

Agriculture in the United Kingdom 1999

Produced by:

Ministry of Agriculture, Fisheries and Food

Scottish Executive Rural Affairs Department

Department of Agriculture and Rural Development (Northern Ireland)

National Assembly for Wales Agriculture Department

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Preface

1. *Agriculture in the United Kingdom 1999* 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 and cover in the report developments in agricultural policy, including policy on agriculture and the environment. The Government will draw on this information when considering policy issues, including proposals by the European Commission in respect of the Common Agricultural Policy and the provision of agricultural support in 2000/01.

2. The tables in this edition are similar to those in *Agriculture in the United Kingdom 1998*, although some of the figures now given for past years may differ from those published in the 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. Changes to the methodology underlying the agricultural account have affected the figures in Chapter 6. A guide to the content and structure of the commodity tables is provided in the introduction to Chapter 5

Statistical tables – general note

3. Most of the data are on a calendar year basis. The figures for 1999 are provisional; they reflect the position as seen in January 2000 when information for 1999 was still incomplete and an element of forecasting was therefore required. The figures in the tables in Chapters 8 and 9 relate to years ending (on average) in mid-February and at the end of March respectively.

4. The following points apply throughout:

- i all figures relate to the United Kingdom, unless otherwise stated
- ii the figures for imports and exports include those from intervention stocks and the figures for exports include re-exports. The figures for trade with the fourteen other members of the European Union and with the rest of the world reflect country of consignment for imports and country of reported final destination for exports. The source of Overseas Trade Statistics is HM Customs and Excise;
- iii where units are common or predominant, they are indicated at the top of the table. Otherwise they are shown in the body of the table;
- iv in some cases figures may not add to corresponding totals because of rounding;
- v symbols:
 - means 'nil' or 'negligible' (less than half the last digit shown).
 - .. means 'not available' or 'not applicable'

5. This publication and other MAFF statistics can be found on the World Wide Web at www.maff.gov.uk under 'Statistics'.

Chapter 1 Summary of the year

Summary of the year

1. Following the establishment of devolved administrations in Scotland and Wales on 1 July 1999, the former territorial departments of SOAEFD (Scottish Office Agriculture, Environment and Fisheries Department) and WOAD (Welsh Office Agriculture Department) have been respectively replaced by the Scottish Executive Rural Affairs Department (SERAD) and the National Assembly for Wales Agriculture Department (NAWAD). Following devolution in Northern Ireland on 2 December, DANI (Department of Agriculture for Northern Ireland) became the Department of Agriculture and Rural Development (DARD). Post-devolution, negotiations with the European Union (EU) remain the responsibility of the UK Parliament and MAFF continues to act as the lead department. However, the devolved administrations are involved in developing UK policy on European matters, and Scottish, Welsh and Northern Irish Ministers and officials are on the UK team at relevant EU meetings. All other aspects of agriculture have been devolved. This is a joint report by all devolved administrations.

2. MAFF launched a wide ranging consultation exercise in January on the European Commission's (hereafter known as the Commission) proposals for reform of the Common Agricultural Policy (CAP). After intensive negotiation within the Agriculture Council, as well as at High Level Groups and the Special Committee for Agriculture, agreement was reached by the Heads of Government at the Berlin European Council in March on the Agenda 2000 package of reforms. The reform to the CAP brings closer the UK objective of securing a competitive and sustainable agricultural industry for the future. Following Berlin, there were two further consultation exercises, in April and August, when a wide range of views were sought on the discretionary options of CAP reform. On 7 December, the Government announced its plans for England for implementation of a radical redirection of support for agriculture and a significant increase in expenditure under the EU Rural Development Regulation (RDR). Rural Development plans for the seven year period 2000-2006, detailing the measures to be implemented and the proposed expenditure, were submitted to the Commission around the turn of the year. The plan was drawn up in partnership with key rural interests and includes a chapter for each region. In Scotland, separate consultation exercises were undertaken. Similarly plans have also been drawn up in Wales and Northern Ireland.

3. Work has been progressed to promote policies and actions that integrate the social, economic and environmental objectives that will

deliver sustainable agriculture. The Agriculture Council endorsed a strategy on the integration of environment and sustainable development into the CAP. An important element of this strategy was the Agenda 2000 CAP reforms, notably the RDR.

