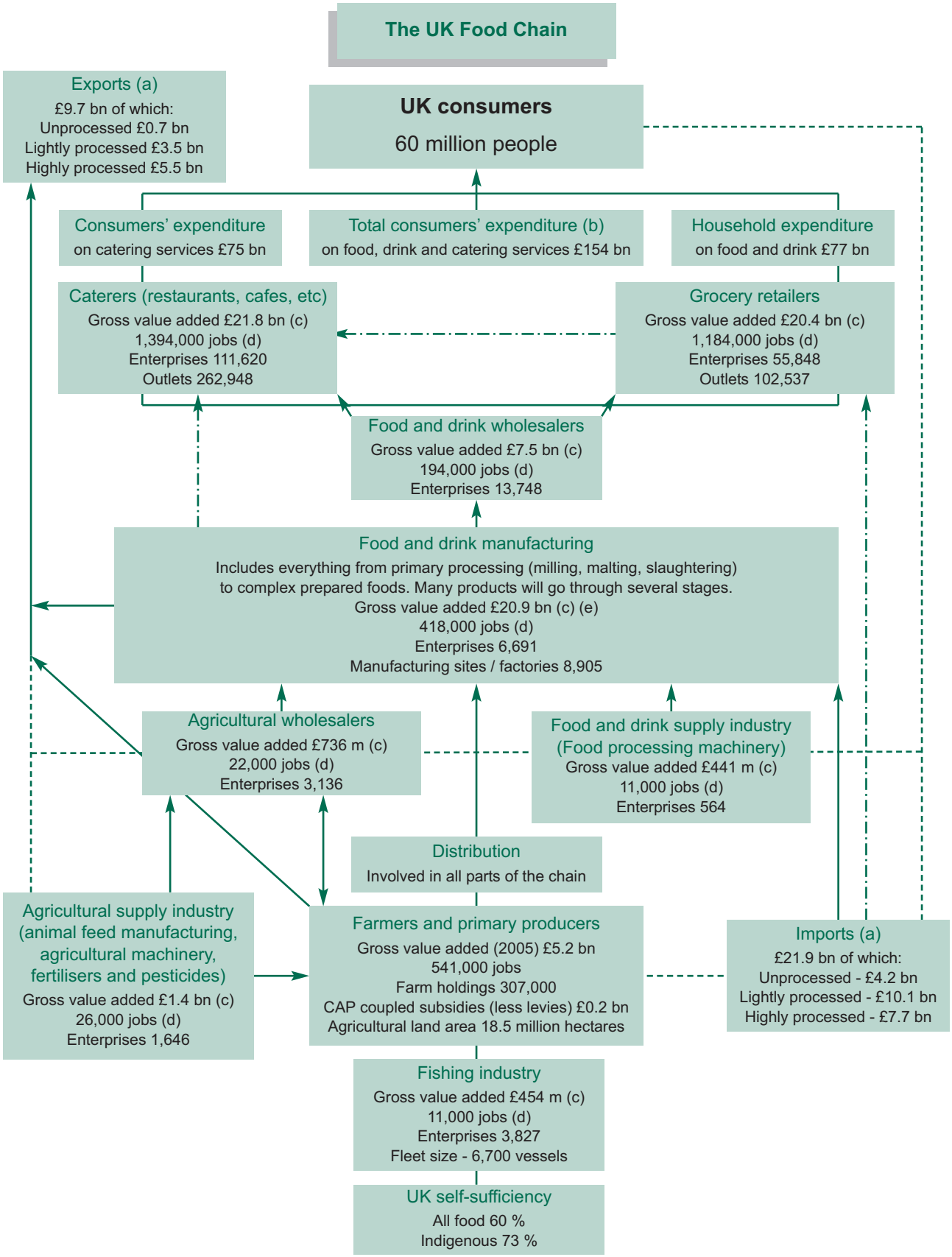


Source: Annual Business Inquiry (ONS) and Defra

(a) In 2005, agriculture's GVA was £5.2 billion, the fall being due to changes in subsidies. This would reduce its share to 6.9 per cent.

2 Gross value added for the whole agri-food sector increased by 28 per cent between 1998 and 2004, while gross value added of the sector downstream of the farmgate increased by 31 per cent, only slightly below the whole economy figure of 33 per cent. The only sub-sector to grow faster than the whole economy over the period was the non-residential catering sub-sector.

Chart 6.2 The UK food chain



(a) Overseas Trade data are provisional for the full year 2004 from HM Customs and Excise.
(b) Consumers' expenditure, properly known as household final consumption expenditure, is a provisional estimate by Defra for 2005 calculated at current prices.
(c) Gross value added figures are provisional data from the Office for National Statistics for 2004 calculated at basic prices (market prices less taxes plus subsidies).
(d) Employee data are for Q3 2005 from the Office for National Statistics.
(e) GVA for food manufacturing does not include farm animal feed, which is included in agricultural supply industry. This figure therefore does not match that shown in table 6.2.

2005

The food chain (chart 6.2)

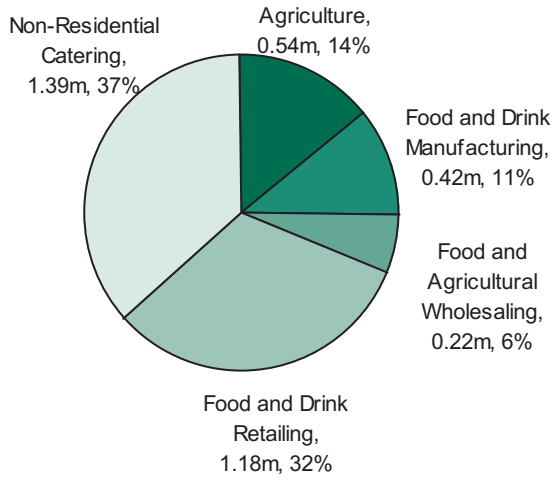
3 In 2005, the food supply chain in the United Kingdom as a whole received £142 billion from spending by consumers in the United Kingdom, plus exports less imports of agricultural commodities and processed food and drink products (assuming that imports and exports directly to and from consumers are negligible). Chart 6.2 shows the largest elements of the food chain from agriculture as a primary producer through food manufacturing and retail trade to consumers' expenditure.

UK food chain employees and self–employed farmers (chart 6.3)

4 The agri-food sector provided a total of just under 3.8 million jobs in the third quarter of 2005, 14 per cent of all employees in the United Kingdom. Of these a little over half a million were employed in agriculture. Chart 6.3 shows how the different parts of the sector make up this total.

5 Employment in the agri-food sector as a whole fell by 0.1 per cent over the year to the third quarter of 2005 while employment for the whole economy grew by 1.4 per cent over the same period. Employment in agriculture fell by around 1.0 per cent while manufacturing saw employment fall by 1.4 per cent. The reduction of employment in manufacturing is in line with long term trends.

Chart 6.3 Employees in the agri-food sector Q3 2005



Labour Force Survey (ONS) and June Survey (Defra)

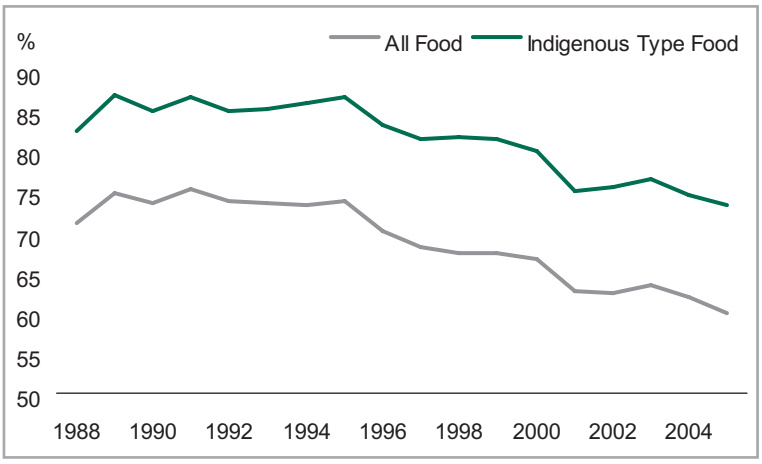
UK trade in food, feed and drink

6 The value of imports of food, feed and drink was almost £22 billion in 2004, an increase of 4.8 per cent from 2003. The value of exports of food, feed and drink fell by 1.8 per cent over the same period to £9.7 billion. The trade gap in food, feed and drink widened by 11 per cent to £12 billion.

Self-sufficiency (chart 6.4)

7 Self-sufficiency, which is calculated as the value of production of raw food divided by the value of raw food for human consumption is estimated to be 60 per cent for all food in 2005 and 73 per cent for indigenous type food. Self-sufficiency declined after 1995, shaped by the high level of the pound compared to the euro, the impact of BSE and the beef export ban introduced in 1996, and the impact of foot and mouth disease in 2001.

Chart 6.4 UK self sufficiency

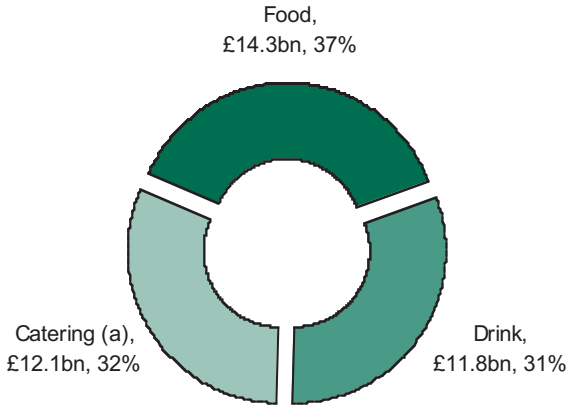


Consumers' expenditure on food, drink and catering (chart 6.5)

8 During the third quarter of 2005 consumers' expenditure on food, drink and catering totalled £38.2 billion. This represents 19.9 per cent of expenditure on all items compared to 19.8 per cent in the same quarter the previous year.

9 Expenditure on food increased by 1.5 per cent in real terms over the year to the third quarter of 2005, while expenditure on drink rose by 0.8 per cent. The largest increase was in non-residential catering where expenditure rose by 4.5 per cent over the same period.

Chart 6.5 UK consumers' expenditure, £ billion, Q3 2005

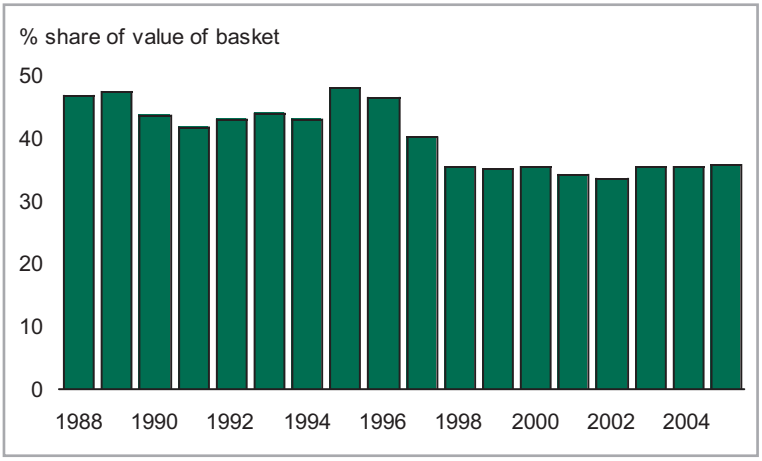


Source: Consumer Trends (ONS)

(a) Catering excludes on-trade alcohol sales

Farmers' share of consumers' expenditure (table 6.1, charts 6.6, 6.7)

Chart 6.6 UK farmgate share of retail prices for a basket of items



10 Compared with 1988, farmers are estimated to have received 23 per cent less in 2005 (or 11 percentage points less) for their contribution to a basket of food items covering staples of agricultural production in the United Kingdom. However, since 1998 the farmers' share has remained relatively constant. The absolute level of the farmers' share is sensitive to precisely which retail products are chosen for the basket; some have a greater amount of added value beyond the farmgate and it would therefore be expected that the share accounted for by the farmer would be lower.

11 Table 6.1 shows the items in the basket and how the farmers' share has changed for each. They are weighted according to their value to farmers in the United Kingdom. Most weight is given to milk and then other livestock products. The fruit and vegetables selected have a small impact on the overall value of the basket.

12 The farmers' reducing share of the basket of food items corroborates evidence that farmgate prices are not keeping up with retail food prices. This can be explained partly by retail price rises accounted for by greater processing and packaging beyond the farmgate though the items in the basket have not changed substantially over this period. Another reason for retail food prices to rise ahead of farmgate prices is additional regulation beyond the farmgate to ensure food safety, notably in meat processing.

13 Changes in exchange rates have a significant impact on farmgate prices. Farm gate prices increased up to 1995 but then reduced when sterling strengthened against the euro. CAP reform over the last 15 years, which cut commodity support prices and compensated with direct payments to farmers, has also played a role. Retail food prices were less affected by these factors as the food chain contains a large cost component that reflects overall conditions in the economy.

Table 6.1 UK farmers' share of the value of a basket of food items (a)

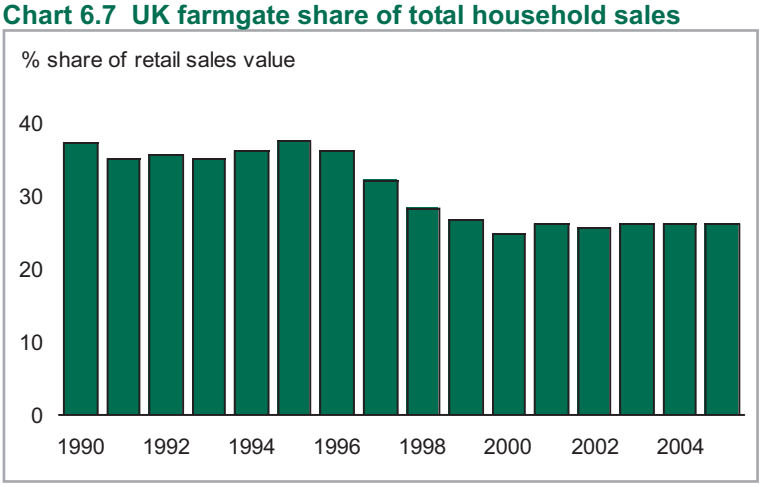
Enquiries: Jim Holding on +44 (0)1904 455069 email: jim.holding@defra.gsi.gov.uk

		Farmgate share in 1988 %	Farmgate share in 2005 %	Change in share %	Weight in basket 2005
Farmers' share of basket		47	36	- 23	
Farmgate product	**Retail product**				
apples	dessert apples per kg	55	42	- 23	6
beef	untrimmed beef (b) per kg	67	44	- 34	180
carrots	carrots per kg	30	43	43	21
cabbages	cabbage, hearts, per kg	38	42	10	8
chicken	oven ready roasting chicken, fresh or chilled per kg	47	42	- 12	125
eggs	size 2 eggs per dozen	28	32	15	47
lamb	untrimmed lamb (b) per kg	65	45	- 30	82
onions	onions per kg	25	24	- 7	4
pork	untrimmed pork (b) per kg	57	37	- 35	88
potatoes	old loose white potatoes per kg	24	21	- 11	68
tomatoes	tomatoes per kg	48	72	50	9
wheat	white loaf sliced, 800g	23	15	- 35	18
milk	whole milk (c)	38	30	- 20	343

(a) Farmgate prices from Defra, retail prices from the Office for National Statistics and the Meat and Livestock Commission (MLC).
(b) Retail prices for beef, lamb and pork are untrimmed MLC prices adjusted for drip loss.
(c) The average price of one pint of delivered milk and one pint of shop milk (shop milk is based on a two pint purchase).

14 Chart 6.7 shows a related analysis: the farmgate share of total household food sales. This analysis compares the estimates of the value of farmgate output with estimates of consumers' expenditure on all household food, including highly processed foods. This approach differs because it encompasses all purchased food and therefore incorporates changes due to consumers changing their types of purchase. In particular, it will over time include a higher share of food items incorporating greater processing or value added beyond the farmgate. This explains why farmers receive a lower share of the total household food sales than of the basket of household food items. The reduction in the farmers' share of total household food sales between 1990 and 2005 is slightly larger than the corresponding reduction in the farmers' share of the basket of goods.

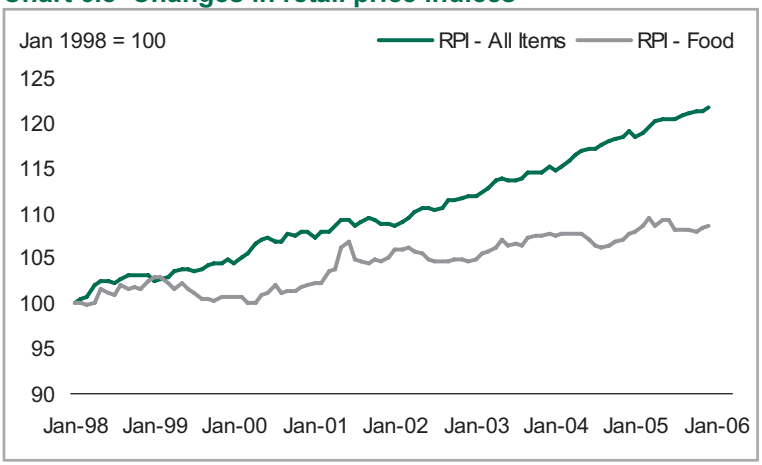
Chart 6.7 UK farmgate share of total household sales



Changes in retail price indices (chart 6.8)

18 Retail food prices were 1.1 per cent higher in December 2005 than in the same month in the previous year. The all items retail price index rose by 2.2 per cent over the same period. This is in line with long term trends that have seen the price of food decline in real terms. Since 1998 food prices have risen by only 8.5 per cent while prices of all items have increased by 22 per cent.

Chart 6.8 Changes in retail price indices

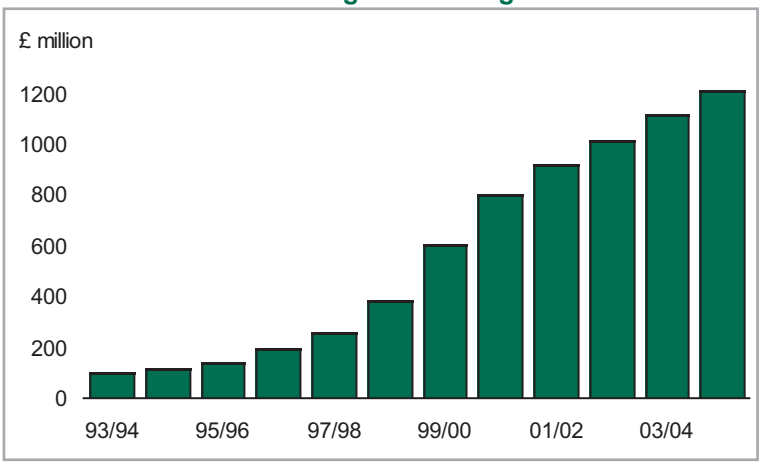


Source: Retail Price Index (ONS)

Retail market growth of organic food (chart 6.9)

19 According to the Soil Association's 'Organic Market Report 2005', there was an 8.4 per cent increase in the value of retail sales of organic food between the year beginning April 2003 and the calendar year 2004. The organic food market in the United Kingdom had a retail value of just over £1.2 billion in 2004.

Chart 6.9 UK retail market growth of organic food



Source: Organic Market Report 2005 - The Soil Association

Table 6.2 UK agri-food sector contribution to the national economy

Enquiries: Jim Holding on +44 (0)1904 455069 email: jim.holding@defra.gsi.gov.uk

£ million (unless otherwise specified) Calendar years

		Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Agri-food sector's contribution to total economy gross value added (at basic prices)							
at current prices	Agriculture	9 798	6 723	7 161	7 858	7 591	5 238
	Food manufacturing (a)	. .	19 257	19 561	20 644	21 259	. .
	Food wholesaling (a)	. .	6 823	7 106	6 784	7 472	. .
	Food retailing (a)	. .	17 139	17 316	18 002	20 106	. .
	Non-residential catering (a)	. .	16 387	17 898	18 233	21 806	. .
% of national gross value added (current prices)		. .	7.5	7.4	7.3	7.6	
Workforce in the food sector (thousand persons)							
	Agriculture (b)	621	568	550	533	546	541
	Food manufacturing (c)	. .	461.4	447.4	440.2	423.4	417.6
	Food wholesaling (c)	. .	215.1	212.6	213.2	211.7	215.4
	Food retailing (c)	. .	1 150.6	1 204.9	1 214.3	1 171.2	1 184.1
	Non-residential catering (c)	. .	1 300.6	1 355.2	1 359.6	1 401.3	1 393.8
% of total workforce in employment			14.6	14.9	14.8	14.7	14.5
Imports of food, feed and drink (d) (e)		16 160	18 267	19 091	20 944	21 942	. .
% of total UK imports		9.8	8.0	8.4	8.9	8.7	. .
Exports of food, feed and drink (d) (e)		9 648	8 506	8 915	9 881	9 702	. .
% of total UK exports		6.4	4.5	4.8	5.2	5.1	. .
Household final consumption expenditure on food and alcoholic drinks							
at current prices		100 922	132 996	139 410	142 870	147 720	154 174
of which:	household food	50 223	59 974	61 493	62 729	64 377	66 354
	food eaten out	23 361	37 019	39 643	41 353	42 506	45 839
	alcoholic drinks	27 338	36 003	38 274	38 788	40 837	41 981
at constant 2002 prices		118 651	136 035	139 410	140 189	143 171	146 438
of which:	household food	54 376	60 403	61 493	61 883	63 195	64 220
	food eaten out	30 577	38 471	39 643	40 065	40 134	41 949
	alcoholic drinks	33 698	37 161	38 274	38 241	39 842	40 269
% of total household final consumption expenditure		23	21	21	20	20	20
of which:	household food	11	9	9	9	9	9
	food eaten out	5	6	6	6	6	6
	alcoholic drinks	6	6	6	6	6	6
Producer prices for agricultural products		123.7	100.0	95.3	101.5	104.6	101.3
Retail price index (2001 = 100):							
	food	92.3	100.0	100.7	102.0	102.7	103.9
	alcoholic drinks	85.8	100.0	102.1	104.5	106.5	108.6
	all items	85.7	100.0	101.6	104.6	107.7	110.7

(a) Results from the Annual Business Inquiry (ONS). 2004 data is provisional

(b) From 2001, figures include the effect of a register improvement in England and are NOT directly comparable with earlier years.

(c) Results are for the third quarter of the year and from Labour Force Survey (ONS)

(d) This aggregate covers Standard International Trade Classification divisions 01-09, 11, 22 and section 4.

(e) Overseas Trade Statistics (OTS), based on data collected by HM Revenue and Customs

Chapter 7 Overseas Trade

2005

Summary

In 2004:

- the value of food, feed and drink exports was £9.7 billion, a fall of 1.8 per cent over 2003;
- the value of food, feed and drink imports increased by 4.8 per cent to £22 billion;
- the trade gap in food, feed and drink widened by 11 per cent to £12 billion;
- principal destinations for exports were the Irish Republic (18 per cent), France (13 per cent), USA (8.9 per cent), Spain (8.9 per cent) and Germany (5.7 per cent);
- the most important trade partners for imports were France (12 per cent), the Netherlands (12 per cent), Irish Republic (9.9 per cent), Germany (7.3 per cent) and Spain (6.0 per cent).

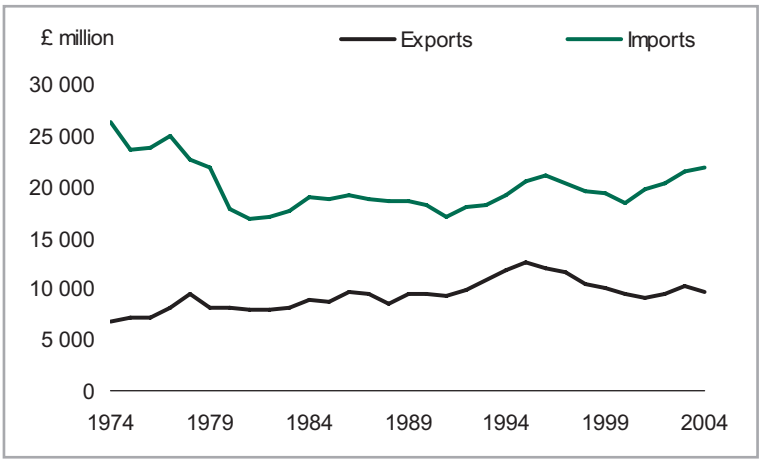
Introduction

1 The Overseas Trade Statistics presented in this chapter are based on data collected by HM Revenue and Customs and are compiled from returns made by importers and exporters. Before the completion of the Single Market in the European Union at the end of 1992 all overseas trade data for the United Kingdom were compiled from Customs declarations made by traders. Since the beginning of 1993 the collection of trade statistics has been divided into two categories: that transacted between the United Kingdom and countries outside the European Union (extra-EU trade) and that between the United Kingdom and its European Union partners (intra-EU trade). Extra-EU trade statistics are compiled, as before, from Customs declarations by importers, exporters and their agents; intra-EU trade statistics are compiled using a system linked to traders' VAT returns, known as Intrastat.

2 The trade statistics shown here may not match those shown in the commodities tables in Chapter 5 where for example, trade in meat includes the carcase weight equivalent of trade in live animals and trade in milk is of raw milk before processing and not of processed and packaged milk and cream as shown here.

Trade in food, feed and drink (chart 7.1, table 7.1)

Chart 7.1 UK trade in food, feed and drink in real terms at 2004 prices



3 The value of exports of food, feed and drink was 23 per cent lower in real terms in 2004 than at its peak in 1995. This is a consequence of the combination of the strength of sterling, BSE, lower world commodity prices, economic difficulties in the Far East and latterly foot and mouth disease. The value of imports was 7.1 per cent higher in real terms in 2004 than in 1995. As a consequence, the trade gap in food, feed and drink has widened by 55 per cent in real terms between 1995 and 2004 to £12 billion.

4 Table 7.1 shows the value of trade at current prices. The value of food, feed and drink exports was £9.7 billion in 2004, 4.6 per cent down on 2003 when it stood at £9.9 billion, while the value of food, feed and drink imports was £22 billion in 2004, 1.7 per cent lower than in 2003 when it stood at £21 billion.

Table 7.1 UK trade in food, feed and drink by SITC division (at current prices)

Enquiries: Clare Burgon on +44 (0)1904 455326 email: clare.f.burgon@defra.gsi.gov.uk

£ million Calendar years

SITC division code	Title	Average of 1994-96	2000	2001	2002	2003	2004
Exports							
01	Meat	1 234.3	627.1	418.7	513.8	603.9	667.0
02	Dairy	747.2	654.5	612.2	619.3	760.5	782.2
03	Fish	718.9	698.5	745.6	762.3	891.4	885.8
04	Cereals	1 355.7	1 261.4	1 085.0	1 135.5	1 344.4	1 240.7
05	Fruit and Veg	448.2	394.0	394.8	432.2	472.6	508.0
06	Sugar	392.8	360.6	357.1	325.7	342.4	375.0
07	Coffee, tea, etc.	676.5	585.4	593.8	615.6	628.1	605.7
08	Animal feed	382.9	324.0	291.5	311.1	330.5	315.2
09	Misc.	446.5	546.8	605.8	621.1	683.3	714.4
11	Drink	3 014.4	3 078.4	3 240.6	3 329.0	3 502.5	3 373.9
22 + S4	Oils	230.8	171.6	160.8	249.7	321.8	234.1
	Total	9 648.1	8 702.3	8 505.7	8 915.2	9 881.4	9 701.9
Imports							
01	Meat	2 249.7	2 406.7	2 775.9	2 891.8	3 365.7	3 540.2
02	Dairy	1 128.3	1 189.6	1 279.1	1 324.6	1 538.4	1 652.7
03	Fish	1 128.1	1 338.3	1 449.9	1 438.8	1 439.0	1 474.2
04	Cereals	1 047.9	1 098.1	1 247.6	1 310.2	1 391.0	1 459.5
05	Fruit and Veg	3 869.9	3 980.2	4 221.1	4 528.0	4 930.9	5 099.9
06	Sugar	853.0	712.0	788.0	792.3	858.4	897.7
07	Coffee, tea, etc.	1 264.2	1 103.6	1 093.0	1 169.3	1 194.4	1 236.1
08	Animal feed	812.9	704.7	788.1	757.4	902.7	927.7
09	Misc.	818.7	829.0	833.5	888.0	1 062.1	1 156.9
11	Drink	2 036.1	2 706.4	2 926.8	3 118.1	3 323.5	3 574.5
22+S4	Oils	951.0	759.8	864.2	872.1	937.7	922.1
	Total	16 159.8	16 828.5	18 267.1	19 090.6	20 943.8	21 941.5

Defra's aggregate 'food, feed and drink' is composed of the following divisions from the Standard International Trade Classification (SITC):

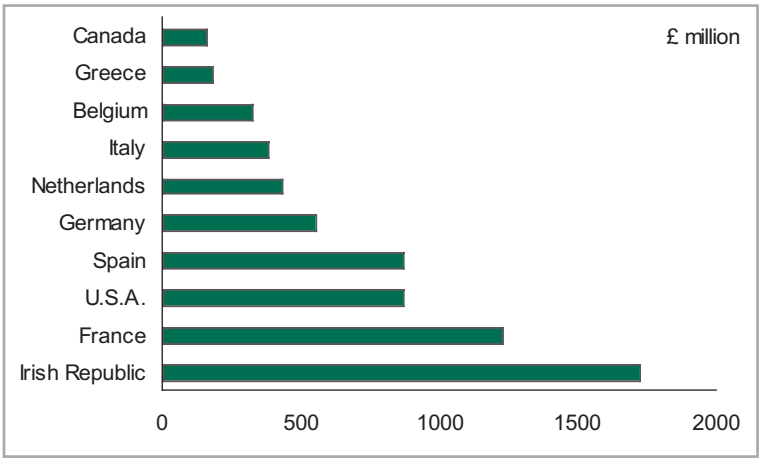
01	Meat: meat from cattle, sheep, pigs, goats, poultry, horses etc.; preparations including blood, juices, sausages, livers, offal.
02	Dairy: includes milk (skimmed or otherwise), butter, buttermilk, cream, yoghurt, ice cream, whey, cheese and curd, all types of eggs both in and out of shell.
03	Fish: all types of edible marine life excluding mammals, fresh, frozen, processed, prepared or preserved.
04	Cereals: includes rice, wheat, barley, oats, maize, grain sorghum and preparations including sweet biscuits, waffles, gingerbread, uncooked/unstuffed pasta.
05	Fruit and vegetables: includes fresh, frozen or prepared fruit (except crystallised) and vegetables, nuts (except groundnuts), vegetable and fruit juices of all kinds except wine (see division 11), jams, marmalades, fruit or nut puree/paste, etc.
06	Sugar: includes both natural sugar and sugar confectionery (but not chocolate or cocoa), both natural and artificial honey, and liquorice.
07	Coffee, tea, etc.: includes all types of tea, coffee (e.g. green, decaffeinated), extracts and substitutes thereof; cocoa and chocolate (of all kinds): all kinds of spices.
08	Animal feed: includes hay, fodder, bran, sharps and other residues derived from cereals or leguminous plants, oil-cake and other solid residues, other residues, brewing dregs, all types of pet or animal food.
09	Miscellaneous: includes margarine, shortening, homogenised products or preparations not elsewhere specified, sauces, vinegar, soups, yeasts, cooked/stuffed pasta, food preparations for infant use.
11	Drink: includes alcoholic drinks of all kinds; also natural or artificial mineral and aerated waters sweetened or otherwise.
22+S4	Oils: includes groundnuts (peanuts), soya beans, sunflower seeds, rape seeds, palm nuts, linseed, poppy seeds etc., lard, pig fat, olive oil, rape oil, corn oil, linseed oil, beeswax, etc.

Division 00, which covers all live animals, is excluded from the aggregate 'Food, Feed and Drink' because it includes non-food animals, particularly race horses.

Trading partners (charts 7.2, 7.3)

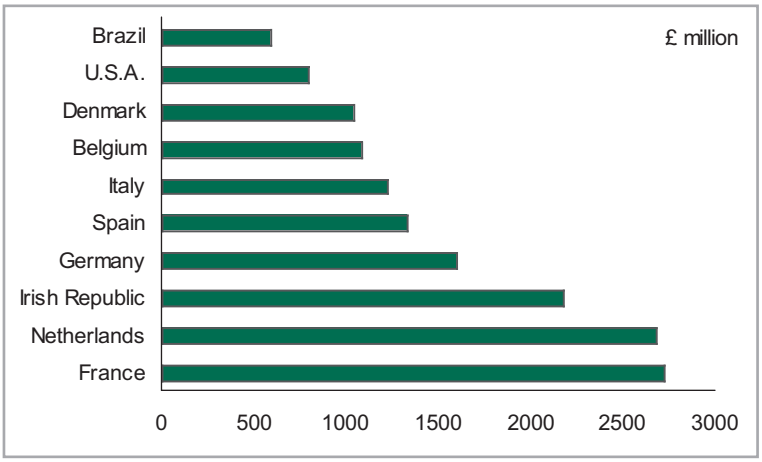
5 Principal destinations of food, feed and drink exports to the European Union in 2004 were the Irish Republic (£1.7 billion), France (£1.2 billion), Spain (£864 million) and Germany (£555 million). The principal European Union countries from which food, feed and drink were imported into the United Kingdom in 2004 were France (£2.7 billion), the Netherlands (£2.7 billion), the Irish Republic (£2.2 billion) and Germany (£1.6 billion).

Chart 7.2 UK exports of food, feed and drink by country of destination 2004



6 Principal non-EU destinations of food, feed and drink exports in 2004 were the USA (£868 million) and Canada (£159 million) while the main non-EU countries from which food, feed and drink were imported into the United Kingdom were the USA (£793 million) and Brazil (£591 million).

Chart 7.3 UK imports of food, feed and drink by country of despatch 2004

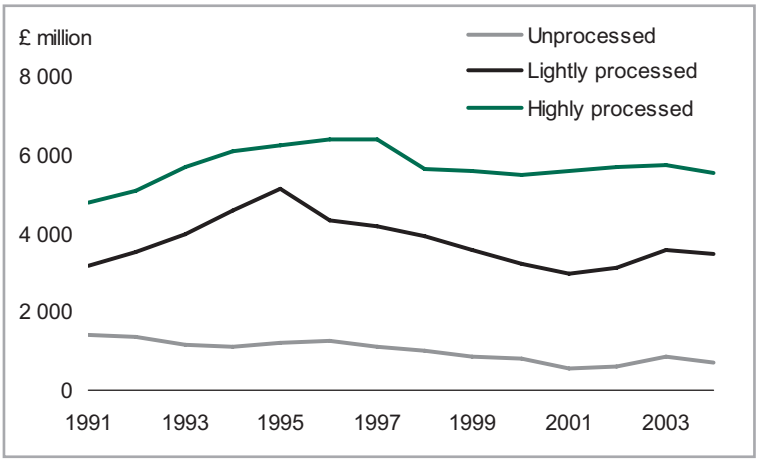


Exports and imports (charts 7.4, 7.5)

7 Between 1995 and 2004, in real terms at 2004 prices:

- Exports of highly processed foods and drink, such as confectionery, canned meats, jams, alcoholic drinks and ice cream, fell by 12 per cent.
- Exports of lightly processed foods and drinks, i.e. goods that retain their raw recognisable form, such as meat, cheese and butter, powdered milk, flour and sugar, fell by 32 per cent.

Chart 7.4 UK exports of food, feed and drink by degree of processing (in real terms at 2004 prices)

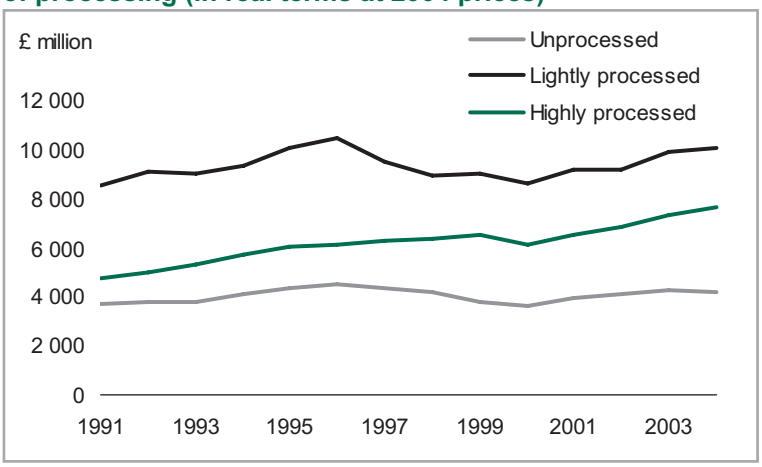


- Exports of unprocessed commodities, such as fresh fruit and vegetables, honey, eggs, milk and cream and unmilled cereals, fell by 42 per cent.

8 Between 1995 and 2004, in real terms at 2004 prices:

- Imports of highly processed foods and drink increased by 27 per cent.
- Imports of lightly processed foods and drinks increased by 0.1 per cent.
- Imports of unprocessed commodities fell by 3.7 per cent.

Chart 7.5 UK imports of food, feed and drink by degree of processing (in real terms at 2004 prices)



Trade in key commodities (table 7.2, 7.3)

9 Between 1995 and 2004, in real terms at 2004 prices:

- the value of exports of whisky fell by 21 per cent to £2.3 billion; the value of wine imports increased by 44 per cent to £2.3 billion;
- the value of exports of lamb and mutton fell by 52 per cent (exports were banned during the outbreak of foot and mouth disease in 2001 but partially recovered in 2002 and 2003);
- the value of beef exports fell by 97 per cent and the value of imports increased by 42 per cent (the pattern of beef exports reflects the export ban on beef imposed in March 1996);
- the value of pork imports rose by 80 per cent while exports declined by 67 per cent over the same period reflecting the fall in pig production in the United Kingdom and the ban imposed during the outbreak of foot and mouth disease in 2001;
- the value of poultrymeat imports increased by 54 per cent while the value of exports fell by 12 per cent;
- all trade in breakfast cereal increased with the value of imports more than doubling and exports increasing by 25 per cent;
- the value of cheese imports increased by 17 per cent.

Table 7.2 UK trade in key commodities in real terms at 2004 prices

Enquiries: Clare Burgon on +44 (0)1904 455326 email: clare.f.burgon@defra.gsi.gov.uk

£ million Calendar years

		Average of 1994-96	2000	2001	2002	2003	2004
Whisky	Imports	56.8	62.2	73.5	73.4	87.4	91.2
	Exports	2 877.6	2 398.6	2 501.5	2 453.4	2 484.0	2 301.2
Wine	Imports	1 654.9	1 851.0	1 993.3	2 147.5	2 257.1	2 345.8
	Exports	81.2	129.1	128.7	145.8	146.2	118.4
Cheese	Imports	719.4	658.9	704.6	685.6	766.0	810.6
	Exports	179.8	142.0	158.7	162.9	184.7	201.6
Poultrymeat	Imports	489.4	592.9	612.7	598.3	682.0	739.2
	Exports	202.5	152.0	178.9	151.6	176.1	194.0
Beef and veal	Imports	397.5	358.8	422.7	484.6	569.2	611.0
	Exports	525.8	23.0	20.2	19.1	20.4	20.1
Wheat, unmilled	Imports	168.3	141.7	157.2	156.1	121.4	93.4
	Exports	479.7	306.9	144.6	125.8	300.6	207.8
Lamb and mutton	Imports	278.0	218.8	209.9	241.6	259.6	283.1
	Exports	368.7	221.2	84.5	151.1	196.6	189.0
Pork	Imports	275.6	301.6	361.5	350.7	477.7	497.0
	Exports	259.9	155.1	41.2	78.7	66.9	92.3
Breakfast cereals	Imports	40.2	54.1	69.8	80.2	78.0	91.6
	Exports	228.5	286.7	274.6	270.1	284.4	278.6
Milk and cream	Imports	71.1	45.7	43.7	33.2	30.7	33.8
	Exports	179.7	129.3	111.7	116.7	172.7	140.2
Bacon and ham	Imports	685.0	500.3	611.7	602.4	641.1	547.9
	Exports	19.7	23.4	22.1	32.4	39.7	34.4
Butter	Imports	316.9	257.3	263.9	269.6	289.4	278.9
	Exports	164.2	91.2	86.1	75.1	77.2	59.2
Eggs and egg products	Imports	45.5	47.8	54.9	69.5	86.6	85.6
	Exports	31.4	22.5	24.8	33.4	30.0	32.8

Whisky	includes bourbon, scotch (malted and blended) and other whiskies.
Wine	includes grape must, vermouth and wine of fresh grapes (sparkling and still).
Cheese	includes grated or powdered, processed, blue-veined and fresh (e.g. curd).
Poultrymeat (inc. poultry offal)	includes carcase meat, cuts and offal (inc. liver).
Beef and veal	includes carcase meat and cuts, both bone-in and boneless.
Wheat, unmilled	includes durum, other wheat (inc. spelt) and meslin.
Lamb and mutton	includes carcase meat and cuts, both bone-in and boneless.
Pork	includes carcase meat and cuts, both bone-in and boneless.
Breakfast cereals	includes cereal grains worked or prepared for breakfast cereals.
Milk and cream	includes milk (inc. skimmed milk) and cream, not concentrated or sweetened.

Table 7.3 UK trade in key commodities by volume

Enquiries: Clare Burgon on +44 (0)1904 455326 email: clare.f.burgon@defra.gsi.gov.uk

Thousand tonnes (unless otherwise specified) Calendar years

		Average of 1994-96	2000	2001	2002	2003	2004
Whisky (million litres)	Imports	8.2	9.9	11.6	13.8	16.3	14.6
	Exports	263.7	281.4	287.7	267.9	277.9	273.4
Wine (million litres)	Imports	826.3	925.3	1 036.0	1 128.2	1 220.0	1 333.7
	Exports	20.7	23.8	20.0	28.5	24.5	21.8
Cheese	Imports	234.6	254.8	274.4	285.2	315.6	334.7
	Exports	59.0	58.5	67.9	82.3	89.8	93.3
Poultrymeat	Imports	215.5	298.8	291.4	317.1	346.6	396.4
	Exports	146.7	191.2	222.0	243.8	268.3	265.5
Beef and veal	Imports	124.3	153.3	193.4	226.1	269.4	280.6
	Exports	193.5	5.4	5.4	5.3	5.7	6.5
Wheat, unmilled	Imports	919.0	1 176.3	1 304.8	1 367.6	984.7	776.4
	Exports	3 442.8	3 671.3	1 626.1	1 624.0	3 661.5	2 528.2
Lamb and mutton	Imports	121.3	109.2	93.2	101.8	111.5	116.2
	Exports	132.1	98.3	30.4	61.1	75.8	76.7
Pork	Imports	136.0	245.5	239.2	275.9	380.5	383.5
	Exports	143.1	193.6	35.9	89.5	69.4	84.3
Breakfast cereals	Imports	20.4	36.4	52.1	55.7	61.0	66.9
	Exports	107.6	187.1	160.2	159.9	159.1	152.8
Milk and cream	Imports	158.7	137.2	110.1	63.9	52.5	70.8
	Exports	199.2	247.4	149.0	159.4	312.0	339.4
Bacon and ham	Imports	241.2	267.9	281.3	291.6	303.2	301.7
	Exports	6.6	9.2	7.3	10.7	13.9	13.2
Butter	Imports	118.3	118.0	115.2	116.0	118.4	113.7
	Exports	52.8	45.5	40.8	38.8	44.4	34.8
Eggs and egg products	Imports	29.4	45.6	54.2	69.0	70.4	67.1
	Exports	13.3	15.0	10.5	18.8	17.6	15.1

Whisky	includes bourbon, scotch (malted and blended) and other whiskies.
Wine	includes grape must, vermouth and wine of fresh grapes (sparkling and still).
Cheese	includes grated or powdered, processed, blue-veined and fresh (e.g. curd).
Poultrymeat (inc. poultry offal)	includes carcase meat, cuts and offal (inc. liver).
Beef and veal	includes carcase meat and cuts, both bone-in and boneless.
Wheat, unmilled	includes durum, other wheat (inc. spelt) and meslin.
Lamb and mutton	includes carcase meat and cuts, both bone-in and boneless.
Pork	includes carcase meat and cuts, both bone-in and boneless.
Breakfast cereals	includes cereal grains worked or prepared for breakfast cereals.
Milk and cream	includes milk (inc. skimmed milk) and cream, not concentrated or sweetened.

Trade with EU 24 countries (charts 7.6 to 7.17)

10 This section describes the trade in several key commodities between the United Kingdom and the other 24 Member States of the European Union (the EU 24 countries).

Bacon and ham

11 Imports of bacon and ham from the EU 24 countries have been far in excess of exports for many years. Total imports have fluctuated but have risen in recent years to reach 302 thousand tonnes in 2004. In 2004, the Netherlands and Denmark accounted for 85 per cent of all imported bacon and ham.

Chart 7.6 Trade with EU 24 countries: bacon and ham

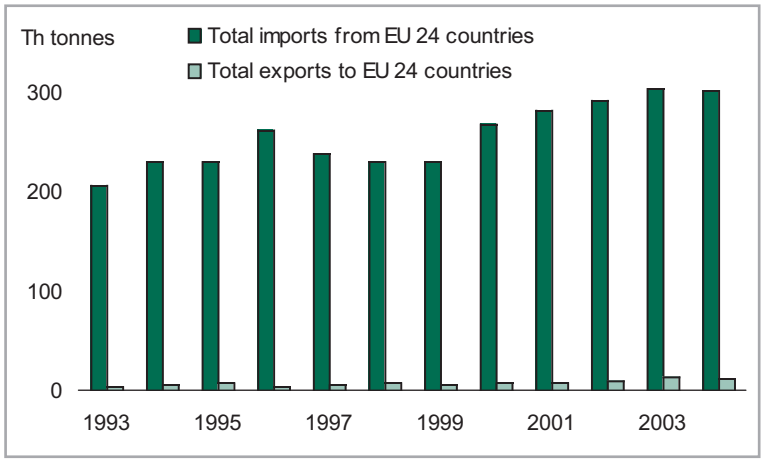
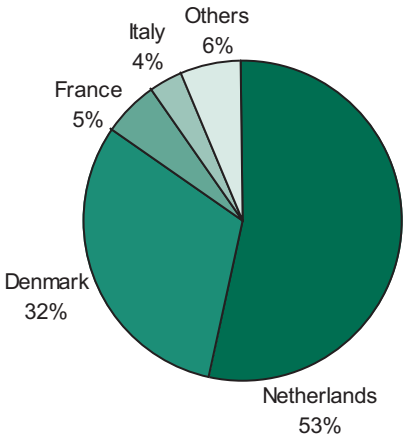


Chart 7.7 Trade with EU 24 countries: imports of bacon and ham 2004



Pork

12 Exports of pork to the EU 24 countries grew strongly in 1997 and 1998. Since 1998 exports have declined rapidly. The dip in 2001 is the result of a ban on exports during the outbreak of foot and mouth disease that year. Imports have outperformed exports except in the two strong years for exports in 1997 and 1998. Since 1998 imports have risen rapidly, to 379 thousand tonnes in 2004 while exports declined. Denmark and the Netherlands accounted for over half of the imports of pork in 2004. Another 22 per cent was contributed by Germany and France.

Chart 7.8 Trade with EU 24 countries: pork

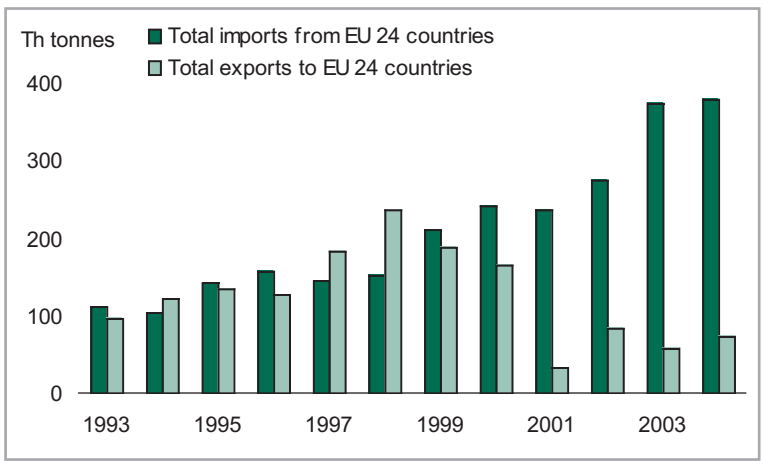
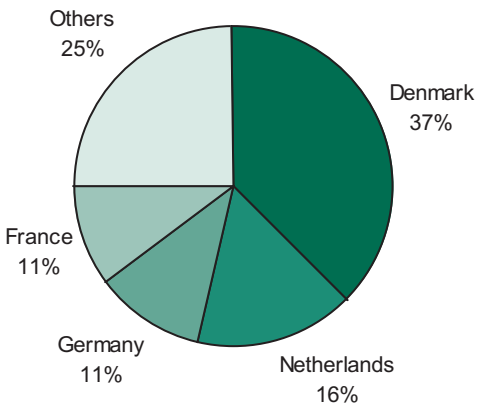


Chart 7.9 Trade with EU 24 countries: imports of pork 2004



Lamb and mutton

13 The United Kingdom has exported much more lamb and mutton to the EU 24 countries than it has imported from these countries for many years. Exports peaked in 1995 but have since declined. The ban on exports during the outbreak of foot and mouth disease shows in the dip in 2001 followed by a recovery to 76 thousand tonnes for 2004. Almost three-quarters of all lamb and mutton exported to the EU 24 countries in 2004 went to France with another 21 per cent going to Belgium, Luxembourg, Germany and Italy.

Chart 7.10 Trade with EU 24 countries: lamb and mutton

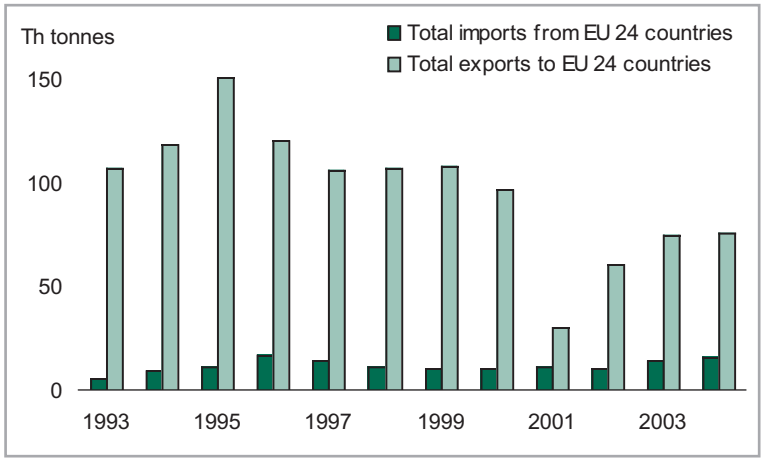
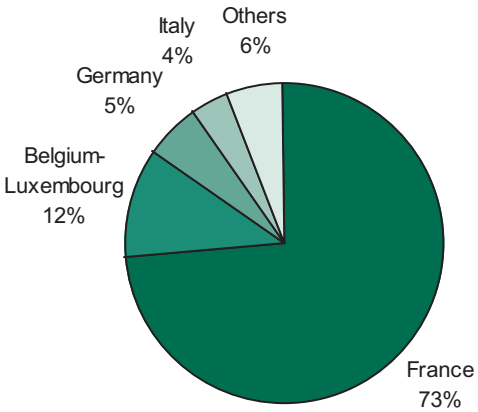


Chart 7.11 Trade with EU 24 countries: exports of lamb and mutton 2004



Beef and veal

14 In 1993, 1994 and 1995, the United Kingdom exported significantly more beef and veal to the EU 24 countries than it imported. However, following the Government's announcement in March 1996 of a link between BSE and new variant CJD, exports of beef originating in the United Kingdom were banned. The small amounts of exports seen here from 1997 are of beef and veal of non-UK origin which have been imported into the United Kingdom and then exported. Since the ban began, imports from the EU 24 countries have risen strongly reaching 215 thousand tonnes in 2004. The Irish Republic accounted for 74 per cent of the imports in 2004 with the Netherlands, Germany and Italy accounting for a further 17 per cent.

Chart 7.12 Trade with EU 24 countries: beef and veal

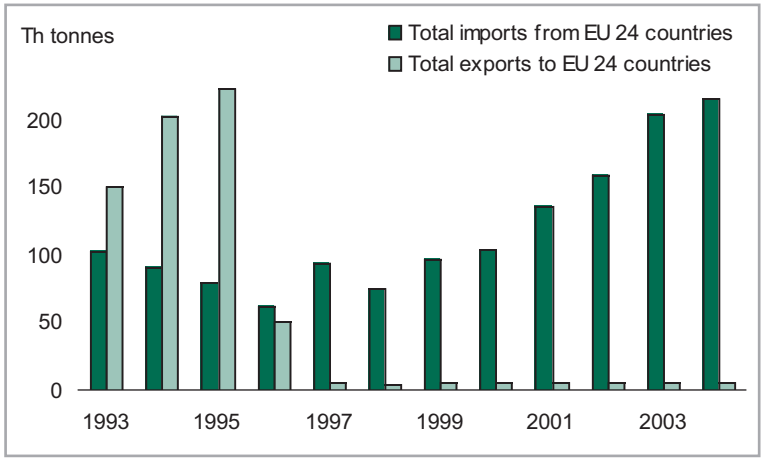
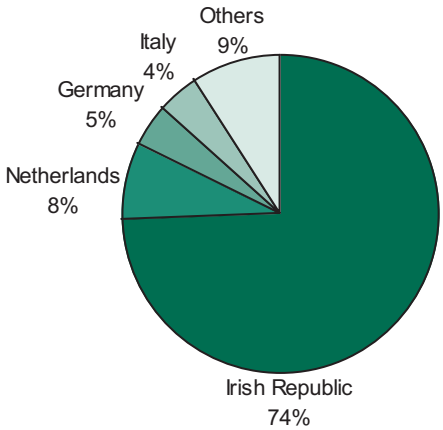


Chart 7.13 Trade with EU 24 countries: Imports of beef and veal 2004



2005

Milk and cream

15 From 1993 to 1998, exports and imports of milk and cream followed a similar pattern but with exports to the EU 24 countries always exceeding imports from these countries. However since 1998 imports have declined while exports peaked in 1999 before declining to a plateau in 2001 and 2002. Exports then rose sharply and in 2004 were 339 thousand tonnes. Three-quarters of this was exported to the Irish Republic with a further 22 per cent exported to Belgium, Luxembourg, Germany and France.

Chart 7.14 Trade with EU 24 countries: milk and cream

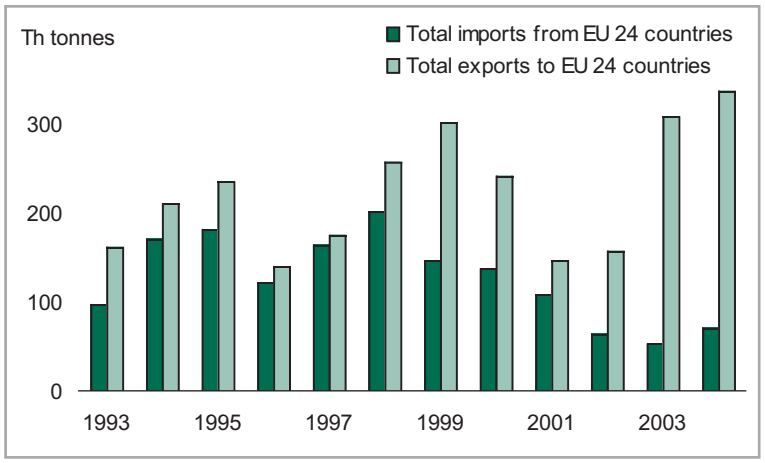
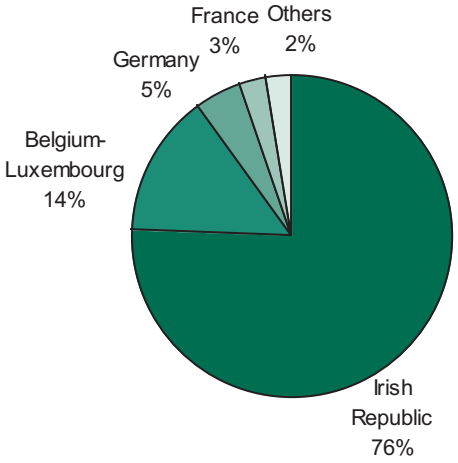


Chart 7.15 Trade with EU 24 countries: imports of milk and cream 2004



Unmilled wheat

16 Exports of unmilled wheat to the EU 24 countries have exceeded imports from these countries. The drop in exports in 2001 and 2002 was due to poor harvests resulting from bad weather. In 2004, exports stood at 2,485 thousand tonnes, of which over half went to Spain. A further 30 per cent went to Portugal, France and the Irish Republic.

Chart 7.16 Trade with EU 24 countries: unmilled wheat

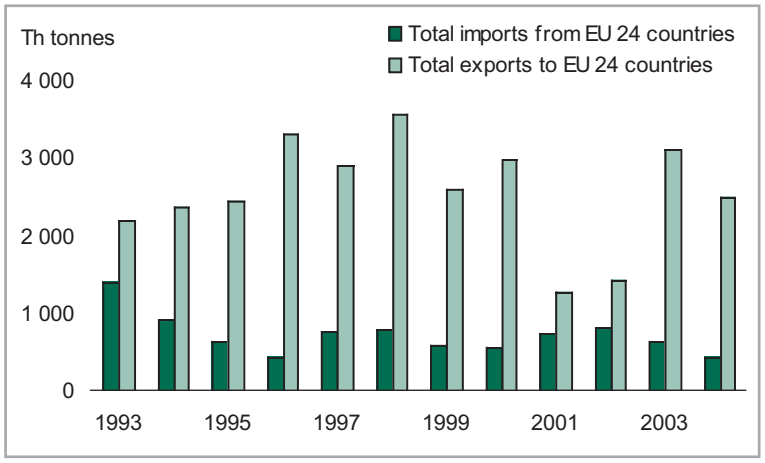
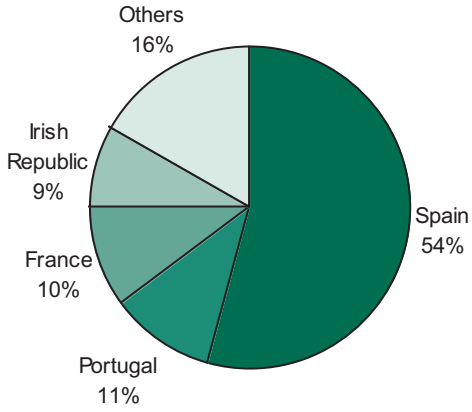


Chart 7.17 Trade with EU 24 countries: exports of unmilled wheat 2004



Chapter 8 Accounts

2005

Summary

In 2005:

- Total Income from Farming is estimated to have fallen by 8.9 per cent in current prices, or by 11 per cent in real terms, to £2.5 billion;
- coupled payments less levies directly linked to the production of agriculture amounted to £212 million, decoupled payments, including the Single Payment Scheme, are estimated at £2.8 billion;
- total payments and levies increased to £3.0 billion, a rise of 3.0 per cent.