4. A major issue in 1999 was the continued low level of farm incomes and the state of the farming industry. The Government has responded to these difficulties with a variety of measures: more support for hill farmers (an extra £60 million in HLCAs for 1999 and 2000); securing EU funds to compensate farmers for the strength of the pound relative to the euro (£526 million over the next 5 years); grant aid for improvements in marketing and development (£6 million); higher rates of payment and more resources for organic conversion (£10 million); through deferral of charges for cattle passports (£22 million per annum) and Specified Risk Material inspections (£18 million per annum); and review of regulatory burdens on agriculture.

5. Bovine Spongiform Encephalopathy (BSE) remained a major farming issue throughout 1999. The most important achievement of the year was the progress made in lifting the beef export ban. In July, the Commission announced that exports of UK beef produced under the Date-Based Export Scheme (DBES) could begin as from 1 August 1999. All member states apart from France and Germany lifted their national bans on British beef by mid August. The Commission confirmed that exports of British beef under the DBES were as safe as any in Europe. An understanding with France was achieved without any UK concessions in November, but the French Government has nevertheless maintained the ban. The Commission has initiated legal proceedings against France for its failure to implement EU law. Germany intends to lift the ban, but the Federal Government has first to obtain the support of the Länder.

6. The 1998/99 winter was generally mild although particularly wet in Northern Ireland. There were some spells of cold wintry weather in Scotland. The preceding wet autumn had left some crops un-planted until the spring, when more spells of wet weather in March and April further hampered progress with cultivations and drilling and prevented livestock being turned out to grass. The generally mild spring encouraged grass growth but wet conditions made grazing difficult. As a consequence, by the time animals were outside day and night, fodder stocks had run very low in some areas, notably in Northern Ireland. Unsettled weather in late May and early June tended to make silage making a protracted affair. Drier weather in July helped growth rates with lambs and rearing cattle. Early August was wet in England and Wales, hampering progress with harvest and in some cases leading to rapid deterioration of grain quality and high moisture content of cereals. The harvest proceeded more smoothly in Scotland where conditions were generally drier. A return to drier weather in the first half of September enabled cereal growers to catch up with harvest in the main arable areas of England, but more wet and unsettled weather in the second half of September meant that the last stages of the harvest lingered on until early October in some areas. A wet

start to October added to the frustration of arable farmers, bringing delays to seedbed preparation and autumn drilling and potential damage from slugs. Spells of drier weather in October and November, however, enabled a great deal of catching up in terms of autumn drilling, maize silage making, potato lifting and sugar beet lifting.

**Agriculture and food
in the national
economy**
(Table 1.1)

7. A comparison of the provisional estimates of the production and income of UK agriculture in 1998 and 1999 shows the following:

- Total Income From Farming in 1999 in the UK, which represents the income to farmers, partners, directors, their spouses and most other family workers, is estimated to be broadly unchanged compared to its 1998 level. The estimates show that in real terms it is £28 million or 1.2 per cent lower. However, this will mask greater sectoral and regional variation. A fall in the number of farmers resulted in a slight increase in income per person of 1.6 per cent in real terms. In real terms Total Income From Farming doubled between 1990 and 1995 before falling back by over 60 per cent between 1995 and 1999.
- The value of output (including subsidies directly related to products) was 3.1 per cent or £518 million lower at current prices in 1999, despite a 0.9 per cent increase in the volume of output. The revenue from most commodities was lower due to lower prices brought about by the continued strength of sterling and oversupply in the commodity markets.
- *Cereals* areas fell by 8.3 per cent as a result of increased set-aside, but this was partly offset by improvements in yields - up 7.6 per cent overall. The output value of wheat fell by £107 million or 6.5 per cent and of barley by £42 million or 5.4 per cent in response to lower volumes of sales and lower prices.
- The output value of *potatoes* increased by £131 million or 21 per cent in 1999. This reflects a balance of high prices in the first half of the year and low prices in the second half.
- The output value of all *horticultural commodities* rose slightly by 0.3 per cent in 1999 to £1,899 million.
- The output value of *beef* was similar to last year with reduced subsidies being offset by higher market prices and production.
- The output value of *sheep and lambs* was 11 per cent or £126 million lower than in 1998, despite increased production. Both market prices and subsidies were lower than the previous year.
- The output value of *pigs* was 11 per cent or £99 million down on 1998, due to a fall in production following the reduction in the

breeding herd and lower prices.