At market prices:

- the total value of output fell by 1.6 per cent to £14.1 billion;
- the value of output of cereals was £1.4 billion, 17 per cent lower, with prices falling back after the higher prices of 2003 and 2004;
- the value of production of potatoes fell by 24 per cent, or £151 million, with falls in area and prices;
- the total value of livestock production increased by £85 million, or 1.8 per cent, to £4.8 billion, while the value of output of livestock products fell by £46 million or 1.5 per cent;
- intermediate consumption showed little change. A fall of £247 million (9.9 per cent) in animal feed offset an increase of 19 per cent to £792 million in energy use driven by high oil prices;
- gross value added at market prices fell by 3.7 per cent to £5.0 billion;
- net value added at factor cost was £5.3 billion, 3.2 per cent lower;
- labour costs increased by 3.0 per cent and rents fell by 4.9 per cent.

In 2004:

- net worth rose by 7.4 per cent (3.7 per cent in real terms) to £120 billion;
- total assets increased by 6.6 per cent while liabilities fell by 1.3 per cent;
- after a period of relative stability the value in real terms of net worth rose in both 2003 and 2004.

Introduction

1 This chapter shows a sequence of inter-related accounts for agriculture including current accounts, accumulation accounts and balance sheets. These accounts conform to internationally agreed accounting principles required by both the United Kingdom's National Accounts and by Eurostat, the statistical office of the European Union.

2 The production and income account provides details of the industry's outputs, inputs and generation of income; the balance sheets show the total assets and liabilities for agriculture at the end of each calendar

year together with their net worth and the accumulation accounts analyse the various components of changes in the assets and liabilities of agriculture and record changes in net worth. The net worth shown in the balance sheets incorporates changes due to all of the accumulation accounts.

Total Income from Farming

3 Total Income from Farming in the United Kingdom in 2005 is estimated to have fallen by 8.9 per cent (11 per cent in real terms) compared with its 2004 level. Although in real terms Total Income from Farming has slipped below the levels of the late eighties, it is 40 per cent above the low point in 2000. Total Income from Farming is income generated by production within the agriculture industry including subsidies. It represents business profits plus remuneration for work done by owners and other unpaid workers.

4 Total Income from Farming is sensitive to small percentage changes in the values of outputs and inputs. This sensitivity, the provisional nature of the figures for the latest year and revisions made to previously published figures for earlier years as methodology or data sources improve, all need to be borne in mind when using the figures.

Production and income account at current prices (tables 8.1, 8.2, charts 8.1, 8.2)

5 The value of output at market prices (excluding subsidies directly related to products) fell by 1.6 per cent, or £228 million, in 2005. The volume was 0.8 per cent lower with increases for oilseed rape, fruit, cattle and eggs, and falls for cereals, sugar beet and potatoes. Prices, which were 0.8 per cent lower, saw increases for straw, vegetables and poultry and large falls for cereals, oilseed rape, potatoes, sheep and eggs. Intermediate consumption fell marginally by 0.4 per cent to £32 million. The fall in expenditure on animal feed (9.9 per cent) was offset by small rises in a number of items but especially a substantial increase in energy (19 per cent) due to high crude oil prices.

6 Gross value added at basic prices, which represents agriculture industry's contribution to national GDP, was £5.2 billion, down by 31 per cent on 2004. Gross value added at market prices was £5.0 billion, a fall of 3.7 per cent. Net value added at factor cost is the best measure of value added by the industry because it includes all subsidies, the bulk of which following the introduction of the Single Payment Scheme in 2005 are no longer included in output. It makes no allowance for interest, rent or labour costs. In 2005, net value added at factor cost was £5.3 billion, 3.2 per cent lower than in 2004.

7 Total Income from Farming is derived by deducting interest, rent and paid labour costs from net value added at factor cost. Labour costs increased by 3.0 per cent and interest payments increased by 4.0 per cent. Total Income from Farming fell by 8.9 per cent to £2.5 billion.

Balance sheets (table 8.3)

8 The values in real terms of net worth and total assets have shown slight increases in 2004. At current prices, the value of total assets rose by 6.6 per cent (3.0 per cent in real terms) to £131 billion while total liabilities fell by 1.3 per cent (4.6 per cent in real terms) to £10 billion. Net worth rose by 7.4 per cent (3.7 per cent in real terms) to £120 billion. The current price valuations are net of depreciation and exclude the value of quota.

9 The value of fixed assets rose by 8.0 per cent to £121 billion. Of this, the value of land and buildings, which forms the greatest proportion of the total value of assets, rose by 8.5 per cent. The main influence on this rise in value has been the rise in land prices. The value of current assets fell by 7.9 per cent to £9.4 billion. Long and medium-term liabilities fell by 1.3 per cent to £4.9 billion and short-term liabilities fell by 1.2 per cent to £5.3 billion. Bank overdrafts (short-term loans) fell by 1.2 per cent and trade credit fell by 3.7 per cent.

Capital account (table 8.4)

10 The capital account within table 8.4 shows estimates of changes in the assets held by the agricultural sector in the United Kingdom.

11 The provisional estimate of total gross fixed capital formation in buildings, works, plant, machinery and vehicles in 2005 is £1.9 billion, an increase of 3.3 per cent over 2004. Consumption of fixed non-livestock assets also increased slightly by 1.2 per cent between 2004 and 2005.

12 Capital formation and capital consumption in livestock measure the output value due to the production of breeding animals and the depreciation of breeding animals (mainly dairy cows, beef cows, ewes, sows and egg laying poultry). In 2005 the value of capital formation in livestock increased slightly to £659 million with the increase in cattle offsetting falls in sheep and poultry.

13 Consumption of fixed capital in livestock (approximated by assuming that all depreciation takes place at the time animals leave the breeding herds) increased by 6.3 per cent with rises for all species. Net capital formation in livestock is estimated to be negative in 2005.

14 Changes in inventories contribute to income. Stocks of crops fell with large falls in both production and prices of wheat, barley and potatoes. Record production of oilseed rape was offset by large falls in prices. The value of work-in-progress livestock fell significantly as both numbers and prices fell. The decline in prices was greatest for cattle with sheep showing only a modest fall. A small increase in poultry prices was offset by the fall in numbers.

Revaluation account

15 Revaluation (holding gains), which measures the change in value between the time of production and the end of the accounting period due to changes in price, fell by £221 million in 2005. The value of work-in-progress of non-breeding livestock production and of replacement animals for breeding herds fell with the exception of poultry. The value of work-in-progress of crop production increased in 2005 by £39 million, mainly due to the rise in potato prices. Revaluation is not included in the production and income account and thus does not contribute to income.

Interest

16 Revised figures for 2004 show that interest charges payable on farmers' borrowings for agricultural purposes including land purchases net of interest on short-term deposits, increased by 9.9 per cent in 2004 to £509 million. The level of borrowing fell slightly while the average interest rate rose. In 2005 interest charges are estimated to have risen by 4.0 per cent to £530 million due to increases in both the average interest rate and the level of farmers' borrowings.

Changes in volume of capital assets

17 Although the value of gross fixed capital formation rose in 2005 by 2.5 per cent, the total volume was unchanged compared with 2004. A rise in the volume of gross fixed capital formation in non-livestock assets of 1.1 per cent was offset by a fall in fixed capital formation in livestock of 3.2 per cent. Consumption of fixed capital declined rapidly between 1996 and 2002, since then it has remained fairly constant. Consumption of fixed capital in livestock was marginally higher in 2005 while consumption of fixed capital in non-livestock assets fell by 1.0 per cent.

Definition of terms used in tables 8.1 and 8.2

18 The following list is provided to aid the user with the terms used in tables 8.1 and 8.2.

Term	Table 8.1 reference number	Definition
Agricultural industry		All activities taking place within businesses that carry out any agricultural activities. These businesses include all farms and specialist agricultural contractors.
Capital formation in livestock	8	Production of animals that will be used as the means of production, e.g. breeding animals.
Other agricultural activities	10	Agricultural activities that do not result in sales of final product, e.g. quota leasing, contract work.
Inseparable non-agricultural activities	11	Non-agricultural activities which are included within the business level accounts and are inseparable, e.g. some cases of bed and breakfast and recreation facilities.
Output at market prices	12	Output excluding subsidies. The output of the agricultural industry includes some non-agricultural activities and transactions within the industry.
Basic prices		Market price plus directly paid subsidies that are linked to production of specific product.
Subsidies (less taxes) on product	13	Subsidies and taxes coupled to the production of an agricultural product; all subsidies are recorded on an as due basis.
Intermediate consumption	24	Consumption of goods and services, e.g. feed, seeds, fertiliser, pesticides.
Gross value added	25	Gross output less intermediate consumption.
Consumption of fixed capital	27	The reduction in value (at current prices) of capital assets used in the production process, e.g. buildings, plant, machinery, vehicles and livestock.
Net value added	28	Gross value added at basic prices less consumption of fixed capital.
Compensation of employees	29	The full costs of employees to the business including national insurance contributions.
Single Payment and other decoupled subsidies	31	Subsidies and taxes not linked to production of a specific product, e.g. Single Payment Scheme, agri-environment payments, animal disease compensation.
Net value added at factor cost	32	Net value added at basic prices plus other subsidies (less taxes) on production
Total Income from Farming (TIFF)	35	Income to those with an entrepreneurial interest in the agricultural industry, e.g. farmers, partners, spouses and most other family workers.

Chart 8.1 Main components of the UK production and income account in 2005 (£ billion)

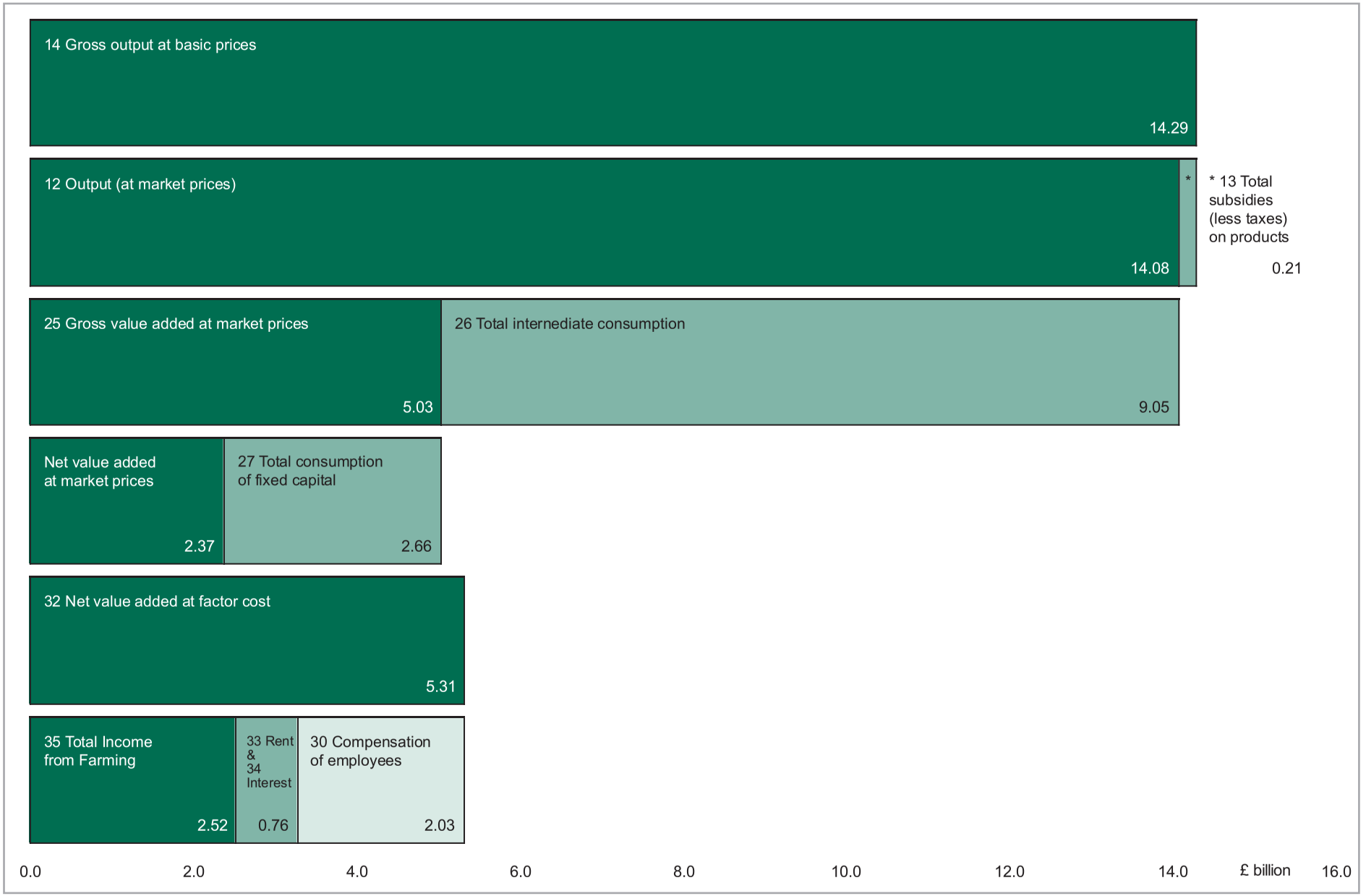
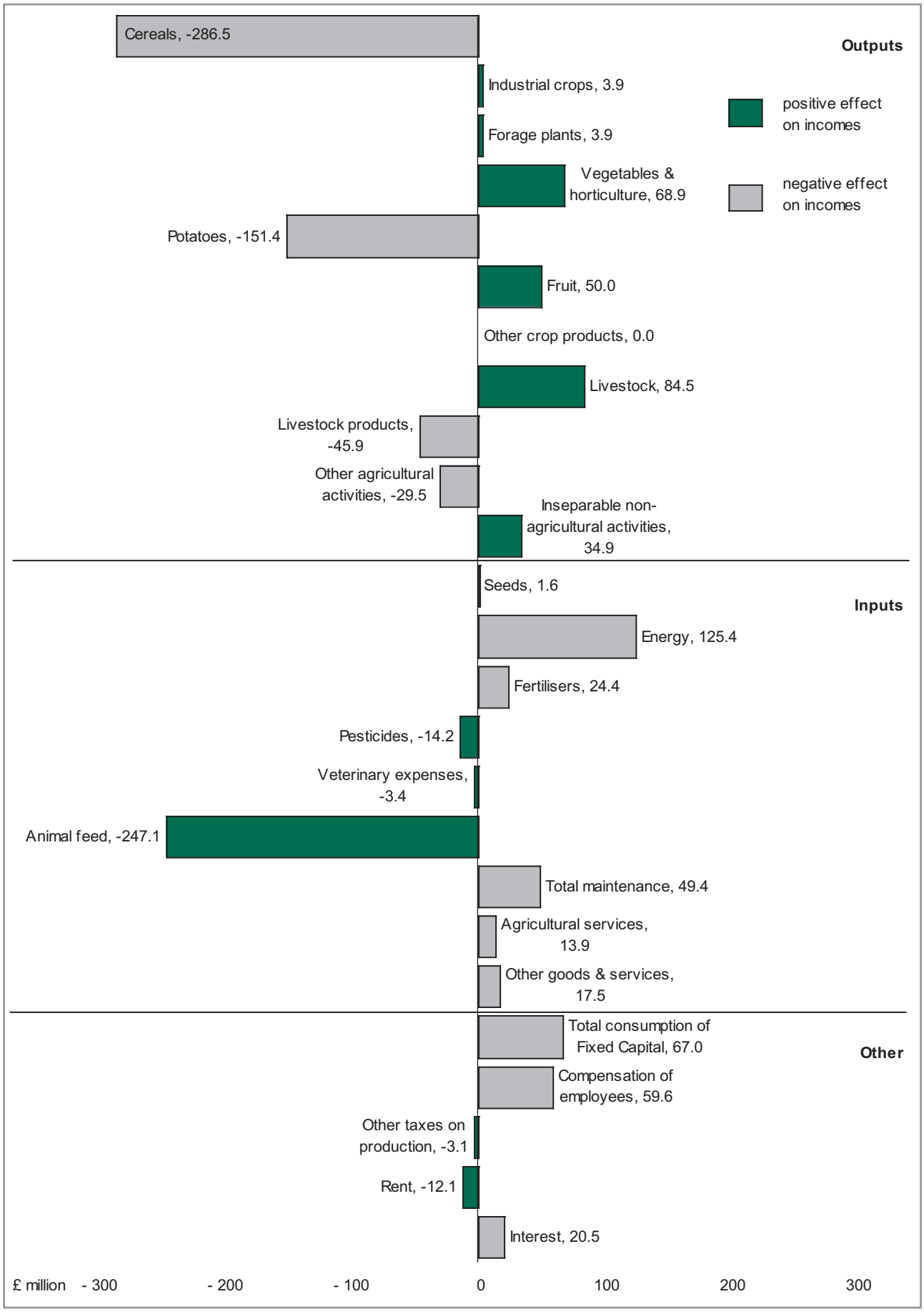


Chart 8.2 Changes in value of outputs and inputs between 2004 and 2005 (£ million)



2005

Table 8.1 UK production and income account at current prices

Enquiries: Christine Holleran on +44 (0)1904 455080 email: christine.holleran@defra.gsi.gov.uk

£ million — Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Outputs at market prices (a)						
1 Output of cereals	2 443	1 386	1 460	1 602	1 675	1 389
wheat	1 600	877	1 033	1 089	1 211	979
rye	3	2	1	1	2	1
barley	777	465	382	466	424	375
oats and summer cereal mixtures	62	42	42	45	38	33
other cereals	1	1	1	1	1	1
2 Output of industrial crops	905	693	814	765	736	779
oil seeds	252	177	220	314	266	279
oilseed rape	239	172	217	304	257	263
other oilseeds	13	6	3	10	9	16
sugar beet	352	256	283	280	278	263
other industrial crops	300	260	311	171	192	237
fibre plants	3	2	1	2	1	1
hops	18	9	7	6	6	5
others (b)	280	249	303	163	185	231
3 Output of forage plants	97	103	90	104	93	97
4 Output of vegetables and horticultural products	1 677	1 705	1 699	1 769	1 715	1 784
fresh vegetables	1 039	1 018	949	997	927	1 003
plants and flowers	638	688	750	772	788	781
5 Output of potatoes (including seeds)	814	656	480	517	633	482
6 Output of fruit	265	239	251	310	319	369
7 Output of other crop products including seeds	37	38	26	32	31	31
8 Output of livestock	6 039	4 119	4 470	4 711	4 710	4 794
primarily for meat	5 330	3 563	3 775	3 970	4 056	4 135
cattle	1 781	955	1 146	1 221	1 252	1 328
pigs	1 190	749	686	670	678	673
sheep	810	438	613	689	715	654
poultry	1 413	1 266	1 172	1 229	1 246	1 309
other animals	136	155	158	161	166	171
gross fixed capital formation	709	557	694	741	653	659
cattle	421	306	381	453	350	374
pigs	16	6	7	7	9	10
sheep	152	117	177	154	163	146
poultry	120	127	128	128	132	129
9 Output of livestock products	3 868	3 088	2 834	3 032	3 046	3 000
milk	3 473	2 742	2 466	2 629	2 615	2 602
eggs	328	307	314	338	381	349
raw wool	44	17	19	21	21	20
other animal products	23	21	34	45	29	29
10 Other agricultural activities	711	632	644	632	715	686
agricultural services	554	604	601	592	634	648
leasing-out quota	157	28	43	40	81	38
11 Inseparable non-agricultural activities	337	624	560	594	632	666
12 Output (at market prices) (sum 1 to 11)	17 194	13 283	13 328	14 067	14 305	14 077
of which:						
transactions within the agricultural industry						
feed wheat	66	43	39	77	98	68
feed barley	202	152	143	159	148	136
feed oats	66	43	39	77	98	68
seed potatoes	202	152	143	159	148	136
straw	18	13	10	11	12	9
contract work	30	17	15	6	13	14
leasing of quota	252	219	271	131	152	198
total capital formation in livestock	554	604	601	592	634	648

continued

Table 8.1 continued

£ million — Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
13 Total subsidies (less taxes) on product (c)	2 192	1 923	2 132	2 174	2 369	212
14 Gross output at basic prices (12 + 13)	19 385	15 206	15 460	16 241	16 675	14 289
Intermediate Consumption						
15 Seeds	364	291	275	287	279	281
16 Energy	608	683	647	599	667	792
electricity	243	240	235	205	208	224
fuels	366	443	412	395	458	568
17 Fertilisers	913	755	752	696	778	802
18 Pesticides	598	526	531	501	577	562
19 Veterinary expenses	287	241	250	253	278	274
20 Animal feed	3 033	2 367	2 219	2 362	2 506	2 259
compounds	1 818	1 398	1 377	1 348	1 441	1 334
straights	930	761	650	768	806	711
feed purchased from other farms	285	208	192	246	258	214
21 Total maintenance (d)	1 059	983	961	972	1 021	1 070
materials	699	660	636	641	667	708
buildings	360	323	325	330	354	362
22 Agricultural services	554	604	601	592	634	648
23 Other goods and services (d) (e)	2 172	2 032	2 062	2 121	2 345	2 362
24 Total intermediate consumption (Sum 15 to 23)	9 588	8 483	8 299	8 383	9 083	9 051
25 Gross value added at basic prices (14 - 24)	9 798	6 723	7 161	7 858	7 591	5 238
26 Gross value added at market prices (25 - 13)	7 606	4 800	5 029	5 684	5 222	5 026
27 Total consumption of fixed capital	2 593	2 572	2 572	2 664	2 591	2 658
equipment	1 236	1 263	1 262	1 206	1 194	1 216
buildings (d) (f)	634	686	688	690	671	670
livestock	723	624	621	767	726	771
cattle	419	322	342	461	425	462
pigs	16	6	8	7	9	10
sheep	170	169	143	173	168	171
poultry	117	126	129	126	124	128
28 Net value added at basic prices (25 - 27)	7 204	4 151	4 590	5 195	5 000	2 580
Net value added at market prices (26 - 27)	5 013	2 227	2 458	3 020	2 631	2 368
29 Compensation of employees (g)	1 848	1 951	1 966	1 916	1 967	2 027
30 Other taxes on production	- 74	- 78	- 81	- 83	- 96	- 99
31 Single Payment and other decoupled subsdies (c)	257	536	562	622	585	2 831
32 Net value added at factor cost (28 + 30 + 31)	7 387	4 609	5 071	5 734	5 489	5 312
33 Rent	195	252	259	273	246	234
rent paid (h)	220	330	346	366	343	329
rent received (i)	- 74	- 78	- 87	- 92	- 97	- 95
34 Interest (j)	560	560	483	463	509	530
35 Total Income from Farming (32 - 29 - 33 - 34)	4 784	1 847	2 362	3 081	2 767	2 521

(a) Output is net of VAT collected on the sale of non-edible products. Figures for output at market prices exclude subsidies on products.

(b) Includes straw and minor crops.

(c) “Subsidies on product”: subsidies coupled to products, which provide an incentive to production of those products. “Single payment and other decoupled subsidies”: decoupled and other payments from which agricultural producers can benefit as a consequence of engaging in production.

(d) Landlords' expenses are included within total maintenance, other goods and services and total consumption of fixed capital of buildings.

(e) Includes livestock and crop costs, water costs, insurance premiums, bank charges, professional fees, rates, and other farming costs.

(f) A more empirically based methodology for calculating landlords' consumption of fixed capital was introduced in 2000. The new series has been linked with the old one using a smoothing procedure for the transition year of 1996.

(g) Excludes the value of work done by farm labour on own account capital formation in buildings and works.

(h) Rent paid on all tenanted land (including 'conacre' land in Northern Ireland) less landlords' expenses, landlords' consumption of fixed capital and the benefit value of dwellings on that land.

(i) Rent received by farming landowners from renting of land to other farmers less landlords' expenses. This series starts in 1996 following a revision to the methodology of calculating net rent.

(j) Interest charges on loans for current farming purposes and buildings and works less interest on money held on short term deposit.

Table 8.2 Changes in UK outputs and inputs

Enquiries: Christine Holleran on +44 (0)1904 455080 email: christine.holleran@defra.gsi.gov.uk

£ million Calendar years

	Current price value		Changes %		
	2004	2005	value	volume	price
Outputs at market prices (a)					
1 Output of cereals	1 675	1 389	- 17	- 6	- 12
wheat	1 211	979	- 19	- 6	- 14
rye	2	1	- 18	-	- 18
barley	424	375	- 11	- 4	- 8
oats and summer cereal mixtures	38	33	- 14	- 19	7
other cereals	1	1	- 6	1	- 7
2 Output of industrial crops	736	779	6	4	2
oil seeds	266	279	5	20	- 12
oilseed rape	257	263	2	18	- 13
other oilseeds	9	16	70	61	6
sugar beet	278	263	- 5	- 6	1
other industrial crops	192	237	24	-	24
fibre plants	1	1	1	-	1
hops	6	5	- 16	- 22	8
others (b)	185	231	25	-	25
3 Output of forage plants	93	97	4	3	1
4 Output of vegetables and horticultural products	1 715	1 784	4	- 1	5
fresh vegetables	927	1 003	8	1	7
plants and flowers	788	781	- 1	- 3	3
5 Output of potatoes (including seeds)	633	482	- 24	- 9	- 16
6 Output of fruit	319	369	16	12	3
7 Output of other crop products including seeds	31	31	-	-	-
8 Output of livestock	4 710	4 794	2	-	1
primarily for meat	4 056	4 135	2	1	1
cattle	1 252	1 328	6	6	1
pigs	678	673	- 1	- 1	-
sheep	715	654	- 8	- 1	- 7
poultry	1 246	1 309	5	- 1	6
other animals	166	171	3	1	3
gross fixed capital formation	653	659	1	- 3	4
cattle	350	374	7	- 5	12
pigs	9	10	16	7	8
sheep	163	146	- 10	- 1	- 10
poultry	132	129	- 2	- 2	-
9 Output of livestock products	3 046	3 000	- 2	-	- 1
milk	2 615	2 602	- 1	- 1	-
eggs	381	349	- 8	2	- 10
raw wool	21	20	- 5	-	- 5
other animal products	29	29	2	-	2
10 Other agricultural activities	715	686	- 4	- 6	2
agricultural services	634	648	2	-	2
leasing-out quota	81	38	- 53	- 55	3
11 Inseparable non-agricultural activities	632	666	6	1	4
12 Output (at market prices) (sum 1 to 11)	14 305	14 077	- 2	- 1	- 1
of which:					
transactions within the agricultural industry					
feed wheat	98	68	- 31	- 19	- 15
feed barley	148	136	- 8	3	- 11
feed oats	12	9	- 19	- 21	3
seed potatoes	13	14	12	66	- 32
straw	152	198	30	2	28
contract work	634	648	2	-	2
leasing of quota	81	38	- 53	- 55	3
total capital formation in livestock	653	659	1	- 3	4

continued

Table 8.2 continued

£ million — Calendar years

	Current price value		Changes %		
	2004	2005	value	volume	price
13 Total subsidies (less taxes) on product (c)	2 369	212	- 91	. .	. .
14 Gross output at basic prices (12 + 13)	16 675	14 289	- 14	-	- 14
Intermediate Consumption					
15 Seeds	279	281	1	3	- 2
16 Energy	667	792	19	- 2	21
electricity	208	224	7	- 4	12
fuels	458	568	24	- 1	25
17 Fertilisers	778	802	3	- 7	11
18 Pesticides	577	562	- 2	- 4	2
19 Veterinary expenses	278	274	- 1	1	- 2
20 Animal feed	2 506	2 259	- 10	- 2	- 8
compounds	1 441	1 334	- 7	- 2	- 5
straights	806	711	- 12	- 2	- 10
feed purchased from other farms	258	214	- 17	- 6	- 12
21 Total maintenance (d)	1 021	1 070	5	- 1	6
materials	667	708	6	- 1	7
buildings	354	362	2	- 1	4
22 Agricultural services	634	648	2	-	2
23 Other goods and services (d) (e)	2 345	2 362	1	- 4	5
24 Total intermediate consumption (Sum 15 to 23)	9 083	9 051	-	- 3	2
25 Gross value added at basic prices (14 - 24)	7 591	5 238	- 31	3	- 33
26 Gross value added at market prices (25 - 13)	5 222	5 026	- 4	3	- 6
27 Total consumption of fixed capital	2 591	2 658	3	- 1	3
equipment	1 194	1 216	2	- 1	3
buildings (d) (f)	671	670	-	- 2	1
livestock	726	771	6	-	6
cattle	425	462	9	- 2	11
pigs	9	10	16	- 12	31
sheep	168	171	2	4	- 2
poultry	124	128	4	3	-
28 Net value added at basic prices (25 - 27)	5 000	2 580	- 48	5	- 51
Net value added at market prices (26 - 27)	2 631	2 368	- 10	6	- 15
29 Compensation of employees (g)	1 967	2 027	3	-	3
30 Other taxes on production	- 96	- 99	3	1	2
31 Single Payment and other decoupled subsdies (c)	585	2 831	384	. .	. .
32 Net value added at factor cost (28 + 30 + 31)	5 489	5 312	- 3	46	- 34
33 Rent	246	234	- 5	. .	. .
rent paid (h)	343	329	- 4	. .	. .
rent received (i)	- 97	- 95	- 2	. .	. .
34 Interest (j)	509	530	4	. .	. .
35 Total Income from Farming (32 - 29 - 33 - 34)	2 767	2 521	- 9	215	- 71

(a) Output is net of VAT collected on the sale of non-edible products. Figures for output at market prices exclude subsidies on products.

(b) Includes straw and minor crops.

(c) “Subsidies on product”: subsidies coupled to products, which provide an incentive to production of those products. “Single payment and other decoupled subsidies”: decoupled and other payments from which agricultural producers can benefit as a consequence of engaging in production.

(d) Landlords' expenses are included within total maintenance, other goods and services and total consumption of fixed capital of buildings.

(e) Includes livestock and crop costs, water costs, insurance premiums, bank charges, professional fees, rates, and other farming costs.

(f) A more empirically based methodology for calculating landlords' consumption of fixed capital was introduced in 2000. The new series has been linked with the old one using a smoothing procedure for the transition year of 1996.

(g) Excludes the value of work done by farm labour on own account capital formation in buildings and works.

(h) Rent paid on all tenanted land (including 'conacre' land in Northern Ireland) less landlords' expenses, landlords' consumption of fixed capital and the benefit value of dwellings on that land.

(i) Rent received by farming landowners from renting of land to other farmers less landlords' expenses. This series starts in 1996 following a revision to the methodology of calculating net rent.

(j) Interest charges on loans for current farming purposes and buildings and works less interest on money held on short term deposit.

Table 8.3 Aggregate balance sheets for UK agriculture

Enquiries: Sarah Tumber on +44 (0)1904 455084 email: sarah.tumber@defra.gsi.gov.uk

£ million — As at December each year

	Average of 1994-96	2000	2001	2002	2003	2004 (provisional)
At current prices						
Assets						
Fixed (a):						
land and buildings	67 195	94 718	97 365	96 656	101 547	110 176
plant, machinery and vehicles	7 853	7 421	7 346	7 113	6 953	7 001
breeding livestock	5 090	3 645	3 942	3 783	3 799	4 072
Total fixed	80 138	105 783	108 652	107 552	112 299	121 249
Current:						
trading livestock	3 367	2 100	1 890	2 605	2 887	2 694
crops and stores	3 006	2 236	2 194	2 035	2 477	1 978
debtors, cash deposits	3 863	4 096	3 991	4 259	4 899	4 776
Total current	10 236	8 432	8 076	8 899	10 263	9 448
Total assets	90 374	114 215	116 728	116 451	122 561	130 698
Liabilities						
Long and medium-term:						
AMC and SASC (b)	1 172	1 377	1 339	1 334	1 313	1 317
building societies and institutions	268	396	379	389	461	494
bank loans	1 669	2 367	2 202	2 284	2 435	2 327
family loans	329	430	449	450	530	560
other	147	232	248	271	263	237
Total long and medium-term	3 585	4 802	4 617	4 728	5 002	4 936
Short-term:						
leasing	287	95	94	113	130	139
hire purchase	648	479	517	593	726	711
trade credit	1 301	1 250	1 193	1 238	1 427	1 373
bank overdrafts	2 548	3 015	2 814	2 991	2 950	2 913
other	134	114	118	128	120	149
Total short-term	4 917	4 953	4 735	5 063	5 352	5 287
Total liabilities	8 502	9 755	9 352	9 790	10 354	10 222
Net worth	81 872	104 460	107 376	106 661	112 207	120 475
In real terms (as deflated by the retail price index):						
Indices 2000 = 100						
Total assets	90	100	101	98	101	104
Total liabilities	99	100	95	97	100	95
Net worth	90	100	102	99	101	105

(a) The valuations of land, buildings and breeding livestock are at average market prices; those of plant, machinery and vehicles are at replacement cost, net of consumption of fixed capital.

(b) Agricultural Mortgage Company (AMC) and Scottish Agricultural Securities Corporation (SASC).

Table 8.4 UK accumulation accounts

Enquiries: Sarah Tumber on +44 (0)1904 455084 email: sarah.tumber@defra.gsi.gov.uk

£ million — Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Capital account						
Gross fixed capital formation	2 672	1 999	2 160	2 374	2 454	2 520
Acquisitions less disposals of non-livestock assets:	1 963	1 443	1 466	1 633	1 801	1 861
buildings and works	553	435	423	495	569	617
plant and machinery	1 158	800	848	915	993	1 004
vehicles	252	208	195	223	239	239
Capital formation in livestock (a):	709	557	694	741	653	659
cattle	421	306	381	453	350	374
sheep	152	117	177	154	163	146
pigs	16	6	7	7	9	10
poultry	120	127	128	128	132	129
Consumption of fixed capital	2 593	2 572	2 572	2 664	2 591	2 658
Non-livestock assets:	1 871	1 949	1 950	1 896	1 865	1 886
buildings and works	634	686	688	690	671	670
plant and machinery	1 040	1 059	1 057	1 002	985	1 006
vehicles	197	204	205	204	209	211
Livestock (b):	723	624	621	767	726	771
cattle	419	322	342	461	425	462
sheep	170	169	143	173	168	171
pigs	16	6	8	7	9	10
poultry	117	126	129	126	124	128
Changes in inventories	71	- 70	157	- 138	70	- 152
stocks of crops	92	- 97	142	- 179	80	- 71
work-in-progress livestock	- 21	27	15	41	- 10	- 84
Total Income from Farming	4 784	1 847	2 362	3 081	2 767	2 521
Capital transfers	75	1 311	40	21	26	34
Foot and mouth disease payments:	. .	1 250	. .	. .	. .	. .
culled cattle	. .	672	. .	. .	. .	. .
culled sheep	. .	414	. .	. .	. .	. .
culled pigs	. .	15	. .	. .	. .	. .
welfare disposals of cattle	. .	102	. .	. .	. .	. .
welfare disposals of sheep	. .	29	. .	. .	. .	. .
welfare disposals of pigs	. .	13	. .	. .	. .	. .
other livestock (culled and welfare)	. .	5	. .	. .	. .	. .
Other capital transfers	57	52	25	1	6	8
Capital grants	18	9	16	20	20	26
Other changes in the volume of assets						
Exceptional disposals (due to foot and mouth disease) (c):	. .	561	. .	. .	. .	. .
breeding cattle	. .	226	. .	. .	. .	. .
slaughter cattle	. .	125	. .	. .	. .	. .
breeding sheep	. .	111	. .	. .	. .	. .
slaughter sheep	. .	63	. .	. .	. .	. .
breeding pigs	. .	6	. .	. .	. .	. .
slaughter pigs	. .	25	. .	. .	. .	. .
other livestock	. .	5	. .	. .	. .	. .

(a) Capital formation in livestock is estimated by valuing the number of entries to the breeding herds at the entry price less the disposal price.

(b) Consumption of fixed capital in livestock is estimated by valuing the disposals from the breeding herds at the entry price less the disposal price.

(c) Livestock culled due to foot and mouth disease measures are treated as exceptional losses as defined in the European System of Accounts 1995.

Table 8.5 UK revaluation account

Enquiries: Barbara Boize on +44 (0)1904 455089 email: barbara.boize@defra.gsi.gov.uk

£ million Calendar years

	2001	2002	2003	2004	2005 (provisional)
Livestock production work-in-progress (non-breeders)					
cattle	- 58	248	166	- 59	- 155
sheep	- 47	77	24	- 20	- 13
pigs	- 69	40	44	- 86	- 23
poultry (a)	- 4	-	11	- 7	13
Total	- 178	365	245	- 171	- 177
Replacement animals for breeding herds					
cattle	134	109	- 61	63	- 78
sheep	- 27	33	12	- 10	- 5
pigs	- 1	1	1	- 1	-
Total	106	142	- 49	51	- 83
Crop production work-in-progress					
wheat	98	- 137	355	- 274	2
barley	-	- 18	81	- 66	2
potatoes	- 104	- 80	235	- 150	32
other crops (b)	10	12	11	- 37	4
Total	4	- 223	681	- 528	39
Total holding gains	- 69	284	878	- 648	- 221

(a) Broilers, ducks, geese and turkeys.
(b) Oats, oilseeds, apples and pears.

Table 8.6 UK interest

Enquiries: Barbara Boize on +44 (0)1904 455089 email: barbara.boize@defra.gsi.gov.uk

£ million (unless otherwise specified) Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Interest rates						
average bank base lending rate in the UK	6.0%	5.1%	4.0%	3.7%	4.4%	4.6%
average rate of interest on bank advances to agriculture	8.7%	7.4%	6.1%	5.7%	6.5%	6.7%
Interest charges (all lending to the farm business) on:						
bank advances	372	377	325	316	342	. .
AMC and SASC loans (a)	105	118	94	84	96	. .
instalment credit	59	45	43	45	53	. .
leased assets	21	7	6	6	6	. .
other credit (b)	35	44	40	35	42	. .
less interest earned on money held on short-term deposit	31	32	25	22	30	. .
Total	560	560	483	463	509	530

(a) Agricultural Mortgage Company (AMC) and Scottish Agricultural Securities Corporation (SASC).
(b) Interest paid on other institutional credit and that from private sources.

Table 8.7 Changes in volume of UK capital assets

Enquiries: Sarah Tumber on +44 (0)1904 455084 email: sarah.tumber@defra.gsi.gov.uk

Indices 2000 = 100 Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Total volume of gross fixed capital formation						
Gross fixed capital formation:	158.2	116.2	116.2	123.1	132.1	132.0
non-livestock:	177.6	116.6	116.3	131.4	145.6	147.2
buildings and works	179.2	119.8	113.8	130.0	151.1	161.8
plant and machinery	183.3	112.7	117.1	131.0	143.4	140.8
vehicles	151.5	125.6	118.0	135.5	141.6	140.1
livestock	117.6	115.4	115.7	106.9	105.8	102.4
Total volume of capital consumption						
Consumption of fixed capital	103.5	98.3	93.8	93.6	93.7	93.1
non-livestock:	104.5	99.0	98.5	96.6	95.3	94.3
buildings and works	102.8	101.2	103.0	100.2	97.8	96.2
plant and machinery	107.3	97.2	95.2	93.5	92.7	92.0
vehicles	95.8	100.5	101.0	101.1	101.1	100.8
livestock	98.2	96.0	80.4	84.2	87.3	87.6

Chapter 9 Productivity

2005

Summary

In 2005:

- total factor productivity increased by 1.3 per cent;
- the volume of final output at market prices fell by 0.3 per cent;
- the volume of all inputs fell by 1.6 per cent;
- the volume of total labour in annual work units (or full-time person equivalent) fell by 0.7 per cent as the shift to part-time working continued and the head count of total labour fell;
- labour productivity as measured by net value added at market prices per annual work unit increased by 6.9 per cent.

Over the longer term:

- since 1973, productivity has grown by 49 per cent, the volume of final output at market prices has increased by 22 per cent and the volume of all inputs has fallen by 18 per cent.

Introduction

1 A key measure of agriculture's economic performance and a key component of its competitiveness is its productivity, that is, how efficiently the agricultural industry uses the resources that are available to turn inputs into outputs. It is a key measure of the economic sustainability of United Kingdom farming and food, an important driver of farm incomes and an essential foundation for the environmental and social contributions which farming and food make.

2 Productivity measures are based on the ratio of the volume of outputs and the volume of inputs. However, measuring productivity is not straightforward and comparisons need to be interpreted carefully both because of practical problems in obtaining robust data and because productivity performance, particularly in agriculture, is often shaped by factors outside farmers' control, such as climate, topography and location, which are not easily susceptible to change.

3 The headline measure, total factor productivity, shows the volume of output leaving the industry per unit of all inputs including fixed capital and labour. It encompasses all businesses engaged in farming activities, including specialist contractors. Labour productivity measures the volume of net value added per unit of all labour (paid and entrepreneurial) and is a key component of total factor productivity.

4 Volume indices for outputs refer to the value of production at market prices, i.e. excluding subsidies. Indices will differ from those published in previous years where subsidies were a significant part of the value of production.

Productivity (table 9.1, chart 9.1)

5 Total factor productivity increased by 1.3 per cent in 2005 due to a fall of 1.6 per cent in the volume of all inputs (including fixed capital, paid and entrepreneurial labour) and a fall of 0.3 per cent in the volume of final output (gross output at market prices less transactions in the industry).

Table 9.1 UK productivity

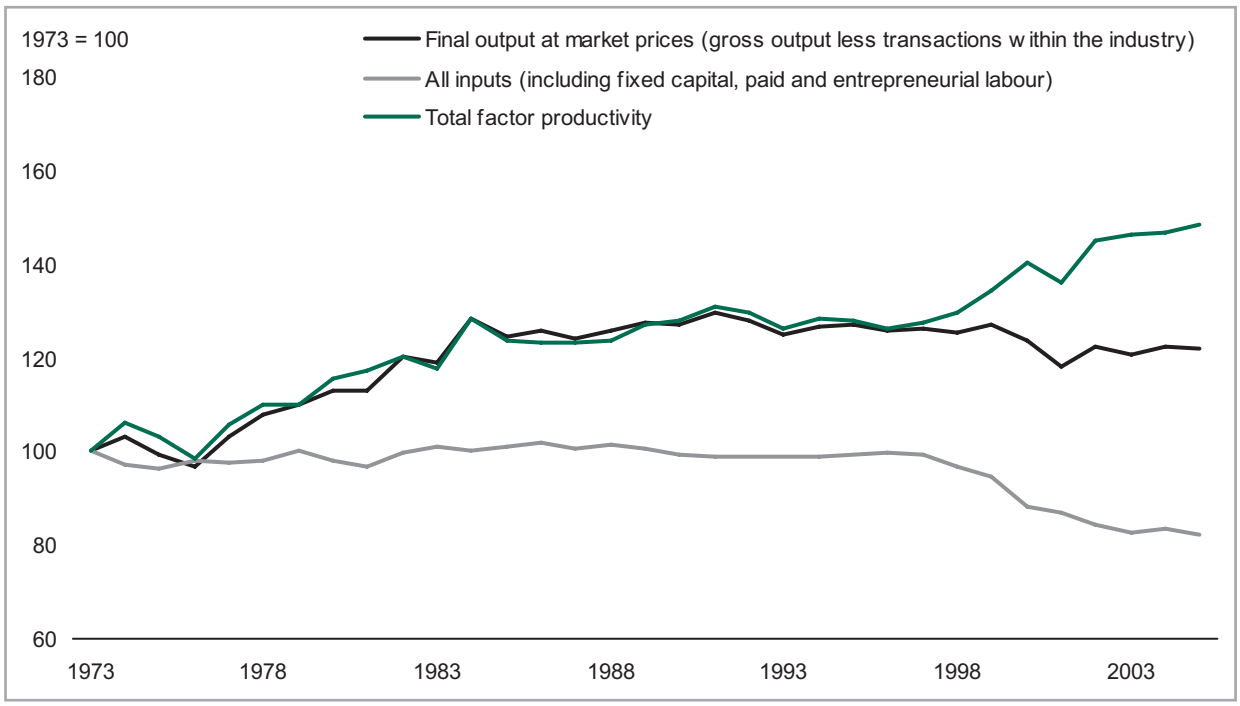
Enquiries: Christine Holleran on +44 (0)1904 455080 email: christine.holleran@defra.gsi.gov.uk

Volume indices 2000=100 Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Final output at market prices (gross output less transactions within the industry)	102.5	95.5	99.1	97.8	99.1	98.8
All inputs (including fixed capital, paid and entrepreneurial labour)	112.8	98.5	95.9	93.6	94.7	93.2
Net value added at market prices per AWU of all labour (a)	64.1	87.8	124.7	123.9	121.3	129.8
Total factor productivity (b)	90.9	97.0	103.4	104.5	104.7	106.0

(a) An annual work unit (AWU) represents the equivalent of an average full-time person engaged in agriculture.
(b) Final output per unit of all inputs (including fixed capital and labour).

Chart 9.1 UK total factor productivity 1973 to 2005



6 Over the longer term, since 1973 the productivity of the agriculture industry in the United Kingdom has increased by 49 per cent. The volume of final output has increased by 22 per cent while the volume of all inputs has fallen by 18 per cent. Since 1973 labour productivity as measured by net value added per annual work unit has more than tripled.

Volume indices (table 9.2)

7 In 2005, the volume of production of:

- cereals fell by 5.7 per cent with the largest falls in wheat and oats;
- industrial crops rose by 4.2 per cent with very large increases for oilseed rape and linseed offsetting a fall in sugar beet;
- forage plants rose by 2.8 per cent;
- vegetables and horticultural products fell by 1.0 per cent due to a fall in the production of plants and flowers of 3.3 per cent more than offsetting a rise in fresh vegetables of 0.9 per cent;
- potatoes fell by 9.2 per cent;
- fruit rose by 12 per cent;
- livestock production was up slightly, by 0.4 per cent, with a rise in the production of cattle of 5.5 per cent offsetting falls for other species;
- livestock products fell by 0.3 per cent as only the production of eggs increased;
- other agricultural activities fell by 6.0 per cent due to a dramatic fall in the leasing out of quota;
- inseparable non-agricultural activities rose by 1.3 per cent.

8 Total intermediate consumption fell in 2005 with small increases in the volumes of seeds, veterinary expenses and agricultural services more than offset by falls in the volumes of other inputs. In more detail, the volume of consumption of :

- seeds rose by 2.6 per cent;
- energy fell by 1.8 per cent due to a large fall in the consumption of electricity;
- fertilisers fell by 6.7 per cent;
- pesticides fell by 4.5 per cent;
- veterinary expenses rose by 0.8 per cent;
- animal feeds fell by 2.5 per cent due to falls in all types of feed, especially feed purchased from other farms;
- maintenance fell by 0.9 per cent as consumption of both materials and buildings fell;
- agricultural services rose by 0.2 per cent;
- other goods and services fell by 3.7 per cent.

Labour (table 9.3)

9 The total cost of paid labour rose by 3.0 per cent in 2005 as average wages increased while paid labour input was unchanged. The volume of the total labour force fell slightly by 0.7 per cent. The volume of paid labour has fallen by 63 per cent since 1973 reflecting the outflow of labour from the industry.

Table 9.2 UK output and input volume indices

Enquiries: Christine Holleran on +44 (0)1904 455080 email: christine.holleran@defra.gsi.gov.uk

Indices 2000 = 100 Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Outputs at market prices						
1 Output of cereals	90.2	79.5	96.2	89.7	92.0	86.8
wheat	85.1	70.2	95.9	85.6	92.8	87.4
rye	120.5	104.5	90.9	86.4	86.4	86.4
barley	103.7	102.2	94.3	97.6	88.8	85.1
oats and summer cereal mixtures	89.9	97.0	118.1	112.9	92.9	74.9
other cereals	75.9	74.5	109.1	107.3	104.6	105.3
2 Output of industrial crops	110.1	95.0	106.4	110.7	105.8	110.3
oil seeds	115.1	100.3	124.1	153.3	140.0	167.4
oilseed rape	110.1	100.7	127.2	153.8	140.6	165.9
other oilseeds	265.6	90.2	42.7	138.1	121.3	195.0
sugar beet	102.5	91.8	105.3	101.0	99.6	93.6
other industrial crops	129.2	94.9	97.0	91.8	90.0	89.7
fibre plants	109.8	69.3	40.3	76.2	50.8	50.8
hops	186.0	94.3	94.5	72.4	72.4	56.7
others (a)	126.5	95.2	97.5	92.5	91.0	91.2
3 Output of forage plants	98.9	117.0	117.2	115.6	111.4	114.5
4 Output of vegetables and horticultural products	105.6	96.7	96.2	93.2	95.7	94.7
fresh vegetables	111.7	96.5	89.3	87.8	89.6	90.3
plants and flowers	98.2	97.0	106.6	101.3	104.8	101.3
5 Output of potatoes (including seeds)	108.8	105.9	106.8	92.1	98.3	89.2
6 Output of fruit	125.4	106.1	99.7	109.7	128.6	144.5
7 Output of other crop products including seeds	101.7	101.2	69.0	83.0	84.6	84.6
8 Output of livestock	109.9	94.2	97.7	95.9	97.6	98.0
primarily for meat	109.0	91.8	95.8	95.1	97.2	98.2
cattle	122.8	88.6	102.6	105.2	102.3	108.0
pigs	118.1	91.8	87.5	77.3	78.0	77.4
sheep	102.7	71.7	81.8	82.5	86.9	85.8
poultry	96.3	103.7	101.0	102.7	109.7	108.5
other animals	98.9	99.7	99.8	99.3	99.1	99.7
gross fixed capital formation	117.5	115.4	115.7	106.9	105.8	102.4
cattle	118.8	115.3	110.3	110.3	103.4	98.2
pigs	164.8	84.3	126.0	101.1	104.7	112.1
sheep	165.6	155.7	173.2	124.5	135.8	134.9
poultry	100.1	95.8	95.3	94.9	98.1	96.1
9 Output of livestock products	101.8	101.6	102.9	104.1	101.9	101.6
milk	102.1	101.2	102.3	103.5	100.5	100.0
eggs	97.7	107.3	107.0	105.3	114.1	116.2
raw wool	106.7	83.1	86.3	84.4	85.7	85.6
other animal products	120.7	88.2	139.6	173.9	105.4	105.0
10 Other agricultural activities	103.3	99.0	100.7	98.6	109.4	102.7
agricultural services	86.7	102.9	102.5	100.8	105.9	106.1
leasing-out quota	299.4	54.0	80.9	73.4	145.0	65.9
11 Inseparable non-agricultural activities	77.8	124.4	108.3	110.9	112.7	114.1
12 Output (at market prices) (sum 1 to 13)	102.9	96.5	99.8	98.2	99.8	99.0
of which:						
transactions within the agricultural industry						
feed wheat	105.8	95.8	103.2	158.2	211.1	170.8
feed barley	93.0	108.2	114.9	107.7	97.5	100.7
feed oats	92.7	103.3	97.1	96.7	94.3	74.4
seed potatoes	148.9	109.3	110.7	56.2	74.3	123.1
straw	133.0	94.1	95.9	90.0	87.5	88.9
contract work	86.7	102.9	102.5	100.8	105.9	106.1
leasing of quota	299.4	54.0	80.9	73.4	145.0	65.9
total capital formation in livestock	117.5	115.4	115.8	106.9	105.8	102.4

continued

Table 9.2 continued

Indices 2000 = 100 — Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
13 Total subsidies (less taxes) on product	. .	. .	. .	. .	. .	. .
14 Gross output at basic prices (12 + 13)	102.5	94.9	99.6	98.2	99.6	99.1
Intermediate Consumption						
15 Seeds	109.6	104.2	99.1	98.8	97.8	100.3
16 Energy	108.9	101.2	100.6	85.4	87.9	86.3
electricity	106.6	108.2	110.3	89.5	86.1	82.6
fuels	110.0	97.8	95.8	83.4	88.7	88.0
17 Fertilisers	113.3	87.4	91.2	78.2	79.6	74.3
18 Pesticides	91.9	93.9	95.8	90.4	99.4	95.0
19 Veterinary expenses	111.5	95.6	100.0	97.5	103.8	104.7
20 Animal feed	107.1	103.4	100.8	104.8	106.5	103.8
compounds	111.6	102.9	102.3	102.2	102.6	100.4
straights	101.8	103.9	95.2	106.1	109.2	107.1
feed purchased from other farms	95.5	105.2	111.2	118.5	123.1	115.3
21 Total maintenance (b)	123.0	102.2	96.3	92.7	93.4	92.5
materials	117.8	98.5	91.0	86.4	85.9	85.3
buildings	134.6	110.4	108.4	107.2	110.6	109.3
22 Agricultural services	86.7	102.9	102.5	100.8	105.9	106.1
23 Other goods and services (b) (c)	118.9	94.5	92.3	98.2	103.8	99.9
24 Total intermediate consumption (Sum 15 to 23)	110.2	98.5	96.9	96.0	99.3	96.7
25 Gross value added at basic prices (14 - 24)	93.4	90.7	102.8	100.9	99.9	102.6
26 Gross value added at market prices (25 - 13)	89.6	92.9	104.8	101.8	100.7	103.3
27 Total consumption of fixed capital	102.5	98.3	93.8	93.6	93.7	93.1
equipment	105.0	97.7	96.1	94.7	94.0	93.4
buildings (b)	102.4	101.2	103.0	100.2	97.8	96.2
livestock	96.0	96.0	80.4	84.2	87.3	87.6
cattle	89.0	86.1	74.4	82.2	88.0	86.4
pigs	122.4	68.7	99.4	78.8	79.8	70.6
sheep	99.6	120.5	79.1	77.5	77.2	80.6
poultry	98.1	98.1	98.7	96.2	94.8	98.1
28 Net value added at basic prices (25 - 27)	88.5	86.2	108.4	105.4	103.8	109.5
Net value added at market prices (26 - 27)	75.6	86.6	117.9	111.7	109.3	116.1

(a) Includes straw and minor crops.

(b) Landlords' expenses are included within total maintenance, other goods and services and total consumption of fixed capital of buildings.

(c) Includes livestock and crop costs, water costs, insurance premiums, bank charges, professional fees, rates, and other farming costs.

Table 9.3 UK costs and volumes of labour engaged in agricultural work (a)

Enquiries: Sarah Tumber on +44 (0)1904 455084 email: sarah.tumber@defra.gsi.gov.uk

Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Paid labour costs (£ million) (b)	1 848	1 951	1 966	1 916	1 967	2 027
Annual work unit (thousand) (c)						
Entrepreneurial labour	244	219	211	205	203	201
Paid labour	147	111	105	97	98	98
Labour force	392	330	316	301	301	299

(a) Table 9.3 shows the cost and volume of paid labour relating to agricultural work only and excludes time spent on the construction of farm buildings

(b) Includes payments in kind to workers and employer and employee National Insurance contributions, redundancy payments, Workers Pension Scheme (up to 1990) and the cost of trainees.

(c) An annual work unit represents the equivalent of an average full-time person engaged in agriculture.

Chapter 10 Subsidies and Public Expenditure on Agriculture

2005

Summary

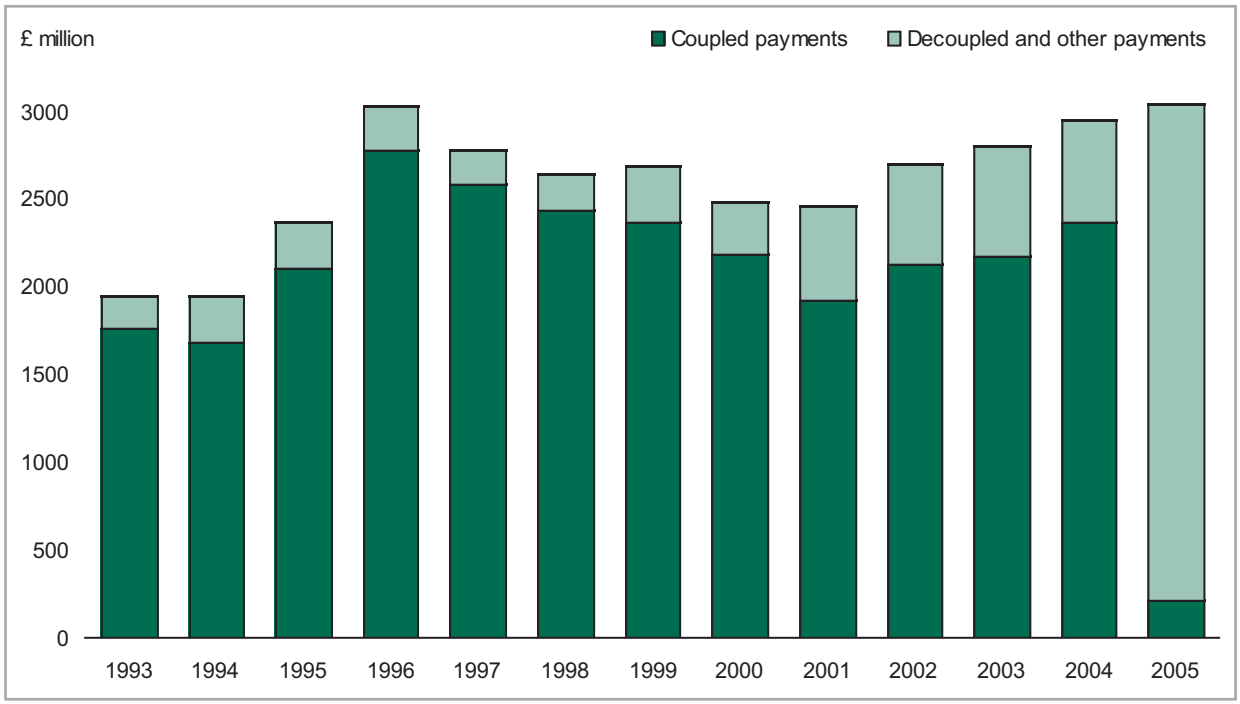
In 2005:

- total payments paid to farmers less levies are expected to have increased by 3.0 per cent to £3.0 billion;
- eleven subsidy schemes coupled to agricultural production ended resulting in a fall in coupled payments from £2.4 billion to £0.2 billion;
- decoupled payments, including the Single Payment Scheme and other payments, are expected to increase from £0.6 billion to £2.8 billion;
- the Single Payment Scheme is estimated to total £2.4 billion after deductions for modulation;
- payments through less favoured areas support schemes are expected to fall by 5.6 per cent to £144 million;
- payments through agri-environment schemes are expected to have risen by 1.5 per cent to £257 million;
- payments of animal disease compensation are expected to have increased by 11per cent to £55 million.

Introduction

1 This chapter gives details of direct subsidy payments and other payments received by farmers, which are included in the production and income account shown in chapter 8. It also includes other information on public expenditure under the CAP and on national grants and subsidies.

Chart 10.1 Subsidies and other payments made to farmers



Subsidies and levies coupled to agricultural production (chart 10.1, table 10.1)

2 In 2005, eleven subsidy schemes ended resulting in a fall in payments coupled to the production of agricultural products such as cereals, beef and sheepmeat, from £2.4 billion to £0.2 billion. The payments made in 2005 are principally those made through the Over Thirty Month Scheme, which amounted to £181 million. They also includes protein crop premium, area aid for nuts and aid for energy crops, which remain coupled to the production of these products and amounted to £11 million.

3 In Scotland, the devolved administration took the decision to retain an element of the Single Payment Scheme to create the Scottish Beef Calf Scheme, amounting to almost £20 million, aimed at providing support to both the supply of quality Scotch beef and the environment.

4 Dairy producers in the United Kingdom suffered a supplementary levy ('superlevy') of just under £1.0 million owing to direct sales exceeding quota during the 2004/05 milk year.

Decoupled payments and other payments (chart 10.1, table 10.1)

5 The Single Payment Scheme, a payment decoupled from production, replaced the eleven subsidy schemes that came to an end. The production and income account in Chapter 8 is prepared on an accruals basis rather than a cashflow basis and payments through the Single Payment Scheme claimed in 2005 have therefore been recorded in the 2005 calendar year.

6 Decoupled payments, including the Single Payment Scheme and other payments made to farmers, are expected to increase from £0.6 billion to £2.8 billion, with the Single Payment Scheme estimated to total £2.4 billion after deductions for modulation.

7 Payments to farmers taking part in agri-environment schemes are expected to rise by 1.5 per cent to £257 million while payments to farmers under the less favoured areas support schemes (Hill Farm Allowance in England, Tir Mynydd in Wales, Less Favoured Area Support Scheme in Scotland and Less Favoured Area Compensatory Allowance in Northern Ireland) fell by 5.6 per cent to £144 million. Payments of animal disease compensation, principally for cattle slaughtered as a result of bovine tuberculosis control measures, are expected to increase by 11 per cent to £55 million.

Breakdown by country (table 10.2)

8 Table 10.2 shows subsidies and other payments recorded in the production and income account that were made in England, Scotland, Wales and Northern Ireland in 2004. Farmers in England received 62 per cent of payments made while Scotland received 18 per cent and Wales and Northern Ireland received 10 per cent each.

Capital grants and transfers (table 10.3)

9 Payments, such as capital grants, exceptional payments and other transfers of capital, do not appear in the production and income account because they are not included in income. They are estimated to total £34 million in 2004.

Annex

10 An annex to this chapter with a summary of the background to the Common Agricultural Policy, CAP reform and current subsidies can be found on the Defra website at http://statistics.defra.gov.uk/esg/publications/auk/2005/default.asp.

2005

Table 10.1 UK payments and levies in the production and income account

Shows payments after deduction for modulation where appropriate.

Enquiries: Keith Seabridge on +44 (0)1904 455081 email: keith.seabridge@defra.gsi.gov.uk

£ million — Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
Coupled payments (less levies) linked to the production of agricultural products						
Crop subsidies						
Arable Area Payments (excluding set-aside)	1 007	827	875	925	900	. .
Other crop subsidies (a)	18	3	2	3	12	11
Livestock subsidies:						
Beef Special Premium Scheme	226	241	236	238	266	. .
Suckler Cow Premium Scheme	265	219	204	208	230	. .
Slaughter Premium Scheme	. .	76	133	136	156	. .
Extensification Payment Scheme	. .	118	137	145	154	. .
Calf Processing Aid Scheme	38	. .	. .	. .	. .	. .
Hill Livestock Compensatory Allowance - cattle	53	. .	. .	. .	. .	. .
Beef National Envelope	. .	19	34	34	36	. .
Over Thirty Month Scheme	524	158	237	199	198	181
Scottish Beef Calf Scheme	. .	. .	. .	. .	. .	20
Sheep Annual Premium Scheme	400	181	264	276	300	. .
Sheep National Envelope	. .	. .	10	10	17	. .
Hill Livestock Compensatory Allowance - sheep	55	. .	. .	. .	. .	. .
Foot and mouth disease 'light lambs' (b)	. .	3	. .	. .	. .	. .
Dairy subsidies:						
Agrimonetary compensation	. .	79	. .	. .	. .	. .
Dairy Premium	. .	. .	. .	. .	108	. .
less milk superlevy	39	. .	. .	. .	8	1
Total coupled payments	2 192	1 923	2 132	2 174	2 369	212
Decoupled and other payments						
Single Payment Scheme	. .	. .	. .	. .	. .	2 375
Arable Area Payments on set-aside	188	180	143	177	129	. .
Animal disease compensation (c)	6	23	54	61	49	55
Less favoured areas support schemes (d)	. .	165	165	163	153	144
Agri-environment schemes:						
Countryside Stewardship & Arable Stewardship Schemes	11	43	59	71	104	114
Tir Cymen & Tir Gofal	4	10	13	17	21	24
Countryside Premium & Rural Stewardship Schemes	2	9	9	13	11	10
Countryside Management Scheme	. .	1	3	3	6	3
Environmentally Sensitive Areas Scheme	29	70	73	81	82	79
Organic Aid & Organic Farming Schemes	. .	18	22	21	14	10
Nitrate Sensitive Areas Scheme	4	2	2	. .	. .	. .
Sites and Areas of Special Scientific Interest	10	12	12	13	13	14
Other (f)	. .	3	3	4	3	3
Weather Aid	. .	. .	5	. .	. .	. .
Total decoupled and other payments	257	536	562	622	585	2 831
Total payments less taxes and levies	2 449	2 459	2 694	2 796	2 955	3 043

(a) CAP hops and herbage seeds support, hemp and flax aid, aid for energy crops, protein premium, area aid for nuts.

(b) A 'light lambs' disposal scheme, part of the Livestock Welfare Disposal Scheme. This scheme was introduced to cover lambs that could not be marketed as a result of the ban on exports and restrictions on movement of sheep arising from the outbreak of foot and mouth disease in 2001.

(c) Tuberculosis, brucellosis, salmonella, Chernobyl, Newcastle and Aujeszky's diseases, swine fever and avian influenza compensation and BEIC egg scheme.

(d) Tir Mynydd in Wales, Less Favoured Area Compensatory Allowances Scheme in Northern Ireland, Less Favoured Areas Support Scheme in Scotland and Hill Farm Allowance in England.

(f) Includes Moorland, Habitat and Countryside Access Farming schemes, and Entry Level Pilot Scheme in England.

Table 10.2 UK subsidies and other payments by country in 2004

Shows payments after deduction for modulation where appropriate

Enquiries: Keith Seabridge on +44 (0)1904 455081 email: keith.seabridge@defra.gsi.gov.uk

£ million Calendar year

	England	Wales (a)	Scotland	Northern Ireland	United Kingdom
Coupled payments (less levies) directly linked to the production of agricultural products					
Crop subsidies					
Arable Area Payments (excluding setaside)	774	10	106	9	900
Other crop subsidies (b)	11	-	-	-	12
Livestock subsidies					
Beef Special Premium Scheme	130	30	52	54	266
Suckler Cow Premium Scheme	88	29	67	46	230
Slaughter Premium Scheme	82	12	29	33	156
Extensification Premium Scheme	60	14	44	36	154
Over Thirty Month Scheme	119	23	28	28	198
Beef National Envelope	17	5	12	3	36
Sheep Annual Premium Scheme	115	93	73	20	300
Sheep National Envelope	10	3	3	1	17
Dairy subsidies:					
Dairy Premium	73	12	10	14	108
less milk superlevy	7	-	1	1	8
Total coupled payments	1 472	230	424	243	2 369
Decoupled payments and other payments					
Arable Area Payments on setaside	112	1	15	1	129
Animal disease compensation	24	9	-	15	49
Less favoured areas support schemes (c)	35	36	61	22	153
Agri-environment schemes					
Countryside Stewardship & Arable Stewardship Schemes	104	. .	. .	. .	104
Countryside Premium & Rural Stewardship Schemes	. .	. .	11	. .	11
Tir Cymen & Tir Gofal	. .	21	. .	. .	21
Countryside Management Scheme	. .	. .	. .	6	6
Organic Aid & Organic Farming Schemes	6	2	6	-	14
Environmentally Sensitive Areas Schemes	64	2	10	6	82
Sites and Areas of Special Scientific Interest	9	2	2	-	13
Other (d)	3	1	-	-	3
Total decoupled and other payments	358	73	105	50	585
Total subsidies less levies and taxes	1 830	303	529	292	2 955

(a) Includes some estimates for schemes in Wales.

(b) CAP hops and herbage seeds support; protein crop premium; area aid for nuts; energy crops aid.

(c) Tir Mynydd in Wales, Less Favoured Area Compensatory Allowance Scheme in Northern Ireland, Less Favoured Areas Support Scheme in Scotland and Hill Farm Allowance in England.

(d) Includes Habitat Scheme and, in England, the Entry Level Pilot Scheme.

Table 10.3 UK capital payments

Enquiries: Keith Seabridge on +44 (0)1904 455081 email: keith.seabridge@defra.gsi.gov.uk

£ million — Calendar years

	Average of 1994-96	2001	2002	2003	2004	2005 (provisional)
BSE - animal disease (from 1988)	25	1	1	-	-	1
Scrapie (from 1998) (a)	. .	-	-	-	5	5
Sheep National Envelope - Quota Purchase Scheme	. .	. .	2	. .	. .	. .
Pig Welfare Disposal Scheme	. .	4	. .	. .	. .	. .
Pig Industry Restructuring Scheme	. .	47	22	. .	. .	. .
Foot and mouth disease (b)	. .	1 103	. .	. .	. .	. .
Livestock Welfare Disposal Scheme (b)	. .	147	. .	. .	. .	. .
Non-marketing of milk (1980 - 1986 and 1994)	44	. .	. .	. .	. .	. .
Milk outgoers (1984 - 1994)	1	. .	. .	. .	. .	. .
Milk quota cuts (1987 - 1997)	34	. .	. .	. .	. .	. .
Energy Crops Scheme (ERDP)	. .	-	-	-	-	2
Capital grants	26	9	16	20	20	26

(a) Includes payments for stock slaughtered under Scrapie Flock Schemes
(b) For fuller breakdown see table 8.4.

Public Expenditure on Agriculture (table 10.4)

11 Table 10.4 shows public expenditure under the CAP and on national grants and subsidies. The table does not include other expenditure of benefit to farmers and the farming community such as expenditure on animal health, research, advice and education.

12 The figures for the financial year 2004/05 represent actual expenditure recorded in the Rural Payments Agency (RPA) resource account for the year ended 31 March 2005 combined with actual expenditure figures for the national agriculture departments. The figures for 2005/06 are the latest estimates of expenditure.

13 Total expenditure in 2004/05 was £3.4 billion. Under the CAP, direct subsidies for arable and livestock producers were £2.2 billion. Expenditure on market support measures, including the Over Thirty Month Scheme, was £763 million. Net expenditure on rural, conservation and agri-environment schemes was £264 million. Expenditure in 2005/06 is forecast at £3.5 billion.

Table 10.4 UK public expenditure under CAP and national grants and subsidies (a)

Enquiries: Rural Payments Agency on +44 (0)118 953 1621 email: Claire.Kovalik@rpa.gsi.gov.uk

£ million	Financial years	
	2004/05	2005/06 (forecast)
A. Total direct product subsidies		
Arable Area Payments Scheme	1076	2
of which EU funded (%)	100%	100%
Livestock subsidies		
cattle and calves	770	186
sheep	329	40
of which EU funded (%)	100%	100%
Milk	. .	. .
of which EU funded (%)	100%	100%
B. Total other subsidies		
Single Payment Scheme	423	2513
Total rural, conservation, agri-environment (b)		
agri-environment and conservation schemes	224	231
rural schemes	41	74
Total special area support (c)		
less favoured areas	52	52
Total animal disease	-	. .
of which EU funded (%)	100%	100%
C: Total capital grants, transfers and other payments		
Total other (structural and guidance)	32	44
D: Total CAP market support		
Cereals	9	9
of which EU funded (%)	100%	100%
Sugar	153	178
of which EU funded (%)	100%	100%
Milk products	124	102
of which EU funded (%)	95%	95%
Processed goods	20	16
of which EU funded (%)	100%	100%
Beef and veal (BSE)		
BSE (disposal)	308	221
TSE surveillance (d)	16	21
of which EU funded (%)	0%	0%
Beef and veal (BSE compensation)	92	-
of which EU funded (%)	70%	70%
Beef and veal (non-BSE)	-	-
of which EU funded (%)	100%	100%
Sheepmeat	-	-
of which EU funded (%)	100%	100%
Pigmeat	-	-
of which EU funded (%)	100%	100%
Others (e)	42	34
of which EU funded (%)	100%	100%
Total public expenditure (A + B + C + D)	3403	3502

Source: Rural Payment Agency

(a) The figures are net of receipts which are treated as negative expenditure.

(b) These schemes are partly EU funded. Funding varies from 35 to 50 per cent depending on the national contribution to the scheme.

(c) These schemes are partly EU funded. Funding varies from 15 to 20 per cent depending on the national contribution to the scheme.

(d) TSE - Transmissible Spongiform Encephalopathies.

(e) Includes fish, fresh fruit and vegetables, hops, protein and textile plants, seeds, wine, eggs and poultry.

Chapter 11 Rural Development Programmes

Summary

- There are four rural development programmes for the United Kingdom, which cover England, Wales, Scotland and Northern Ireland.
- Most spending provides support for less favoured areas, the environment and forestry.
- There has been a significant increase in the area of land under agreements and in the number of agreement holders under agri-environment schemes in 2005.

Introduction

1 The Agenda 2000 reforms of the Common Agricultural Policy (CAP) introduced a comprehensive rural development regulation (RDR), described as a new 'second pillar' to the CAP, in addition to existing schemes. This aimed to complement reforms in the agricultural market sectors in promoting a competitive, multi-functional sector and sought to encourage alternative sources of income in rural areas while supporting agri-environment measures (Council Regulation 1257/1999).

2 EU support for rural development is co-financed by the EAGGF and Member States. Member States had the option to carry out modulation whereby funds were switched from the 'first pillar' of the CAP (market and income support) to the 'second pillar' and this was used in the United Kingdom to part-fund schemes.

3 Further reform of the CAP was agreed in June 2003, which aimed to further strengthen rural development by transferring further funds from the 'first pillar' to the 'second pillar'. At the same time, the scope of the rural development instruments was expanded (Council Regulation 1783/2003) and compulsory modulation was introduced; optional modulation is used in the United Kingdom in addition to compulsory modulation.

Rural development plans

4 Under the rural development regulation, each Member State was required to draw up territorially-based rural development plans at the most appropriate geographical level. There are four rural development plans in the United Kingdom, which cover England, Scotland, Wales and Northern Ireland. Further information on these may be found at:

England:	http://www.defra.gov.uk/erdp/docs/default.htm
Wales:	http://www.countryside.wales.gov.uk/fe/master.asp?n1=4&n2=256
Scotland:	http://www.scotland.gov.uk/Publications/2005/06/17151608/16110
Northern Ireland:	http://www.dardni.gov.uk/core/dard0380.htm

5 The priorities of each country in the United Kingdom are:

England:	Creating a productive and sustainable rural economy. Conserving and enhancing the rural environment.
Wales:	To create stronger agriculture and forestry sectors. To improve the economic competitiveness of rural communities and areas. To maintain and protect the environment and rural heritage.

Scotland: To assist the viability and sustainability of Scottish farming.
To encourage farming practices which contribute to the economic, social and environmental sustainability of rural areas.

Northern Ireland: The maintenance of a viable farming community within the Less Favoured Areas.
The conservation and enhancement of the agri-environment.
The afforestation of agricultural land.

Measures

6 Member States could choose from a range of measures. The measures chosen in the United Kingdom were:

Measure	England	Scotland	Wales	N Ireland
Investment in Agricultural Holdings	Yes		Yes	
Setting up of Young Farmers				
Training	Yes		Yes	
Early Retirement				
Less Favoured Areas and Areas with Environmental Restrictions	Yes	Yes	Yes	Yes
Meeting Standards				
Agri-environment and Animal Welfare	Yes	Yes	Yes	Yes
Food Quality		Yes		
Improving Processing and Marketing of Agricultural Products	Yes		Yes	
Forestry	Yes	Yes	Yes	Yes
Promoting the Adaptation and Development of Rural Areas	Yes		Yes	

Principal payments and take-up of agri-environment schemes (tables 11.1, 11.2 and 11.3)

7 Table 11.1 shows the principal payments made through rural development programmes. The bulk of spending is through support for less favoured areas and for the environment. A significant amount provides support for forestry.

8 Tables 11.2 and 11.3 show the take-up of agri-environment schemes by area of land under management agreements and by the number of agreement holders. There has been a significant increase in both area of land and number of agreement holders in 2005, partly due to the introduction of the Environmental Stewardship Scheme in England.

Table 11.1 Principal payments made through rural development programmes

Enquiries: Keith Seabridge on +44 (0)1904 455081 email: keith.seabridge@defra.gsi.gov.uk

£ million — Calendar years

	2001	2002	2003	2004
Less Favoured Areas and Areas with Environmental Restrictions				
England				
Hill Farm Allowance	42.5	39.1	39.6	35.1
Scotland				
Less Favoured Areas Support Scheme	62.0	63.5	62.3	61.0
Wales				
Tir Mynydd	42.2	38.7	37.1	35.5
Northern Ireland				
Less Favoured Areas Compensatory Allowance	24.6	23.5	23.7	22.1
Agri-Environment and Animal Welfare				
England				
Organic Farming Scheme	10.7	14.8	10.4	6.5
Countryside Stewardship Scheme	42.0	57.6	70.2	103.3
Environmentally Sensitive Areas Scheme	44.7	51.5	59.6	64.5
Wales				
Organic Farming Scheme	1.6	2.5	2.7	1.9
Tir Gofal	5.9	11.1	13.4	16.9
Environmentally Sensitive Areas Scheme	7.5	6.3	7.0	5.7
Scotland				
Organic Aid Scheme	4.6	4.7	5.3	5.4
Rural Stewardship Scheme	. .	3.2	10.5	16.3
Environmentally Sensitive Areas Scheme	11.2	10.0	11.1	10.5
Northern Ireland				
Organic Farming Scheme	. .	-	-	-
Countryside Management Scheme	0.9	2.9	3.1	5.6
New Environmentally Sensitive Areas Scheme (a)	6.6	5.0	5.2	5.7
Forestry				
England				
Woodland Grant Scheme/Farm Woodland Premium Scheme	24.6	24.5	26.4	29.8
Wales				
Woodland Grant Scheme/Farm Woodland Premium Scheme	0.7	1.2	1.3	1.2
Scotland				
Woodland Grant Scheme/Farm Woodland Premium Scheme	4.2	5.9	6.4	6.6
Northern Ireland				
Woodland Grant Scheme/Farm Woodland Premium Scheme	1.6	1.8	2.0	1.4

(a) The Environmentally Sensitive Areas Scheme in Northern Ireland ended in 2002 when it was replaced by the New Environmentally Sensitive Areas Scheme (NESA).

Table 11.2 Agri-environment schemes - area under agreements

Enquiries: Keith Seabridge on +44 (0)1904 455081 email: keith.seabridge@defra.gsi.gov.uk

Thousand hectares 31 December

	2001	2002	2003	2004	2005
England					
Organic Farming Scheme	138	157	200	143	141
Countryside Stewardship Scheme	341	426	534	527	511
Environmentally Sensitive Areas Scheme	579	620	677	643	597
Environmental Stewardship Scheme:					
Entry Level Scheme (a)	. .	. .	31	31	1354
Organic Level Scheme	. .	. .	. .	. .	21
Wales					
Organic Farming Scheme	37	48	55	56	57
Tir Cymen/Tir Gofal	63	56	66	77	67
Environmentally Sensitive Areas Scheme	180	180	175	171	127
Scotland					
Organic Aid Scheme	264	342	339	269	171
Countryside Premium Scheme/Rural Stewardship Scheme	602	747	780	1410	1938
Environmentally Sensitive Areas Scheme	771	816	855	815	688
Northern Ireland					
Organic Farming Scheme	4	5	5	5	6
Countryside Management Scheme	19	57	90	116	118
New Environmentally Sensitive Areas Scheme (b)	148	144	146	126	131

(a) Includes Entry Level Pilot Scheme.

(b) The Environmentally Sensitive Areas Scheme in Northern Ireland ended in 2002 when it was replaced by the New Environmentally Sensitive Areas Scheme (NESA).

Table 11.3 Agri-environment schemes - number of agreement holders

Enquiries: Keith Seabridge on +44 (0)1904 455081 email: keith.seabridge@defra.gsi.gov.uk

Thousands 31 December

	2001	2002	2003	2004	2005
England					
Organic Farming Scheme	. .	. .	2.6	1.8	1.7
Countryside Stewardship Scheme	13.9	15.4	15.1	14.5	13.7
Environmentally Sensitive Areas Scheme	11.3	12.0	11.9	10.9	9.8
Environmental Stewardship Scheme:					
Entry Level Scheme (a)	. .	. .	-	-	12.5
Organic Level Scheme	. .	. .	. .	. .	-
Wales					
Organic Farming Scheme	. .	. .	. .	. .	. .
Tir Cymen/Tir Gofal	. .	1.6	2.3	3.0	3.3
Environmentally Sensitive Areas Scheme	2.3	2.4	2.6	2.4	1.7
Scotland					
Organic Aid Scheme	0.5	0.6	0.7	0.6	-
Countryside Premium Scheme/Rural Stewardship Scheme	1.5	1.8	1.9	2.9	4.4
Environmentally Sensitive Areas Scheme	2.7	2.9	2.9	2.8	2.4
Northern Ireland					
Organic Farming Scheme	. .	. .	. .	. .	. .
Countryside Management Scheme	-	1.3	2.4	2.9	5.2
New Environmentally Sensitive Areas Scheme (b)	4.2	4.4	4.4	4.4	3.5

(a) Includes Entry Level Pilot Scheme.

(b) The Environmentally Sensitive Areas Scheme in Northern Ireland ended in 2002 when it was replaced by the New Environmentally Sensitive Areas Scheme (NESA).

Chapter 12 Organic Farming

2005

Summary

In January 2005:

- the total area of land that was organically managed (either fully organic or in-conversion) fell by 0.8 per cent;
- permanent and temporary pasture accounts for 85 per cent of organically managed land in the United Kingdom;
- fifty-two per cent of organically managed land in the United Kingdom is in Scotland, covering 360 thousand hectares;
- sixty-four per cent of producers and growers and 84 per cent of processors and importers are located in England;
- twenty-eight per cent of organic livestock producers are located in the southwest region of England;
- there were 201 thousand cattle, including 83 thousand dairy cows, 688 thousand sheep, 55 thousand pigs, 2,662 thousand poultry and 1.7 thousand other livestock, being reared organically in the United Kingdom.

Introduction

1 Organic farming is a method of farming that requires farmers to operate to a system based on ecological principles and which imposes strict limitations on the inputs that can be used in order to minimise damage to the environment and wildlife. Emphasis is placed on natural methods of production and pest control.

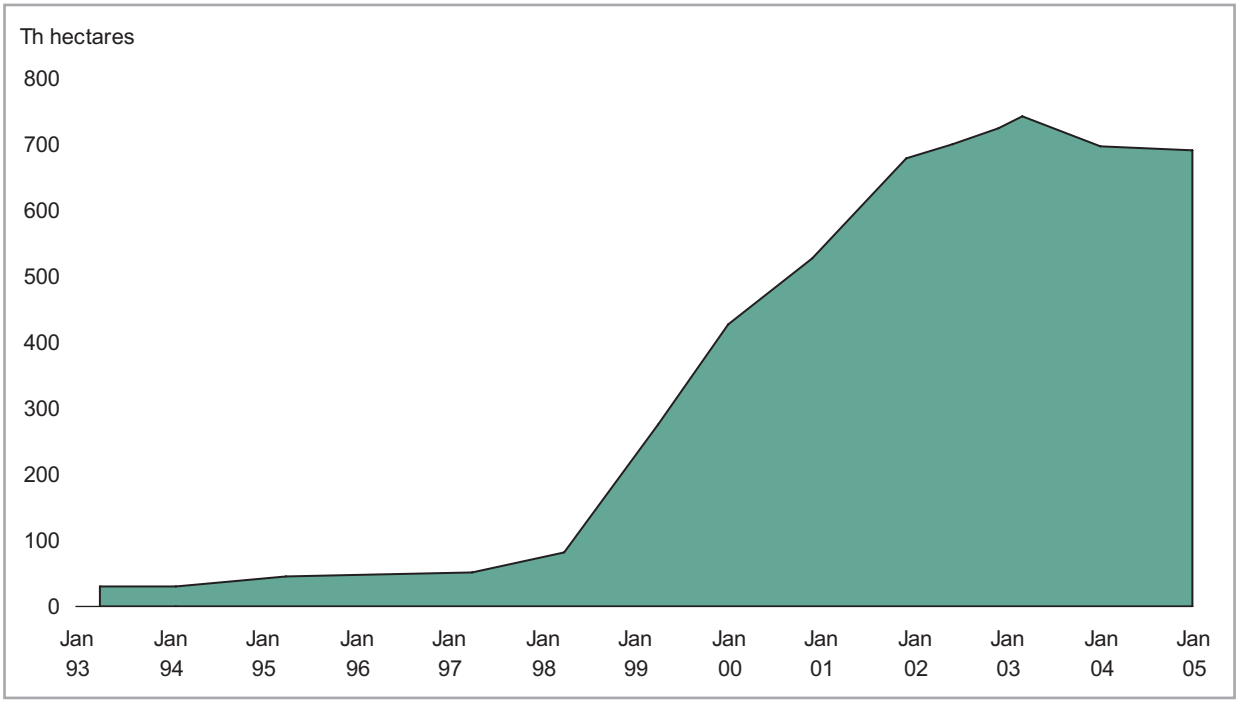
2 In partnership with the various organic sector bodies in the United Kingdom, Defra collected and published data on the organic sector during 2005. Work continues with the organic sector bodies to further develop the data collected and published. If you have any comments on the statistics shown here or on future requirements, please contact the Organic Statistics team by email at: organic-stats@defra.gsi.gov.uk.

Organic and in-conversion land (table 12.1, chart 12.1)

3 The total area of land that was organically managed, either fully organic or in-conversion, fell by 0.8 per cent between January 2004 and January 2005, having peaked in March 2003 at 741 thousand hectares, after several years of very notable increases.

4 The late 1990s and early 2000s saw increases in the area of organically managed land for a variety of reasons. Significant factors operating during this period were: farmers seeking alternatives to conventional farming in response to falling farm incomes, the scope of organic farming being extended by the European Union to include livestock production in July 1999 and payment rates under organic farming support schemes being substantially increased.

Chart 12.1 UK organically managed land 1993 to 2005



5 The area of in-conversion land fell by 11 thousand hectares between January 2004 and January 2005 while the area of fully organic land rose by 6.0 thousand hectares. Ninety-two per cent of the organically managed land in the United Kingdom was fully organic in January 2005.

6 Permanent and temporary pasture accounted for 86 per cent of fully organic or in-conversion land in the United Kingdom. The remainder was made up of cereals and other crops, vegetables including potatoes, set-aside, woodland and other uses.

Regional analysis (tables 12.1 to 12.3)

7 Fifty-two per cent of the United Kingdom's organically managed land is in Scotland covering 360 thousand hectares, 38 per cent is in England, 9.3 per cent in Wales and 1.0 per cent in Northern Ireland. Over half of organically managed land in England is situated in the southwest and southeast of the country.

8 Despite over half of the organically managed land being in Scotland, only 16 per cent of organic producers and growers are found there. Sixty-four per cent are located in England, 16 per cent in Wales and 4.4 per cent in Northern Ireland. Over half of producers and growers in England are located in the southwest and southeast of the country. Eighty-four per cent of processors and importers of organic food in the United Kingdom are located in England with 8.7 per cent in Scotland, 5.7 per cent in Wales and 2.0 per cent in Northern Ireland.

Livestock statistics (tables 12.4 and 12.5)

9 Twenty-eight per cent of organic livestock producers are located in the southwest region of England. In the United Kingdom, there were 201 thousand cattle, including 83 thousand dairy cows, 688 thousand sheep, 55 thousand pigs, 2,662 million poultry and 1.7 thousand other livestock in January 2005.

Annex

10 An annex to this chapter with a summary of the background to organic farming and a map of the distribution of organic holdings in the United Kingdom can be found on the Defra website at: http://statistics.defra.gov.uk/esg/publications/auk/2005/default.asp.

Table 12.1 UK organic and in-conversion land

Enquiries: Organic Statistics team on +44 (0)1904 455557 email: organic-stats@defra.gsi.gov.uk

Thousand hectares

	March 2003	January 2004	January 2005
Land, in-conversion			
North East	15.3	6.8	4.6
North West	7.7	2.6	2.6
Yorkshire & Humberside	2.3	1.7	1.3
East Midlands	2.9	1.6	1.2
West Midlands	6.0	3.7	2.4
Eastern	4.1	3.0	2.4
South West	18.0	10.9	9.1
South East (inc. London)	11.5	6.6	5.5
England	67.8	36.9	29.0
Wales	13.7	8.0	9.0
Scotland	121.3	20.4	15.2
Northern Ireland	1.5	0.8	1.6
United Kingdom	204.3	66.1	54.8
Land, fully organic			
North East	12.4	22.1	25.4
North West	15.1	19.9	20.1
Yorkshire & Humberside	7.0	8.1	8.6
East Midlands	12.0	16.1	13.4
West Midlands	23.4	25.5	26.8
Eastern	7.8	9.7	10.3
South West	78.1	86.3	90.7
South East (inc. London)	28.3	34.4	35.1
England	184.0	222.0	230.4
Wales	41.4	50.2	55.6
Scotland	307.3	352.2	344.4
Northern Ireland	4.1	5.1	5.1
United Kingdom	536.9	629.5	635.5

Table 12.2 UK organic and in-conversion land use

Enquiries: Organic Statistics team on +44 (0)1904 455557 email: organic-stats@defra.gsi.gov.uk

Thousand hectares

	March 2003	January 2004	January 2005
Land, in-conversion			
Cereals	11.2	7.0	5.3
Other crops	6.5	4.1	2.6
Fruit & nuts (nuts not included in Mar 03)	0.4	0.2	0.2
Vegetables (including potatoes)	3.0	2.0	1.4
Herbs & ornamentals (included nuts in Mar 03)	-	0.1	-
Temporary pasture	18.1	10.7	9.4
Set aside	3.5	2.3	1.3
Permanent pasture (a)	159.1	38.5	29.3
Woodland	1.1	0.7	3.4
Field margins	-	. .	. .
Non cropping	0.2	0.3	0.3
Environmental schemes	0.3	. .	. .
Other	-	0.2	1.2
Unknown	0.8	0.1	0.4
Total	204.3	66.1	54.8
Land, fully organic			
Cereals	25.7	35.1	38.4
Other crops	14.1	17.9	18.9
Fruit & nuts (nuts not included in Mar 03)	1.5	1.3	1.5
Vegetables (including potatoes)	9.7	12.3	12.9
Herbs & ornamentals (included nuts in Mar 03)	0.2	0.2	0.3
Temporary pasture	58.9	67.3	69.1
Set aside	3.4	4.6	4.6
Permanent pasture (a)	413.9	482.0	481.1
Woodland	5.6	4.8	5.2
Field margins	0.1	. .	. .
Non cropping	1.4	0.7	1.0
Environmental schemes	0.1	. .	. .
Other	-	0.7	0.8
Unknown	2.4	2.5	1.9
Total	536.9	629.5	635.5

(a) Includes rough grazing.

Table 12.3 UK organic producers, growers, processors and importers - regional breakdown

Enquiries: Organic Statistics team on +44 (0)1904 455557 email: organic-stats@defra.gsi.gov.uk

Number of businesses

	March 2003	January 2004	January 2005
Producers and growers			
North East	73	73	78
North West	171	165	164
Yorkshire & Humberside	136	132	137
East Midlands	220	217	212
West Midlands	330	320	320
Eastern	248	250	244
South West	1 026	1 007	1 008
South East (inc. London)	418	406	399
England	2 622	2 570	2 562
Wales	618	610	640
Scotland	725	687	632
Northern Ireland	139	150	176
United Kingdom	4 104	4 017	4 010
Processors and/or importers (a)			
North East	34	30	26
North West	122	124	125
Yorkshire & Humberside	118	122	134
East Midlands	175	189	189
West Midlands	138	135	132
Eastern	224	233	241
South West	333	347	370
South East (inc. London)	393	450	478
England	1 537	1 630	1 695
Wales	103	109	115
Scotland	152	169	177
Northern Ireland	33	33	41
United Kingdom	1 825	1 941	2 028

(a) Processors and importers include abattoirs, bakers, stores and wholesalers. The recorded location depends on the address registered with the Sector Bodies and so larger businesses may be recorded at their headquarters.

Table 12.4 UK producers of organic and in-conversion livestock

Enquiries: Organic Statistics team on +44 (0)1904 455557 email: organic- stats@defra.gsi.gov.uk

Number of producers

	January 2004	January 2005
North East	51	59
North West	118	117
Yorkshire & Humberside	81	84
East Midlands	133	124
West Midlands	190	196
Eastern	98	87
South West	743	743
South East (inc. London)	222	211
England	1 636	1 621
Wales	449	504
Scotland	384	416
Northern Ireland	119	124
United Kingdom	2 588	2 665

Table 12.5 UK estimates of organic and in-conversion livestock numbers

Enquiries: Organic Statistics team on +44 (0)1904 455557 email: organic-stats@defra.gsi.gov.uk

Thousand head

	January 2004	January 2005
Cattle		
Beef	27.5	34.9
Dairy cows	90.1	83.3
Suckler cows	71.3	49.6
Calves	26.3	32.0
Other bovine	1.6	1.3
Total cattle	216.8	201.0
Sheep		
Breeding sheep	437.1	382.6
Other sheep	279.3	305.2
Total sheep	716.4	687.9
Pigs		
Breeding sows	21.0	11.1
Fattening pigs	45.0	40.1
Other pigs	0.6	4.0
Total pigs	66.6	55.2
Poultry		
Broilers	1 059.7	1 222.4
Laying hens	1 420.6	1 337.4
Other poultry	80.9	102.6
Total poultry	2 561.2	2 662.3
Other livestock		
Goats	0.7	0.5
Other livestock	0.8	1.2
Total other livestock	1.5	1.7

Chapter 13 Animal Health and Welfare

2005

Summary

- The Animal Health and Welfare Strategy for Great Britain was published in June 2004; indicators are being developed to measure the success of the strategy.
- A Northern Ireland Animal Health and Welfare Strategy is being developed which reflects Northern Ireland's geographical position within the island of Ireland.
- There has been significant development in policy during 2005 relating to BSE and Bovine Tuberculosis.
- The incidence of BSE continued to decline in 2004 in both Great Britain and Northern Ireland.
- During 2004, 5.6% of herds in GB and 8.2% of herds in Northern Ireland were affected by Bovine Tuberculosis.

Introduction

1 The Animal Health and Welfare Strategy for Great Britain, published in June 2004, sets an overarching direction for all individuals and organisations working to improve animal health and welfare in Great Britain (http://www.defra.gov.uk/animalh/ahws/strategy/ahws.pdf). The strategy sets out visions for the future of animal health and welfare and how these visions will be delivered.

2 The visions are:

- animals in Great Britain kept for food, farming, sport, companionship, entertainment and in zoos are healthy and treated humanely;
- our disease status is amongst the highest in the world and we are able to trade our animals and animal products internationally;
- the costs of livestock health and welfare are appropriately balanced between industry and the taxpayer;
- all disease emergencies are dealt with swiftly and effectively using an agreed approach;
- consumers value the confidence they have in food produced safely from healthy animals that are well cared for; consumers and retailers accept that higher standards of animal health and welfare are not cost free;
- livestock keeping is part of a competitive British farming industry which succeeds by meeting the needs of consumers at home and abroad, producing food safely and to high standards of health and welfare.

3 They will be delivered through:

- working in partnership;
- promoting the benefits of animal health and welfare: prevention is better than cure;
- ensuring a clearer understanding of the costs and benefits of animal health and welfare practices;

- understanding and accepting roles and responsibilities;
- delivering and enforcing animal health and welfare standards effectively.

4 An Animal Health and Welfare Strategy for Great Britain: Evidence Base was published at the same time as the strategy (http://www.defra.gov.uk/animalh/ahws/strategy/evidence-base.pdf). This provided analysis of the context in which the strategy was published, bringing together a wide range of statistics from official and private sources.

5 A Northern Ireland Animal Health and Welfare Strategy is being developed to respond to the need for a comprehensive, strategic approach to animal health and welfare and to provide a vision of a sustainable future for animal health and welfare and the framework to help meet this vision.

6 The Strategy when published will reflect Northern Ireland's geographical position within the island of Ireland and the corresponding work on seeking an agreed strategic approach to animal health and welfare across the island. The Strategy will also address the Department of Agriculture and Rural Development's (DARD) commitment to produce a strategy that is consistent, in terms of its principles and outcomes, with the Great Britain Strategy published in 2004. The Strategy will be published in early 2006.

7 Indicators to measure the success of the Animal Health and Welfare Strategy for Great Britain are currently being developed. More details will be provided in Agriculture in the United Kingdom 2006.

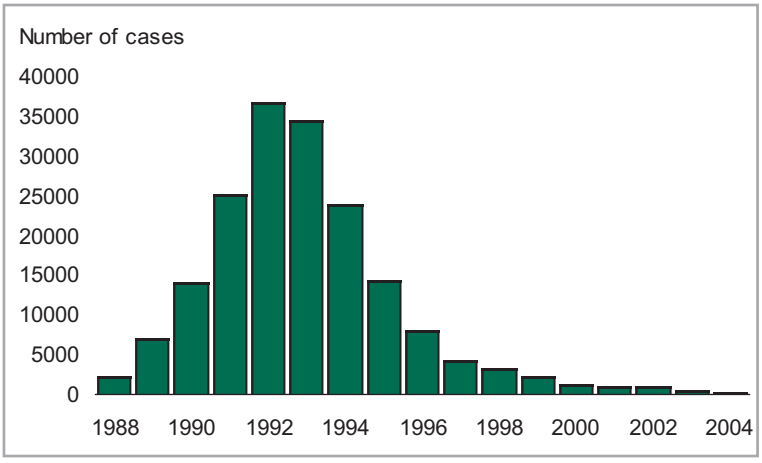
Animal health (charts 13.1 and 13.2, table 13.1)

8 The Chief Veterinary Officer (CVO) publishes an annual report on behalf of Defra, the Welsh Assembly Government and the Scottish Executive which details surveillance activity, disease management and eradication activity, welfare surveillance and Research and Development progress (http://www.defra.gov.uk/corporate/publications/pubcat/anh.htm).

9 DARD has on-going programmes of disease management and eradication, as well as undertaking animal welfare surveillance activity.

10 Recent high profile diseases include Bovine Tuberculosis and Bovine Spongiform Encephalopathy (BSE). Charts 13.1 and 13.2 show headline figures for BSE; table 13.1 show statistics for Bovine Tuberculosis Further details for Great Britain may be found in the CVO report.

Chart 13.1 Confirmed BSE cases in Great Britain (a)



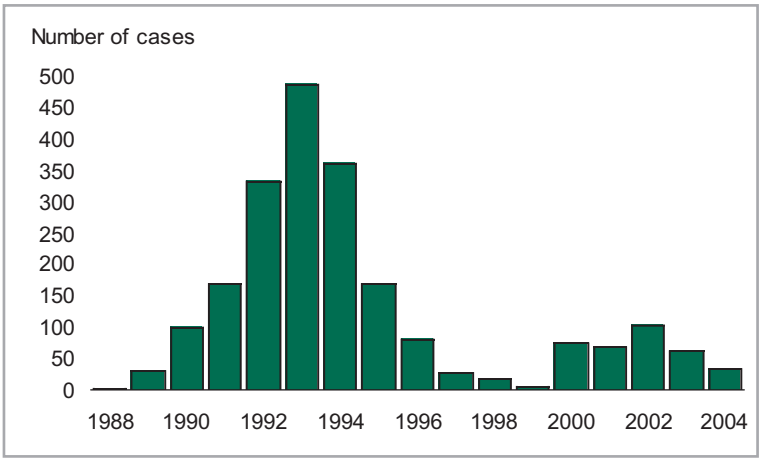
(a) Scanning (passive) surveillance cases by year of restriction and targeted (active) surveillance cases by year of death from 1988

11 The BSE epidemic has continued to decline since the peak in cases in 1992. During 2004 in Great Britain, over 73 per cent of the confirmed BSE cases were identified by the programme of targeted (active) surveillance. The remainder were identified by scanning (passive) surveillance and were presented as clinical suspects. The number of animals presented as suspects is now very small and is gradually declining. The proportion of slaughtered

suspects in which disease is confirmed has fallen markedly during 2004. Cases born after the reinforced feed ban of 1996 continue to appear but there is some evidence of a reduction in risk for later born cohorts. Further information on BSE and other TSEs are available in the CVO report.

12 Since the first cases of BSE were reported in Northern Ireland during 1988, there have been a total of 2,148 cases from 1,479 farms. The number of BSE cases in Northern Ireland has declined significantly since the peak in 1993. Active surveillance continues to be the main source of confirmed cases of BSE (62 per cent of cases during 2004).

Chart 13.2 Confirmed BSE cases in Northern Ireland (a)



(a) Including reported and active surveillance from 1988

13 Bovine tuberculosis affects a small percentage of the national cattle herd but still presents some of the greatest challenges to the industry in the United Kingdom. In some areas of the United Kingdom such as south west England, it is significant. In Great Britain, 5.6 per cent of cattle herds were affected during 2004. The average annual increase in the number of animals slaughtered as a result of bovine tuberculosis control measures between 1990 and 2001 was 20 per cent. Since 1990, the number of confirmed herd breakdowns has been increasing at an average rate of 18 per cent per annum.

14 In Northern Ireland, 8.2 per cent of cattle herds were affected by bovine tuberculosis. However, the number of new reactor herds and new reactor animals has fallen by 17 per cent and 32 per cent respectively when the twelve-month period up to October 2005 is compared to the same period up to October 2004. Table 13.1 shows the summary statistics for the testing of animals and herds in each of the United Kingdom regions during 2004.

Animal welfare (charts 13.3 to 13.6)

15 Defra has an important and active role in developing national and EU legislation and educating livestock keepers in standards of welfare. Farm premises, farming practices, animal transportation, markets and slaughter are all assessed against legal requirements, and enforcement used where necessary. Checks carried out against the EU requirements and welfare codes contribute to animal welfare surveillance, along with targeted State Veterinary Service (SVS) visits and scanning visits by the SVS, Meat Hygiene Service (MHS) and Veterinary Laboratory Agency (VLA).

16 The CVO report provides fuller details of these and other activities within animal welfare. Charts 13.3 to 13.6 summarise results from welfare inspections on farm. The CVO report details further inspection results and should be the reference point.

17 DARD plays an important and active role in educating livestock keepers in standards of welfare and carries out a programme of animal welfare surveillance. Farm premises, farming practices, animal transportation, markets and slaughter are all assessed against legal requirements, and enforcement used where necessary. The responsibility for many of these routine and targeted checks falls to the Veterinary Service (VS).

Table 13.1 Bovine tuberculosis: summary statistics for the testing of animals and herds 2004

Enquiries: Liz Fox on +44 (0)1904 455590 email: liz.fox@defra.gsi.gov.uk

County/SVS Region/Country	West Region									England			Great Britain					
	Cornwall	Devon	Somerset	Dorset	Glouces-tershire	Avon	Wiltshire	Hereford & Worcester -shire	Shrop-shire	West Region Total	North Region	East Region	England Total	Wales	Scotland	Great Britain Total	Northern Ireland	United Kingdom Total
Cattle herds																		
1. Total number of cattle herds registered on Vetnet	3 563	5 686	3 001	1 616	1 460	1 036	1 480	2 967	2 873	23 682	25 914	13 001	62 597	15 721	14 847	93 165	28 472	121 637
2. Total number of which are under TB restrictions due to a TB incident during the year	641	978	263	116	375	152	215	569	149	3 458	485	130	4 073	1 072	118	5 263	3 070	8 333
3. Herds under TB restrictions at the end of the year (due to a TB incident, overdue TB test, etc.)	367	702	154	68	175	64	86	322	85	2 023	359	186	2 568	1 007	94	3 669	. .	. .
TB tests carried out																		
4. Total number of herd tests	3 846	5 464	1 782	912	1 872	1 020	1 415	2 677	1 618	20 606	9 076	2 579	32 261	8 335	4 124	44 720	25 349	70 069
5. Total number of cattle tested	478 248	728 418	210 859	114 086	212 599	113 945	189 610	289 188	189 735	2 526 688	834 241	151 453	3 512 382	824 878	299 795	4 637 055	. .	. .
TB incidents																		
6. Total New Herd TB Incidents	397	651	171	70	219	96	141	316	104	2 156	352	93	2 610	647	82	3 339	2 610	5 949
7. Number of which are considered confirmed new TB incidents (i.e. CNIs)	204	383	72	21	130	45	70	196	62	1 183	160	29	1 372	307	23	1 702	. .	. .
8. Number of which are considered unconfirmed TB incidents	171	247	90	42	84	48	66	107	41	896	180	58	1 134	288	55	1 477	. .	. .
9. Total number of which are still unclassified TB incidents (pending culture results)	22	21	9	7	5	3	5	13	1	86	12	6	104	52	4	160	. .	. .
10. Total number of confirmed new incidents (CNIs)	187	294	63	23	157	47	85	219	51	1 126	160	27	1 313	327	22	. .	. .	. .
Animals slaughtered under the TB Orders																		
11. As reactors (inc. IRx3)	2 338	4 234	910	405	1 182	541	838	2 256	665	13 369	1 500	203	15 072	4 668	198	19 938	15 082	35 020
12. As inconclusive reactors	64	81	4	5	31	9	36	60	4	294	22	30	346	126	17	489	. .	. .
13. As direct contacts	13	431	16	3	60	17	212	369	87	1 208	599	52	1 859	691	26	2 576	673	3 249
Other animals																		
14. Slaughterhouse cases reported to the SVS	58	3	125	6	6	26	2	11	41	278	38	18	334	31	26	391	1 054	1 445
of which confirmed	47	0	82	5	1	8	1	0	2	146	20	9	175	14	5	194	756	950

On farm inspections

18 The SVS carried out 5,969 welfare inspections at 3,258 visits during 2005 (1.8 inspections per visit) on farms to check that legislation and the welfare codes are being followed (based on available information on 12 January 2006). All complaints and allegations of poor welfare on specific farms are treated as a matter of urgency. Defra also co-operate closely with other organisations such as local authorities and the RSPCA. A summary of the inspections during 2004 (the last full year of data which has been analysed and published), by sector, is shown below. The CVO report 2004 provides further details. The CVO report 2005 when published later this year will contain similar information for 2005.

Chart 13.3 Results of SVS assessments of the welfare of animals on farm in Great Britain between 1 January and 31 December 2004 during complaint and target visits

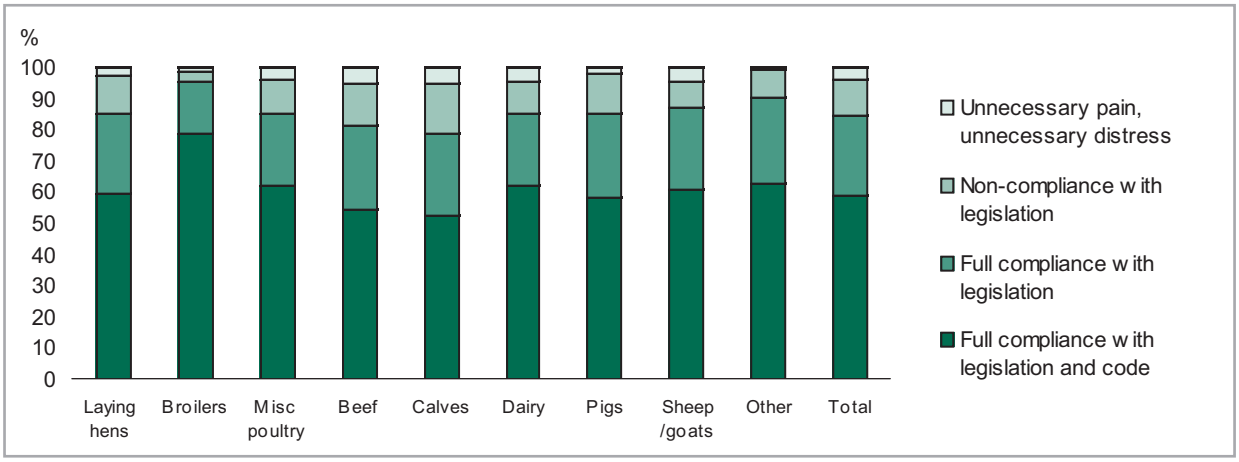


Chart 13.4 Results of SVS assessments of the welfare of animals on farm in Great Britain between 1 January and 31 December 2004 during programme and elective visits

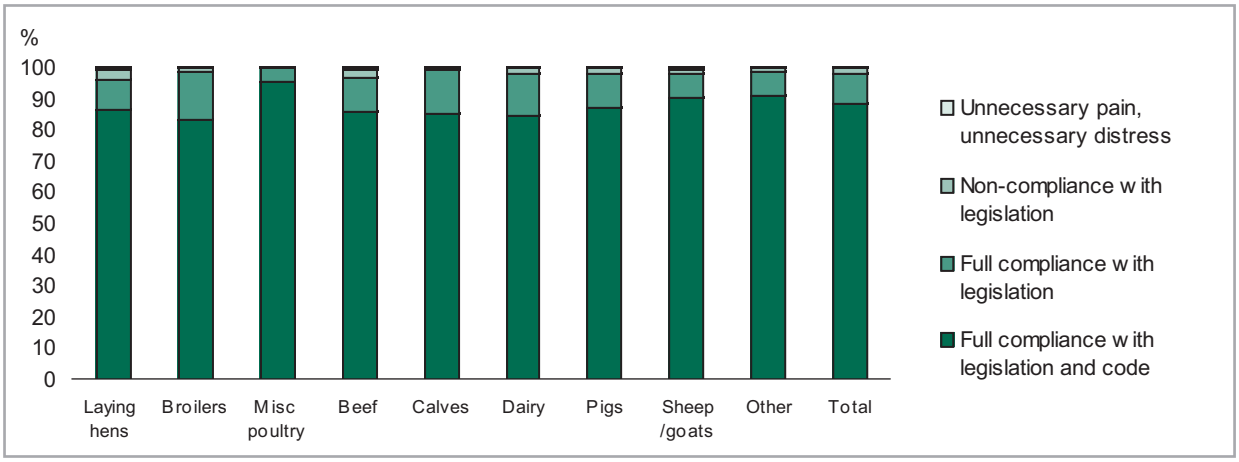


Chart 13.5 Results of VS assessments of the welfare of animals on farm in Northern Ireland between 1 January and 31 December 2004 during complaint and target visits

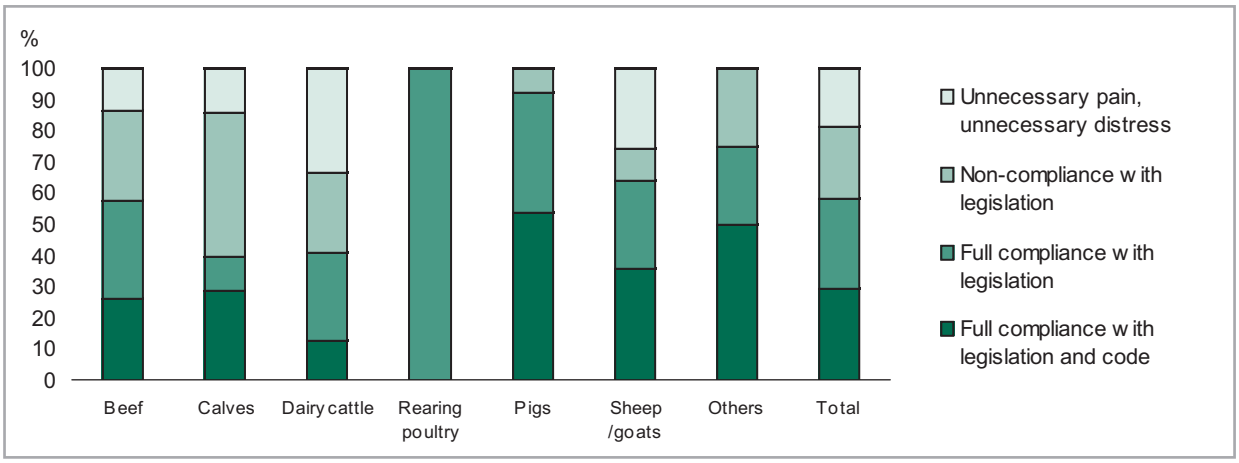
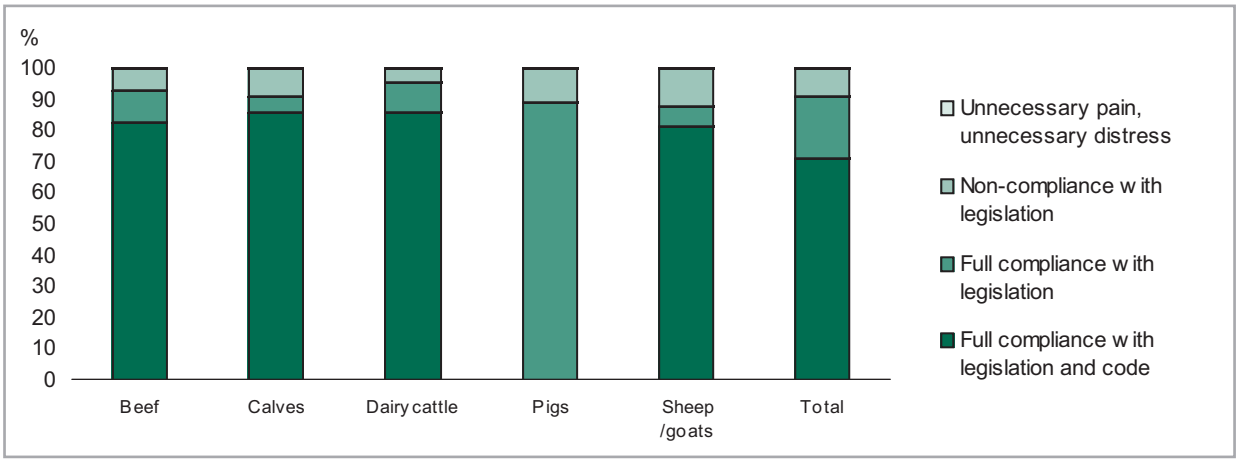


Chart 13.6 Results of VS assessments of the welfare of animals on farm in Northern Ireland between 1 January and 31 December 2004 during programme and elective visits



Chapter 14 Environment

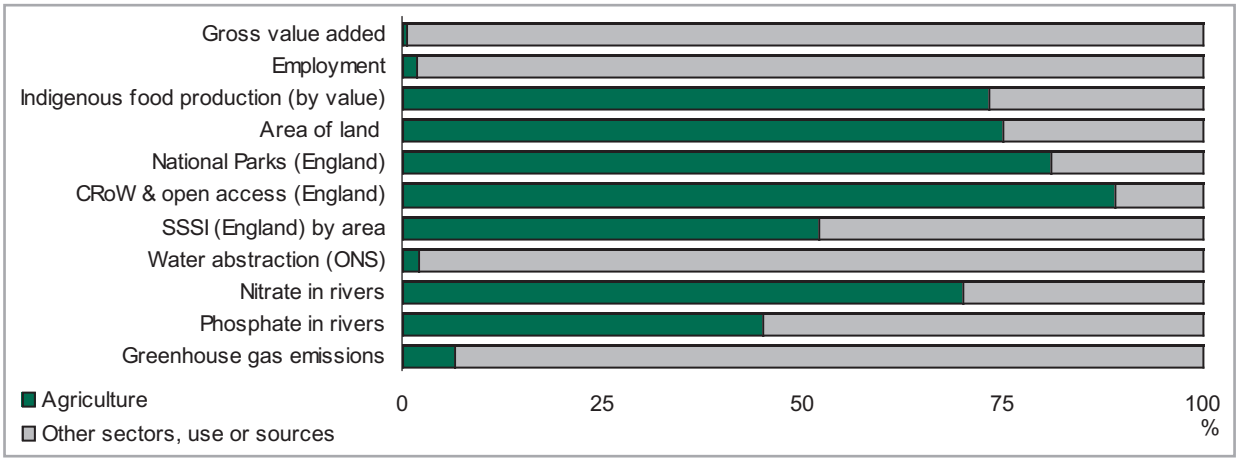
2005

Summary

- Agricultural activities cover about three-quarters of the land area of the United Kingdom.
- In 2005, 60 per cent of the area of SSSIs on agriculturally managed land were in good or recovering condition.
- The index of farmland bird populations declined by about half between 1978 and 1993 and has remained relatively stable since.
- Agricultural emissions of methane, which accounts for 47 per cent of the total for the United Kingdom, have fallen steadily by 11 per cent over the 10 years up to 2003.
- Agricultural emissions of nitrous oxide, which account for 67 per cent of the total for the United Kingdom, have fallen by 10 per cent over the 10 years to 2003.
- Nitrate levels in rivers in England fell steadily between 2000 and 2003 but rose in 2004; in Scotland, Wales and Northern Ireland they remain low.
- Phosphate levels in rivers in England have fallen slightly between 2000 and 2004.
- The total energy used in agriculture has fallen by 12 per cent over 10 years.
- Over the last 10 years, the use of nitrate and phosphate fertilisers has shown an overall decline. This is mainly due to a reduction in application rates on grass.

Introduction

Chart 14.1 Environmental profile of the agricultural sector



Source: Collated by Defra

1 In the United Kingdom, agricultural activities cover around three-quarters of the land area and produce two-thirds of United Kingdom food. The agricultural sector is made up of around 307,000 holdings varying widely in size and type. A range of different farming practices are employed involving: the way in which livestock are kept; the use of inputs such as soil and water as well as nutrient, land and waste management.

The interaction between these practices and the local environmental characteristics affect the extent to which farming activities impact on the environment. The effects on the environment are significant and complex – farming activities can give rise to both positive and negative impacts on the environment operating at local, regional, national and global levels.

2 Chart 14.1 puts UK agriculture into context by bringing together data to summarise agriculture in comparison with other sectors in the United Kingdom. It shows the agricultural sector as a proportion of the United Kingdom (or England where stated). It includes the agricultural contribution to: the United Kingdom economy; land protection and conservation; resources; pollution and emissions. The latest available data is used, the sources and units of which can be found in the specific tables and charts elsewhere in this publication.

Environmental impacts

3 This section brings together physical data to show the state and trend of the impacts of agriculture on the environment. This includes farm woodland, but not forests or other woodland. The data have been selected to put these impacts into context and show the agricultural contribution to environmental issues. They cover the major environmental issues where reliable sources exist.

Landscape

4 The countryside has been shaped and managed by agriculture for several thousand years. Traditional farming methods together with climatic conditions and the underlying geology have produced distinctive and unique regional landscapes. These landscapes are the outcomes of the interactions between farming and the environment, this includes amenity, cultural and recreation values. Local landscapes are shaped by natural landforms, local building materials, species and habitat types and land management practices. These have combined to create distinctive and unique character areas in the United Kingdom. Our ideas of landscape are rooted in history and local, regional and national cultures. National Parks and Areas of Outstanding Natural Beauty (AONB), National Scenic Areas in Scotland, are designated for various reasons including their landscape value.

5 Table 14.1 shows the area of designated land in National Parks and Areas of Outstanding Natural Beauty (AONB), Natural Scenic Areas (NSA) in Scotland. Map 14.1 shows their distribution in Great Britain.

Table 14.1 Designated National Parks and Areas of Outstanding Natural Beauty 2005(a)(b)(c)

Enquiries: Barbara Norton on +44 (0)1904 455577 email: barbara.norton@defra.gsi.gov.uk

	England			Wales			Scotland			Northern Ireland		
	000 ha	Number	% of total land	000 ha	Number	% of total land	000 ha	Number	% of total land	000 ha	Number	% of total land
National parks	1 051	9	8	410	3	20	742	2	9	. .	. .	. .
AONB / NSA	2 064	36	16	83	5	4	1 378	46	17	336	9	24

Source, Defra, English Nature, Department of Environment (Northern Ireland), Countryside Council for Wales, Welsh Assembly Government, Scottish Executive, Scottish Natural Heritage, National Trust and Scottish National Trust

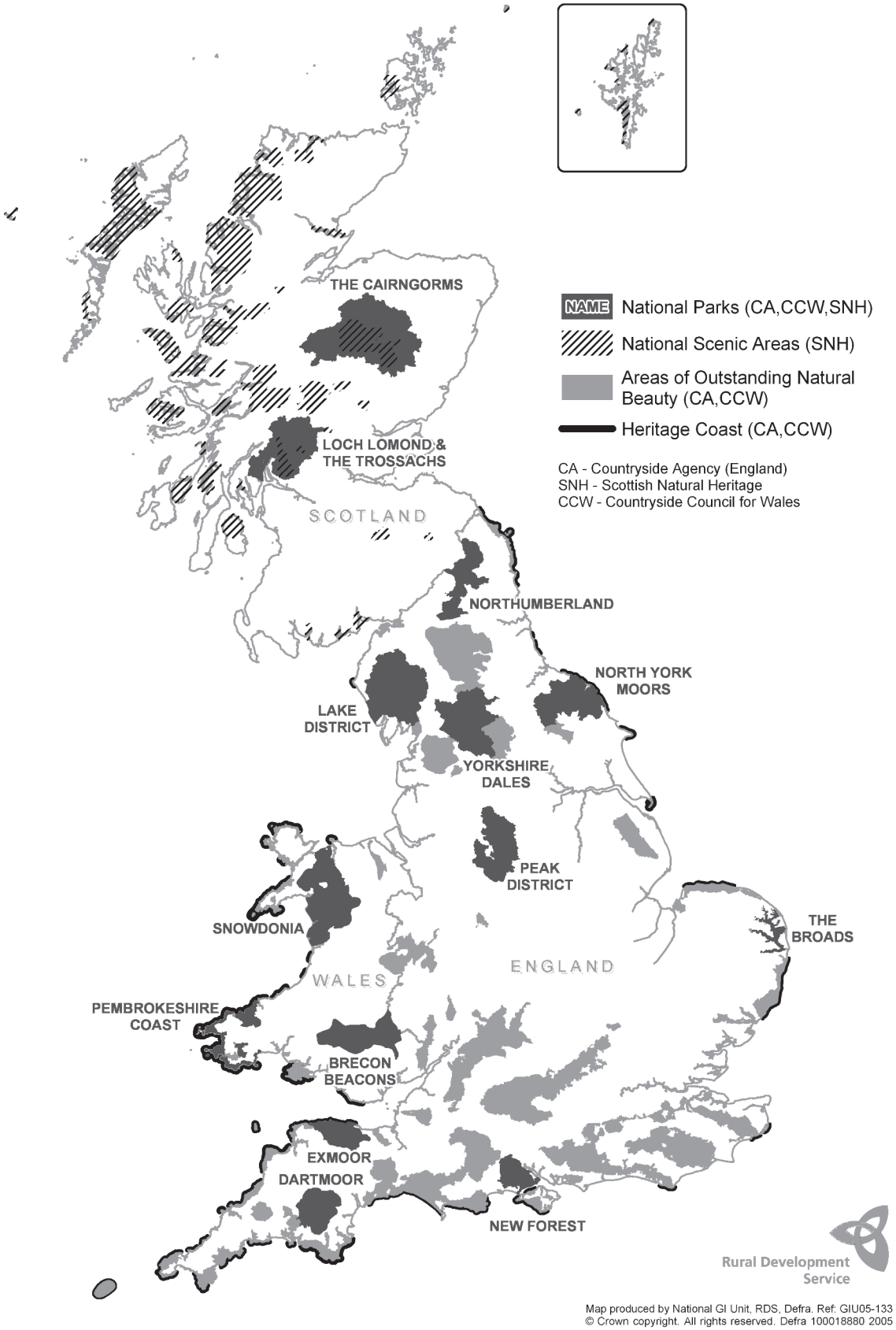
a) Generally AONBs and National Parks are mutually exclusive, however, some AONBs exist within the Broads and National Scenic Areas remain within the Scottish National Parks.

b) The total number of AONBs in England and Wales is 40, as the Wye Valley AONB spans both countries, the respective areas are included in each country in this table.

c) The percentage is included for comparison purposes. Areas of land are not always consistent in their inclusion of lakes, estuaries and other bodies of water.

2005

Map 14.1 Designated areas in Great Britain



6 Agriculture can help conserve historic landscape by protecting features such as historic field patterns which are all part of our heritage. Local materials and vernacular building techniques make unique contributions to the visual impact of the countryside. Traditional buildings and field boundaries are important characteristic features of the countryside. Table 14.2 shows the stock and changes in stock of some landscape boundary features from the Countryside Surveys of 1990 and 1998. Further information can be found at: http://www.countryside.gov.uk/; http://www.snh.org.uk/; http://www.doeni.gov.uk/; http://www.ccw.gov.uk/; http://www.cs2000.org.uk/index.htm.

Table 14.2 Change in stock of linear landscape features in GB 1990 to 1998

For definitions of linear landscape features used in Countryside Survey 2000 see Accounting for Nature: assessing habitats in the UK countryside.

Enquiries: Barbara Norton on +44 (0)1904 455577 email: barbara.norton@defra.gsi.gov.uk

	England and Wales			Scotland		
	1998 Length	Change in length 1990-1998		1998 Length	Change in length 1990-1998	
	thousand km		%	thousand km		%
Hedge	449.3	- 0.4	-	19.0	0.8	4.6
Remnant Hedge	52.3	- 13.5	- 20.9	5.3	- 0.9	- 20.0
Wall	105.8	- 2.7	- 2.5	87.1	- 1.5	- 1.7
Line of trees/shrubs/relict hedge and fence	70.0	15.5	30.8	11.1	1.4	14.0
Line of trees/shrubs/relict hedge	83.4	19.6	31.4	13.3	2.4	22.2
Bank/grass strip	70.0	- 1.9	- 2.5	12.4	0.8	6.3
Fence	423.2	25.6	6.6	233.7	8.6	3.9
Total	1 253.9	42.3	3.5	382.0	11.7	3.2

Source: CS2000, Defra e-Digest of Environmental Statistics

Habitats

7 By interacting with environmental factors such as soil type, climatic conditions and existing populations of flora and fauna, agriculture creates, maintains and supports semi-natural habitats, but can also damage them. Agricultural land use and other factors, such as recreational use, impact on habitats and species in a complex and diverse manner.

8 Table 14.3 shows the stock of broad habitats in the United Kingdom and the relative dominance in terms of area of habitat on land under intensive agriculture. The flora and fauna will not only vary between the different habitats, but also within the individual habitats depending an local features.

9 National Nature Reserves (NNR) are of national importance. Sites of Special Scientific Interest (SSSIs) and Areas of Special Scientific Interest (ASSIs) in Northern Ireland, protect and conserve the most important wildlife and geological sites in the United Kingdom. The Natura 2000 sites, Special Protection Areas (SPA), Special Areas of Conservation (SAC) and Ramsar (wetlands) sites are internationally important sites for species and habitats within the SSSIs and ASSIs. Table 14.4 shows the areas of these designated habitats in the countries of the United Kingdom. For further information and definitions of linear landscape features used in Country-side Survey 2000 see Accounting for Nature: assessing habitats in the United Kingdom countryside, http:// www.cs2000.org.uk/.

10 English Nature assesses the condition of SSSIs in England using categories agreed for the United Kingdom through the Joint Nature Conservation Committee (JNCC). The extent and condition of SSSIs varies across the English regions and between the different habitats (see chart 14.2). Bogs and upland heaths together account for over a third of the total SSSI area and two thirds of the area of SSSIs under agricultural management. They are particularly sensitive to overgrazing and burning, which causes changes in vegetation and physical damage to the land. As a result less than half of either bog or upland heath SSSI area is in a good condition. In general SSSIs in lowland areas are in a more favourable condition than those in upland areas.

2005

Table 14.3 Stock of broad habitat areas in the UK 1998

For definitions of broad habitats used in Countryside Survey 2000 see the definitions page in the Land section of the Digest

Enquiries: Barbara Norton on +44 (0)1904 455577 email: barbara.norton@defra.gsi.gov.uk

Broad Habitat	England and Wales		Scotland		Northern Ireland		United Kingdom	
	000 ha	%	000 ha	%	000 ha	%	000 ha	%
Woodland habitats								
Broadleaved, Mixed and Yew Woodland	1 171	7.7	300	3.7	51	3.7	1 522	6.2
Coniferous Woodland	380	2.5	993	12.4	61	4.4	1 435	5.9
Intensive agriculture								
Improved Grassland	4 431	29.1	1 051	13.1	568	41.0	6 050	24.7
Arable and Horticultural	4 609	30.3	639	8.0	59	4.3	5 307	21.7
Semi-natural habitats								
Neutral Grassland	444	2.9	168	2.1	254	18.3	867	3.5
Bog	180	1.2	2 038	25.4	148	10.7	2 367	9.7
Dwarf Shrub Heath	485	3.2	1 002	12.5	13	0.9	1 500	6.1
Acid Grassland	547	3.6	748	9.3	28	2.0	1 324	5.4
Fen, Marsh and Swamp	210	1.4	337	4.2	53	3.8	600	2.5
Bracken	273	1.8	166	2.1	4	0.3	443	1.8
Calcareous Grassland	38	0.2	27	0.3	1	0.1	66	0.3
Sediment and rock	204	1.3	168	2.1	9	0.6	189	0.8
Water								
Standing Open Water and Canals	106	0.7	85	1.1	-	-	-	-
Rivers and Streams	43	0.3	21	0.3	-	-	-	-
Developed habitats								
Built up and Gardens	1 180	7.7	151	1.9	-	-	-	-
Boundary and Linear Features	411	2.7	87	1.1	-	-	-	-
Unsurveyed urban land	426	2.8	37	0.1	-	-	-	-
Unclassified	93	0.6	2	-	143	10.3	-	-
Total	15 230	100.0	8 020	100.0	1 385	100.0	24 495	100.0

Source: Countryside Survey 2000, Northern Ireland Countryside Survey 2000, e-Digest of Environmental Statistics

Table 14.4 Areas designated for the protection of habitats and species 2005 (a)

Enquiries: Barbara Norton on +44 (0)1904 455577 email: barbara.norton@defra.gsi.gov.uk

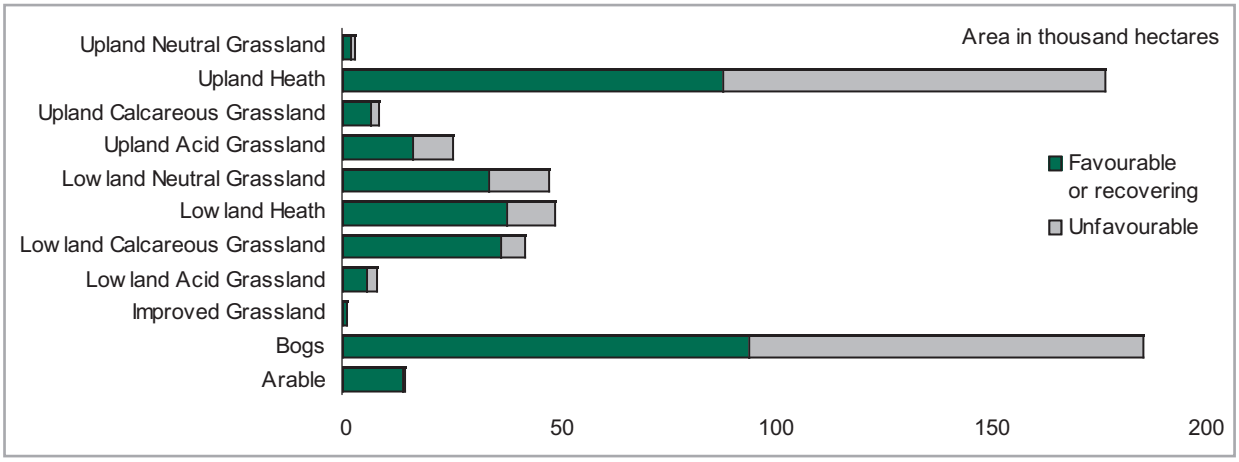
		England			Wales			Scotland			Northern Ireland		
		000 ha	Number	% of total land	000 ha	Number	% of total land	000 ha	Number	% of total land	000 ha	Number	% of total land
	LNR	34	1 016	-	5	57	-	9	36	-	3	39	-
	NNR	86	213	1	24	66	1	117	66	1	2	9	-
	SSSI / ASSI	1 073	4 113	8	264	1 021	13	1 008	1 451	13	93	225	7
Natura 2000 (b)	SAC	887	235	7	107	73	5	963	238	12	56	52	4
	SPA	636	79	5	137	19	7	625	138	8	73	13	5
	Ramsar	331	70	3	26	10	1	313	51	4	77	19	5

Source, Defra, English Nature, Department of Environment (Northern Ireland), Countryside Council for Wales, Welsh Assembly Government, Scottish Executive and Scottish Natural Heritage

(a) The percentage is included for comparison purposes. Areas of land are not always consistent in their inclusion of lakes, estuaries and other bodies of water.

(b) Natura 2000 sites can be in more than one designation, and are on SSSIs &/or NNR

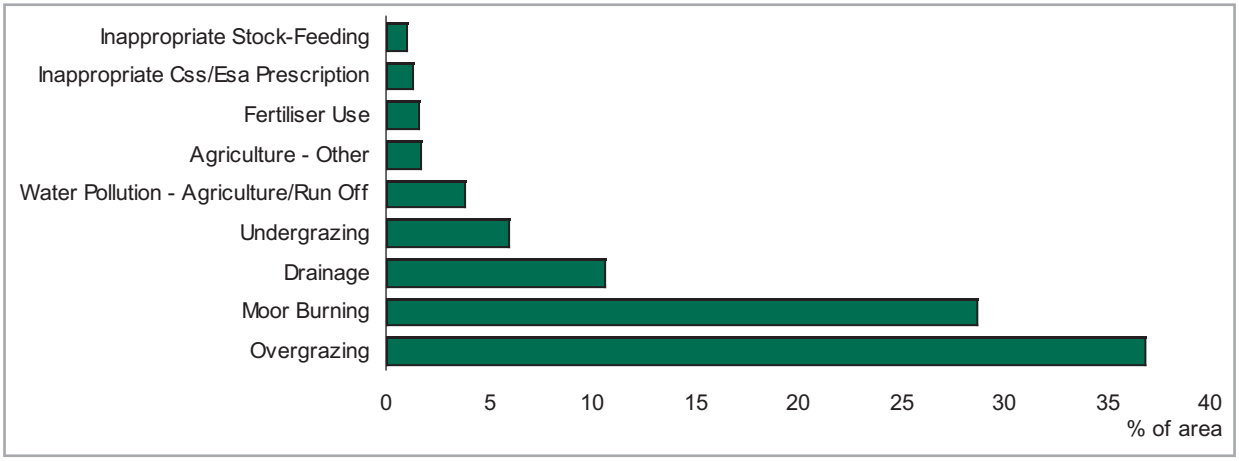
Chart 14.2 Condition of habitats on agriculturally managed SSSIs (England) 2005



Source: English Nature

11 Currently (September 2005) 68 per cent of SSSI land area in England is in a favourable or recovering condition, leaving 32 per cent in an unfavourable condition. However, of the agricul-turally managed SSSI land area, 60 per cent is in a favourable or recovering condition, an improvement on the 55 per cent in 2004. Chart 14.3 shows the major agricultural reasons for unfavourable conditions on all SSSIs in England. Across the whole series of SSSIs the main cause of unfavourable conditions include overgrazing, inappropriate moor burning, lack of scrub control, inappropriate forestry and woodland management and lack of appropriate ditch management. A large proportion of sites have damage by more than one factor. Further information can be found at: http://www.english-nature.org.uk/Special/sssi/; http://www.snh.org.uk/; http://www.doeni.gov.uk/, http:// www.ccw.gov.uk/, http://www.jncc.gov.uk/.

Chart 14.3 Major agricultural reasons for unfavourable conditions on SSSIs (England) 2005



Source: English Nature

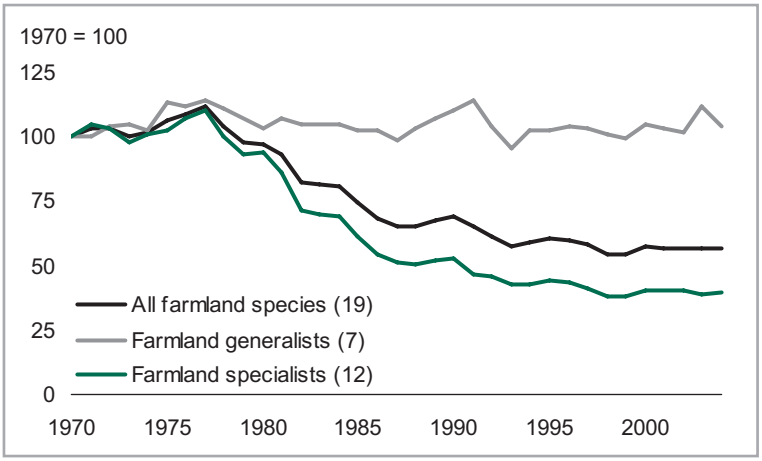
Biodiversity

12 Farming activities carried out in an environmentally responsible manner will help support, maintain and enhance the diversity of the landscapes, habitats and food sources for farmland wildlife. Much of our flora and fauna have adapted to agricultural systems, the common names of wild species indicate their historic relationship with farming, such as corn crake, barn owl, hedge sparrow, field poppy, corn cockle and corn flower.

13 Chart 14.4 shows the trends in farmland bird populations since 1970. Bird populations are considered good indicators of the state of wildlife in the countryside since they have a wide habitat distribution and are

near the top of the food chain. Therefore, changes in the bird population reflect changes in habitat diversity and within the food chain. The chart shows that total farmland bird populations declined by almost half between 1978 and 1993, but have been relatively stable since. Further information can be found at: http://defraweb/wildlife-countryside/index.htm; http://www.bto.org/; http://www.rspb.org.uk/, http://www.jncc.gov.uk/.

Chart 14.4 UK farmland bird index 1970 to 2004



Source: Defra, RSPB, BTO Wild Bird indicator published December 2005

Recreation

14 The countryside has been shaped and managed by agriculture for several thousand years. It is valued for recreation, providing landscapes, tranquillity and open space. The landscape is made more accessible for recreational activities, such as walking, cycling and horse riding, by the network of paths, bridleways and green lanes which cross farmland. The area of open access has increased in England and Wales by an additional million hectares under the Countryside and Rights of Way Act 2000. In Scotland the Land Reform (Scotland) Act 2003 gives a right of responsible access to all land and inland water for recreational and educational purposes. Part 1 of the Act came into force in 2005. Further information can be found at: http://www.defra.gov.uk/wildlife-countryside/cl/accessopen/index.htm or http://www.outdooraccess-scotland.com/default.asp.

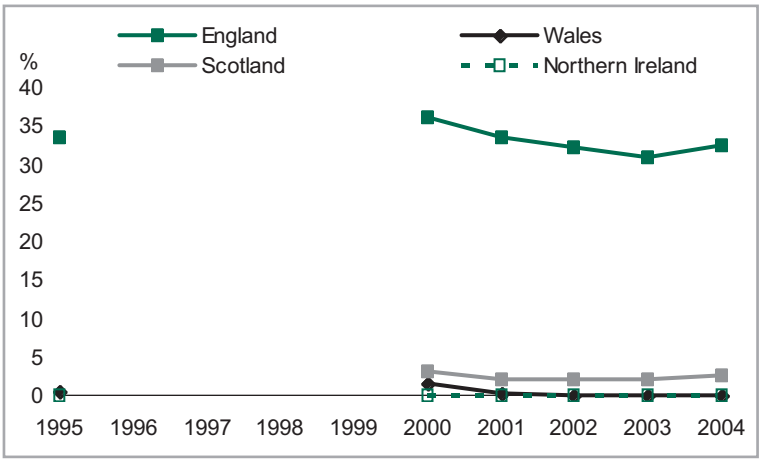
Water

15 River and groundwater are important resources for agriculture. Water used for agriculture represents about 2 per cent of water abstracted. Agricultural use, for drainage and irrigation, alters the flow of water and can speed up overland flow rates, contributing to flooding, soil erosion and, also reducing infiltration and the recharge of aquifers.

16 Farming is a major source of water pollution, both diffuse, such as from fertiliser and pesticides spread on the land, and point sources such as runoff from livestock buildings. Around 70 per cent of all nitrate pollution is from diffuse sources as are 89 per cent of pesticides. The key areas of concern are:

- nitrate pollution in surface and groundwater;
- phosphorus levels in surface water;
- contamination by pesticides;
- and other environmental problems including the harmful effects of soil erosion sediments and mineral salts resulting in impaired drinking water.

Chart 14.5 Per cent of river length with nitrate levels greater than 30mg NO_3 per litre

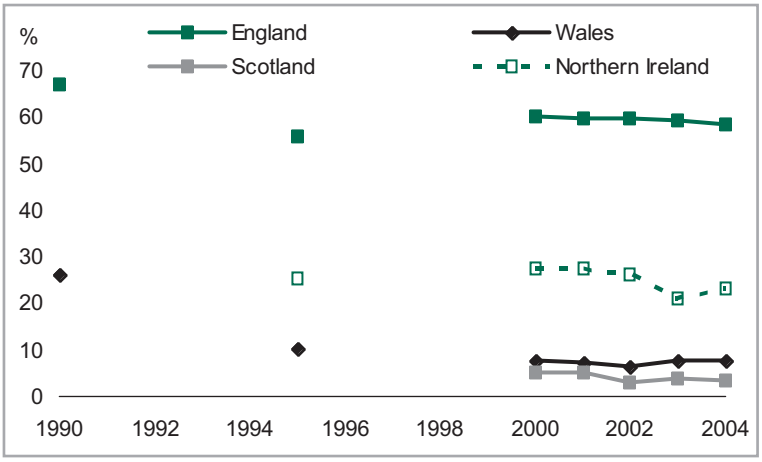


Source: Environment Agency, Scottish Environment Protection Agency, Environment & Heritage Service, Defra e-Digest of Environmental Statistics

17 Chart 14.5 shows the lengths of rivers with nitrates levels over 30 mg NO_3 per litre. In Northern Ireland, Wales and Scotland these remain low, in England levels have fallen overall since 2000 (though 2004 shows an increase) reflecting the decrease in fertiliser use (chart 14.10 and paragraph 32). Agriculture accounts for around 60 per cent (ADAS report 2004) of the nitrate in rivers.

18 Chart 14.6 shows phosphate levels in rivers by country. High levels in freshwater can cause eutrophication, which affects the ecological balance of the water environment leading to excessive plant growth. Agriculture accounts for around 43 per cent (Morse 1993) of phosphates in river water. Further information can be found at: http://www.environment-agency.gov.uk/?lang=_e, http://www.sepa.org.uk/, http://www.doeni.gov.uk/.

Chart 14.6 Per cent of river length with phosphate levels greater than 0.1mg per litre



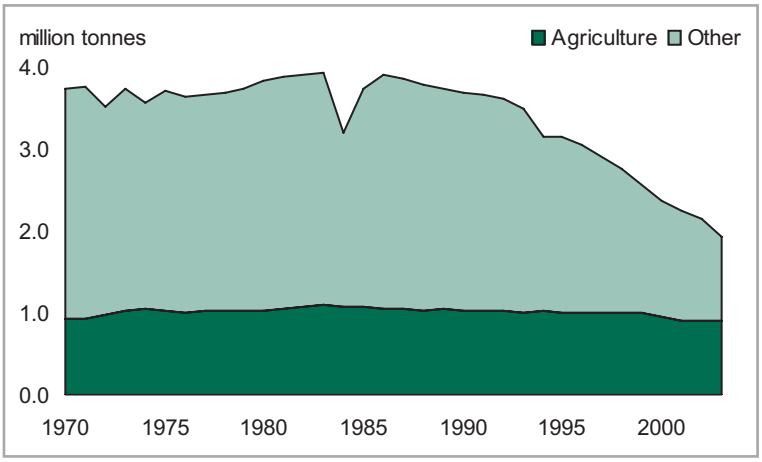
Source: Environment Agency, Scottish Environment Protection Agency, Environment & Heritage Service, Defra e-Digest of Environmental Statistics

Air

19 Emissions of carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O) are of concern as they are greenhouse gasses and contribute to climate change. Methane and nitrous oxide have global warming potentials greater than carbon dioxide of 21 and 310 times respectively. Greenhouse gas emissions from agriculture account for around 7 per cent of total United Kingdom emissions. Ammonia mainly effects local air quality.

20 Chart 14.7 shows the United Kingdom methane (CH_4) emissions from all sources and that from agriculture. Agriculture accounts for 47 per cent of these emissions. Methane is generated as a result of enteric fermentation in ruminating animals. Over the last 30 years the emissions from agriculture have remained fairly constant at around a million tonnes per year. There has been a 11 per cent fall over the last 10 years, reflecting a general reduction in livestock numbers over this period.

Chart 14.7 UK methane emissions by source 1970 to 2003



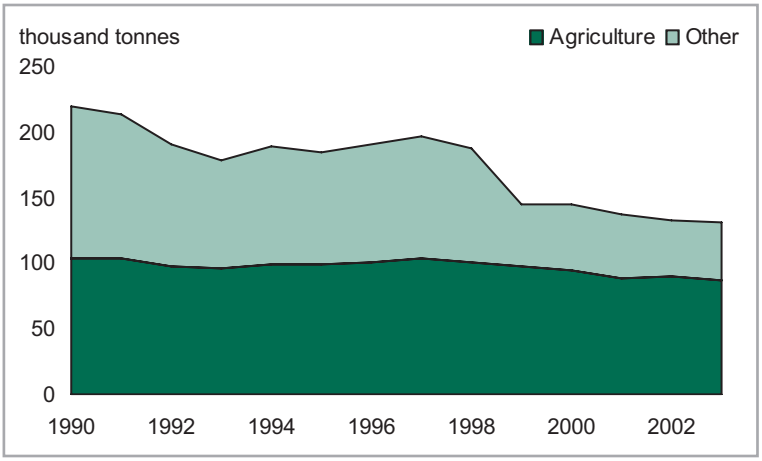
Source: Netcen, Defra e-Digest of Environmental Statistics

21 Chart 14.8 shows the United Kingdom emissions of nitrous oxide (N_2O) from all sources and that from agriculture. Agricultural emissions of nitrous oxides are produced mainly from the oxidation of the nitrogen in fertilisers and account for 67 per cent of all United Kingdom nitrous oxide emissions. The fall since the late nineties in these emissions reflects a reduction in fertiliser use (see chart 14.10 on fertiliser use).

22 Carbon dioxide (CO_2) is emitted during cultivation of arable land or semi-natural vegetation, when the soil is rotated to the surface and exposed to the air, when peat or fenland is drained and during the combustion of fossil fuels, e.g. to power tractors and machinery. Agriculture accounts for less than 1 per cent of carbon dioxide emissions in the United Kingdom.

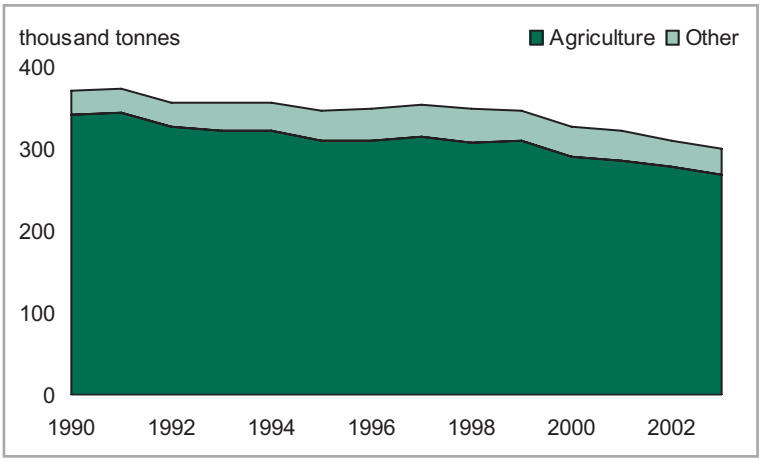
23 Chart 14.9 shows ammonia (NH_3) emissions. Agriculture emissions have reduced by 17 per cent during the last 10 years and now account for 89 per cent of United Kingdom emissions. This is predominately from housing, storing and spreading animal manure particularly that of cattle and pigs. Inorganic fertilisers also produce ammonia as nitrogen reacts with compounds in the soil and air. The effects of ammonia are usually local but it can be deposited further afield by rainfall. The gradual fall is due to a general reduction in fertiliser use and a reduction in livestock numbers over the last few years.

Chart 14.8 UK nitrous oxide emissions by source 1990 to 2003



Source: Netcen, Defra e-Digest of Environmental Statistics

Chart 14.9 UK ammonia emissions by source 1990 to 2003



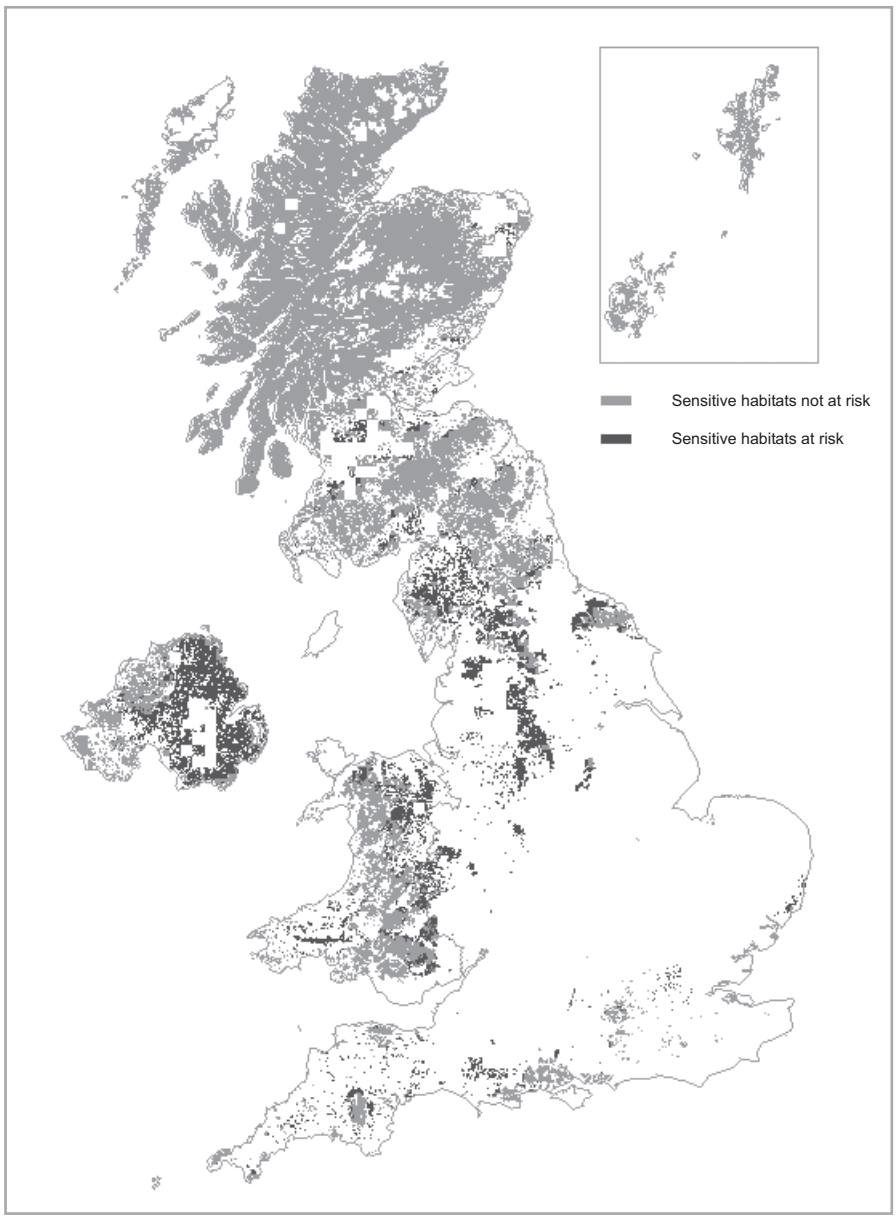
Source: Netcen, Defra e-Digest of Environmental Statistics

24 Ammonia is a source of nitrogen which can be deposited on, and enrich soils and habitats. This causes harm to some sensitive habitats of significant conservation importance: upland heaths; upland bogs and semi-natural grassland where the species adapted for growth with little nitrogen can be replaced with faster growing grasses.

25 Ammonia also causes acidification of water and soil affecting the aquatic and plant biodiversity. High concentrations of ammonia in the air can damage plants such as lichens, mosses and heathers. Map 14.2 shows the distribution of sensitive habitats that are at risk of damage by ammonia emissions. These are infertile areas where the species are adapted to the low nitrogen levels. The areas shown in grey are sensitive habitats which are unlikely to receive any ammonia deposition and are therefore at little risk of damage.

26 Of the habitats at risk, shown in black on the map, those at greatest risk are likely to receive between 7 to 14 kilogrammes of ammonia deposition per hectare per year in localised areas where the biodiversity can be damaged. Many of the areas at high risk, are in fact in areas of low ammonia emissions, but these habitats are specifically sensitive to the increase in nitrogen deposited by wind and rain from the ammonia and invasion by species needing the higher level of nitrates. Further information can be found at: http://www.defra.gov.uk/environment/statistics/index.htm, http://www.naei.org.uk/emissions/emissions_2000.php, http://www.sepa.org.uk/, http://www.doeni.gov.uk.

Map 14.2 Sensitive habitats at risk from ammonia emissions



Soil

27 Soil is a finite and non-renewable natural resource that is essential for plant growth, providing support, nutrients and water. The biological, physical and chemical characteristics of soil need to be maintained or improved to the levels required to allow soils to perform particular functions, such as food and fibre production, and to ensure their resilience to the pressures acting an them, such as erosion by water. Soil provides a habitat for earthworms and other fauna, which are essential for nutrient cycling, maintaining structure and supporting wildlife. Agricultural practices have an important part to play in protecting and improving the soil and preventing its degradation due to loss of organic matter and its loss by erosion. The management of soil to ensure that it is in good condition is essential for sustainable farming.

Other resources

28 The power used both directly and indirectly by agriculture comes from mainly finite resources. Table 14.5 shows estimated direct and indirect use expressed as PetaJoules - Joules x 10^{15} (PJ) for purposes of

comparison. This is the energy consumed in agricultural production, but not in the processing and distribution of food. It shows that the total energy used in agriculture at the start of 2005 had remained stable for the past 2 years.

29 Energy used directly (for heating, lighting and power) by the agricultural industry is around 0.5 per cent of overall United Kingdom energy use. The fall in petroleum use continues with a 23 per cent reduction, altering the balance between this and electricity with a 4 per cent rise in electricity consumption in 2004. Energy used indirectly in the production of agricultural inputs (for the manufacture of fertilisers, pesticides and machinery used in United Kingdom agriculture) is around 1.3 per cent of overall United Kingdom energy demand. The most dominant indirect input of energy, over 50 per cent, arises from the manufacture of fertilisers. Reductions in the use of fertilisers together with efficiency savings during manufacturing have led to a 35 per cent reduction in energy use for fertiliser since the start of 1985.

Table 14.5 UK direct and indirect energy consumption and electricity generation

Enquiries: Barbara Norton on +44 (0)1904 455577 email: barbara.norton@defra.gsi.gov.uk

units: petajoules PJ = joules x 10^{15}

		1990	2000	2001	2002	2003	2004
Total energy		169.0	142.3	142.8	141.9	133.2	134.0
Direct energy		56.3	48.8	52.3	47.9	39.5	37.4
of which:	Natural gas & coal	4.5	5.7	8.4	8.7	8.7	8.9
	Oil products (inc petroleum)	34.8	24.3	24.9	21.3	13.3	10.3
	Electricity	13.9	15.8	16.0	14.9	14.5	15.1
	Biomass	3.1	3.0	3.0	3.0	3.0	3.1
Indirect Inputs		112.7	93.5	90.5	94.0	93.7	96.6
of which:	Fertiliser	69.0	56.0	51.0	52.0	49.6	49.5
	Pesticide	10.1	8.2	8.6	9.3	10.4	12.4
	Tractor purchases	11.4	9.3	10.3	12.3	13.4	14.2
	Animal Feeds	22.2	20.0	20.6	20.4	20.3	20.5
Electricity generation (a)		. .	8.1	11.8	11.5	14.4	14.8

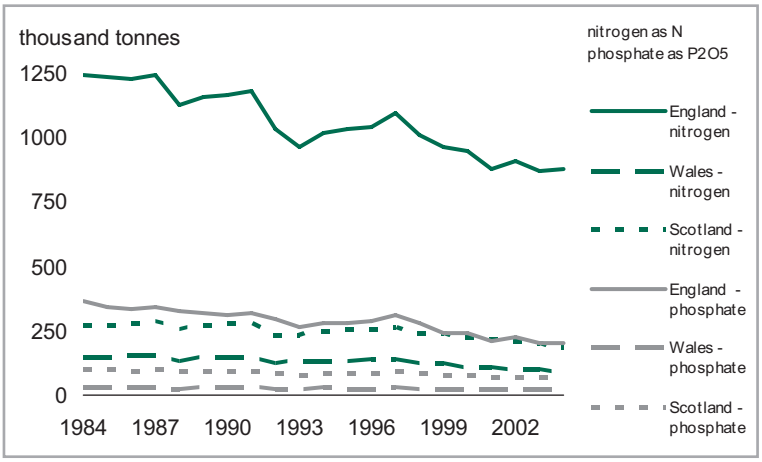
Source: ADAS, Reports prepared for Defra using : Digest of UK Energy Statistics, Agriculture in the UK, Fertiliser Manufacturers Association, Agricultural Engineers Association, Crop Protection Association.

(a) Includes electricity from farm waste digestion, poultry litter combustion, meat and bone combustion, straw and short rotation coppice.

30 This table also shows electricity production from biomass and farm waste. By 2005 this had increased to roughly the same as the electricity used on farm. This is in addition to the energy used on farm that is derived from biomass - which is mainly as heat.

31 Chart 14.10, fertiliser use, shows a gradual decline in fertiliser use in Great Britain. Fertiliser is applied at a higher rate on arable land than grass land. The fall in fertiliser use is mainly due to a reduction in application rates on grass, where the rate has fallen by a third over 10 years.

Chart 14.10 Nitrogen (N_2) & Phosphate (P_2O_5) fertiliser use in the GB 1984 to 2004



Source, GB Fertiliser practice survey 2003, Defra Census data

Waste

32 An estimated half a million tonnes of waste is produced by agriculture each year, this excludes organic material such as slurry/manure, crop residues etc. when beneficially re-used on farm. The largest components are animal health products, agrochemicals and plastics.

33 The 2004 report of Defra's Farm Practices Survey (England) shows a general reduction in recycling plastic since the previous survey in 2001. The number of farmers using landfill sites has fallen and is around 1 to 5 per cent of farmers. Burning continues to be the main way to dispose of waste, especially for plastics and packaging. In many cases nearly 50 per cent of farmers burn these (except plastic crop cover) in the open or use drum incinerators. The full reports can be found on the Defra website at: http://statistics.defra.gov.uk/esg/publications/fps/fpsreport.pdf.

34 In 2005 the Government brought into force Regulations in Scotland to bring agricultural waste within the controls of the EU Waste Framework and Landfill Directives. It is intended that a similar change will be made in the rest of the United Kingdom in early 2006. The new Regulations will make it illegal for the disposal of waste by open burning or in farm dumps, i.e. uncontrolled landfills.

35 As well as slurry and manure being used to fertilise the land, other organic material, such as straw and poultry manure, is now being used as a source of energy, both for heat and power on farm and increasingly for electricity generation (see paragraph 30).

Valuing environmental impacts of agriculture

36 This chapter presents data on some of the physical impacts of farming on the environment. These impacts can be positive as well as negative and many of the impacts are external to farming so that the costs or benefits are met by other sectors or the general public. By assigning values to these physical impacts they can be compared with each other and aggregated together to give a measure of the overall impact. Bringing together monetised valuations into a coherent framework provides a set of environmental accounts for agriculture.

37 Defra and the devolved administrations commissioned research by Eftec to develop a framework for environmental accounts for agriculture. Published in July 2004, the work proposed a conceptual framework for the accounts. Using benefits transfer existing data sources were drawn together and weaknesses and gaps in these data sources were identified. The research is a first step in developing environmental accounts and at this stage the results should only be considered as indicative.

38 Defra is committed to further work to refine and develop the accounts, including methods for valuing external impacts with no market value (such as biodiversity). As more reliable estimates are developed the environmental accounts will have a valuable role in setting priorities for agricultural policy and as an evidence base for measuring the sustainability of agriculture.

39 For any enquiries on this chapter, please contact Barbara Norton, 01904 455577, Barbara.Norton@defra.gsi.gov.uk.

Chapter 15 Key Statistics for EU Member States

Summary

In 2005:

- income from agricultural activity in the United Kingdom as measured by Indicator A has risen by 22 per cent since 2000 while falling by 2.9 per cent in the EU 15;
- the United Kingdom produced the third largest quantity of wheat of the EU 25 countries.

In 2004, of the EU 25 Member States, the United Kingdom:

- was the third largest producer of cows' milk;
- was the ninth largest producer of pigmeat;
- was the fourth largest producer of beef and veal;
- was the largest producer of sheep and goat meat.

Between 2000 and 2004:

- producer prices for crop products rose by 15 per cent in the United Kingdom while rising by 4.2 per cent in the EU 15;
- producer prices for animals and animal products rose by 12 per cent in the United Kingdom since 2000 while rising by 0.2 per cent in the EU 15;
- purchase prices for the means of agricultural production rose by 13 per cent in the United Kingdom while rising by 10 per cent in the EU 15.

Introduction

1 This chapter presents simple analyses of agriculture in the European Union to enable comparison of the United Kingdom with other Member States. The source of the data is the Eurostat website where a range of data is available free of charge. The Eurostat website may be found at www.europa.eu.int/comm/eurostat/.

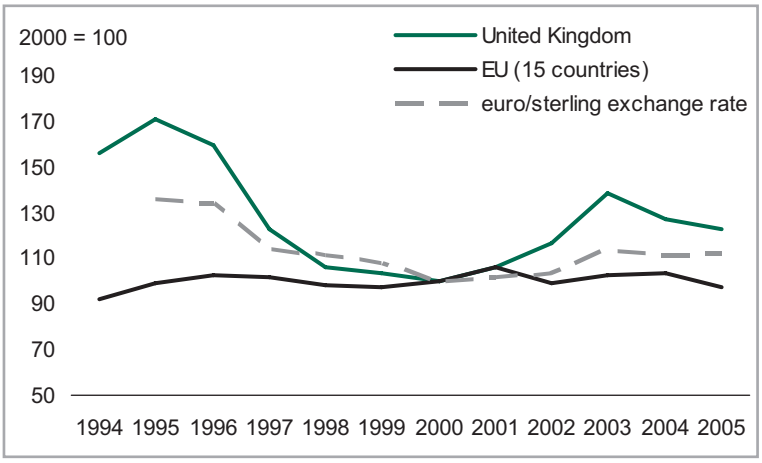
2 Eurostat is the Statistical Office of the European Communities situated in Luxembourg. Its task is to provide the European Union with statistics at European level that enable comparisons between countries and regions. Eurostat itself does not collect data; this is done in Member States by their statistical authorities who verify and analyse national data and send them to Eurostat. Eurostat's role is to consolidate the data and ensure they are comparable using harmonized methodology.

3 Please contact Keith Seabridge on keith.seabridge@defra.gsi.gov.uk if you have any general enquiries about this chapter.

Incomes

Indicator A of the income from agricultural activity

Chart 15.1 Indicator A of income from agricultural activity



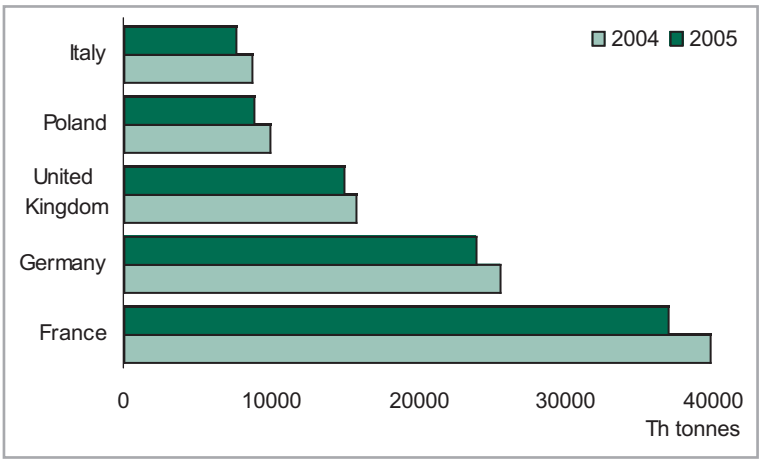
4 Chart 15.1 shows Indicator A, a measure of the average income obtained from agriculture, for the United Kingdom and the EU 15. An index showing the trend in the euro/sterling exchange rate is also shown.

5 Incomes from agricultural activity in the United Kingdom as measured by Indicator A have risen by 22 per cent since 2000 despite falling in 2004 and 2005 while those in the EU 15 have fallen by 2.9 per cent. Incomes in the United Kingdom are influenced by the euro/sterling exchange rate.

Agricultural products

Production of wheat

Chart 15.2 Production of wheat

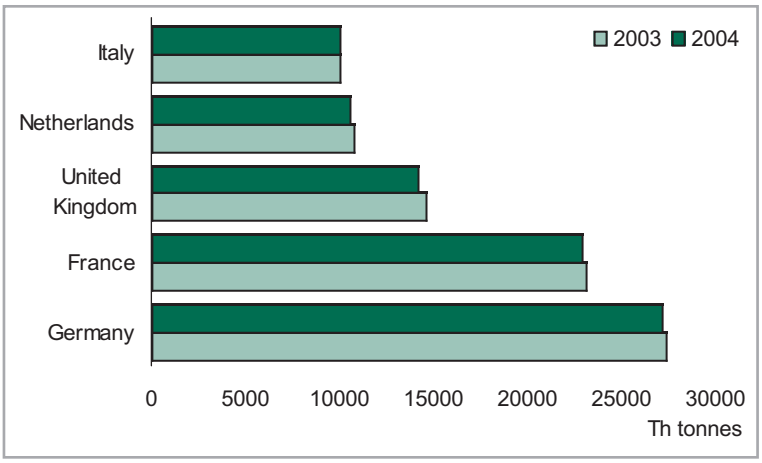


6 Chart 15.2 shows the quantities of wheat produced by the top five producing Member States in 2004 and 2005. This is the production of common wheat and durum wheat.

7 In 2005, the United Kingdom ranked third in the quantity of wheat produced behind France and Germany having produced about 12 per cent of the total for the EU 25.

Production of cows' milk

Chart 15.3 Production of milk



8 Chart 15.3 shows the proportions of cows' milk collected by the top five producing Member States in 2003 and 2004. This is cows' milk collected from farms by approved dairies and excludes milk consumed on farm, sold direct to consumers and used for cattle feed.

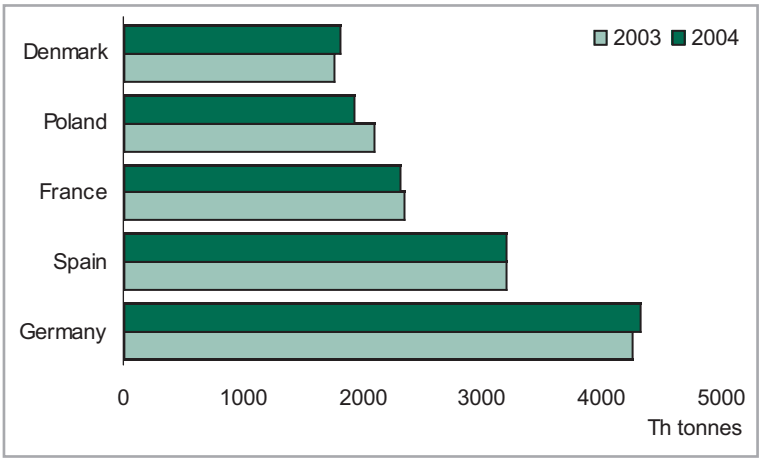
9 In 2004, the United Kingdom ranked third in the quantity of cows' milk collected behind Germany and France having produced about 11 per cent of the total for the EU 25.

Production of pigmeat

10 Chart 15.4 shows the proportions of pigmeat produced in the EU 25 countries in 2003 and 2004. This is the total carcase weight of pigs slaughtered in slaughterhouses and on the farm whose meat is declared fit for human consumption.

11 In 2004, the United Kingdom ranked ninth in the quantity of pigmeat produced with about 3 per cent of the total for the EU 25.

Chart 15.4 Production of pigmeat

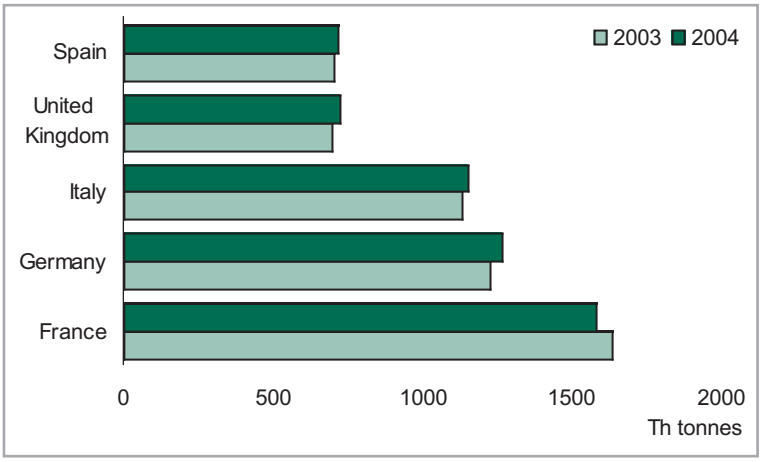


Production of beef and veal

12 Chart 15.5 shows the proportions of beef and veal produced in the EU 25 countries in 2003 and 2004. This is the carcase weight of bovine animals (calves, bullocks, bulls, heifers and cows) slaughtered in slaughterhouses and on the farm whose meat is declared fit for human consumption.

13 In 2004, the United Kingdom ranked fourth in the quantity of beef and veal produced behind France, Germany and Italy, having produced about 9 per cent of the total for EU 25.

Chart 15.5 Production of beef and veal

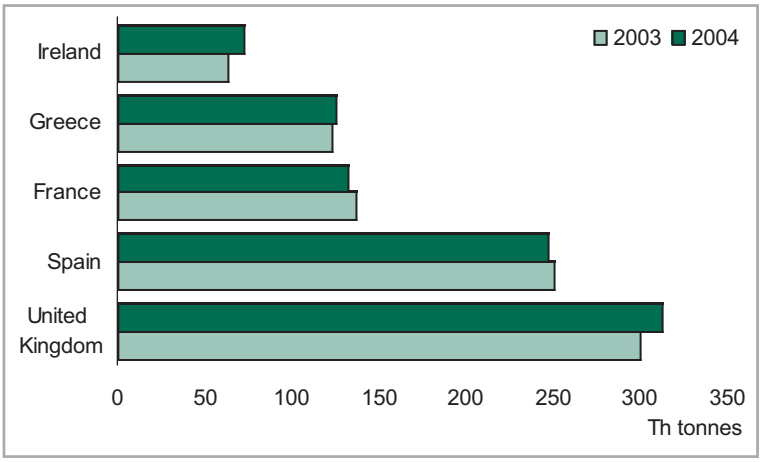


Production of sheep and goat meat

14 Chart 15.6 shows the proportions of sheep and goat meat produced in the EU 25 countries in 2003 and 2004. This is the carcase weight of sheep, including lambs, and goats slaughtered in slaughterhouses or elsewhere whose meat is declared fit for human consumption.

15 In 2004, the United Kingdom was the largest producer of sheep and goat meat in the European Union having produced about 30 per cent of the total for EU 25.

Chart 15.6 Production of sheep and goat meat 2004

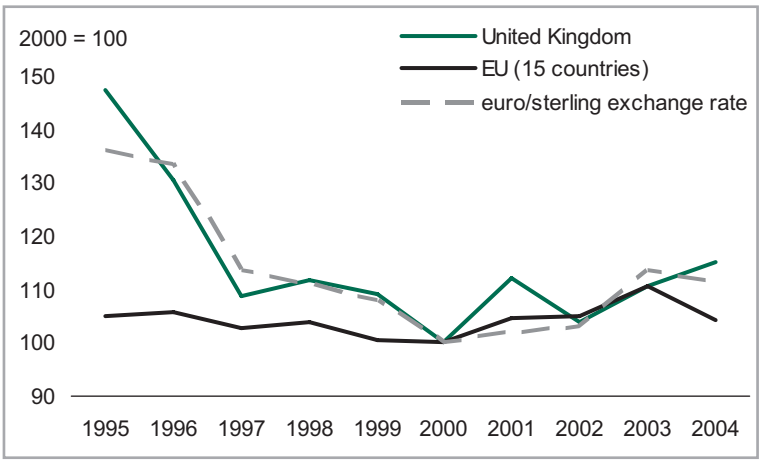


Price indices

Producer price indices, nominal. crop products

16 The indices in Chart 15.7 indicate the trends in the producer prices of crop products as a whole. The sub-indices were weighted by the values of sales in 2000. An index showing the trend in the euro/sterling exchange rate is also shown.

Chart 15.7 PPI: crop products

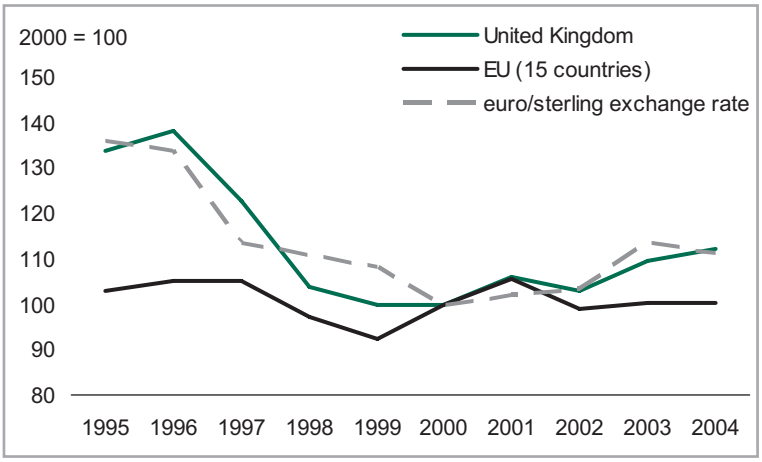


17 Crop prices in the United Kingdom have risen by 15 per cent between 2000 and 2004 while those in the EU 15 have risen by 4.2 per cent. Producer prices in the United Kingdom are influenced by the euro/sterling exchange rate.

Producer price indices, nominal. animals and animal products.

18 The indices in Chart 15.8 indicate the trends in the producer prices of animal and animal products as a whole and in the euro/sterling exchange rate.

Chart 15.8 PPI: animals and animal products

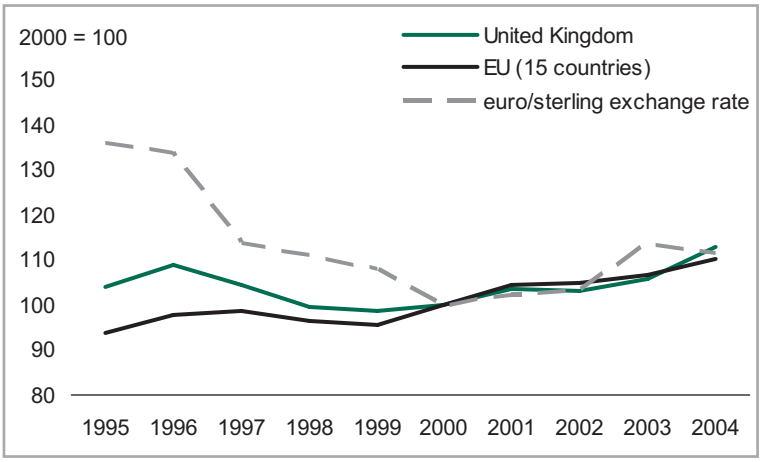


19 Animal and animal products prices in the United Kingdom have risen by 12 per cent between 2000 and 2004 while those in the EU 15 have risen by 0.2 per cent. Producer prices in the United Kingdom are heavily influenced by the euro/sterling exchange rate.

Purchase price indices, nominal. total means of agricultural production.

20 The indices in Chart 15.9 indicate the trends in purchase prices of the means of agricultural production as a whole and in the euro/sterling exchange rate.

Chart 15.9 PPI: means of agricultural production



21 Purchase prices of the means of agricultural production in the United Kingdom have risen by 13 per cent between 2000 and 2004 while those in the EU 15 have risen by 10 per cent. Purchase prices of the means of agricultural production in the United Kingdom are less heavily influenced by the euro/sterling exchange rate.