- The output value of *poultrymeat* decreased by £100 million or 7.4 per cent. The volume of production fell slightly by 2.1 per cent, the first fall in a number of years. Prices were poor due to oversupply and pressure from imports.
- The output value of *milk* fell by 1.7 per cent or £45 million, due to lower prices received by farmers. The average price of milk fell by just less than 1p per litre, caused in part by the strength of sterling.
- The value of *eggs* for human consumption decreased by £40 million or 10 per cent with the volume of production at its lowest level since 1989.
- The fall in the value of output was offset by reduced costs. The cost of the industry's *intermediate consumption* was 2.4 per cent or £215 million lower than in 1998. The cost of *paid labour* decreased by 0.6 per cent or £12 million, mainly due to a decrease in the number of *interest payments* were 13 per cent or £87 million lower even though there was an increase in the level of borrowing.
- The *productivity* of the industry improved by 2.6 per cent in 1999 as farmers reduced their consumption of inputs but maintained their level of outputs. In particular paid labour was reduced. *Labour productivity* (as measured by net value added per annual work unit of all labour) increased by 8.2 per cent.
- *Net Value Added at factor cost* is the best measure of value added by the industry because it includes all subsidies on production (some are not included in output e.g. set-aside and agri-environment). It makes no allowance for interest, rent or labour costs. It shows a fall of 1.9 per cent.
- The volume of *paid labour* fell by 4.3 per cent and the volume of *entrepreneurial labour* fell by 2.7 per cent. Overall there was a reduction in labour of 3.3 per cent in terms of annual work units in the industry (an annual work unit represents a full time person).

TABLE 1.1 Agriculture and food in the national economy

Enquires: Mr S J Holding on 01904 455080

Calendar years

	Average of 1988-90	1995	1996	1997	1998 (provisional)	1999
Agriculture's contribution to total economy gross value added (a):						
at current prices (£ million)	6,717	9,926	9,616	8,128	7,288	6,991
volume index (1995=100)	86.4	100.0	100.9	102.9	108.2	114.6
% of total GVA (current prices)	1.5	1.6	1.5	1.2	1.0	0.9
Workforce in agriculture ('000 persons) (b)	662	620	616	611	615	593
% of total workforce in employment	2.4	2.3	2.3	2.2	2.2	2.1
Gross fixed capital formation in agriculture:						
total GFCF at current prices (£ million)	1,982	2,620	2,557	2,544	2,037	..
% of national GFCF (current prices)	1.9	2.3	2.0	1.9	1.4	..
volume indices (1995=100):						
buildings & works, plant & machinery, vehicles	78.7	100.0	98.2	84.9	67.4	..
livestock	107.9	100.0	94.9	115.1	112.0	105.5
Imports of food, feed and drink (£ million) (c)	11,440	16,257	17,766	17,170	17,198	17,269
Imports from the Fourteen:	7,475	10,228	11,120	10,959	10,979	11,141
of which: food, feed and non alcoholic drinks	6,333	8,764	9,505	9,271	9,198	9,354
alcoholic drinks	1,142	1,464	1,615	1,689	1,781	1,787
Imports from the rest of the world:	3,965	6,028	6,646	6,211	6,220	6,127
of which: food, feed and non alcoholic drinks	3,842	5,663	6,144	5,638	5,565	5,370
alcoholic drinks	122	365	502	573	655	757
Volume index (1995=100) (f)	84.7	100.0	106.9	110.1	121.1	124.6
Unit value (price) index (1995=100) (d)	80.1	100.0	103.6	97.2	89.5	86.5
% of total UK imports	9.7	9.7	9.7	9.1	9.0	8.8
Exports of food, feed and drink (£ million) (c)	5,716	9,974	10,058	9,924	9,246	8,715
Exports to the Fourteen:	3,391	6,452	6,396	5,933	5,865	5,535
of which: food, feed and non alcoholic drinks	2,709	5,331	5,212	4,784	4,738	4,454
alcoholic drinks	682	1,122	1,184	1,149	1,128	1,081
Exports to the rest of the world:	2,325	3,522	3,662	3,991	3,381	3,180
of which: food, feed and non alcoholic drinks	1,213	1,787	1,862	1,978	1,745	1,522
alcoholic drinks	1,112	1,735	1,801	2,012	1,636	1,658
Volume index (1995=100) (f)	73.6	100.0	100.9	103.8	102.6	99.0
Unit value (price) index (1995=100) (d)	76.7	100.0	102.3	96.5	93.3	93.5
% of total UK exports	6.1	6.5	6.0	5.8	5.6	5.3
UK self-sufficiency in food as a % of:						
all food	73.0	73.5	69.9	68.1	67.3	68.4
indigenous type food	84.7	86.5	83.1	81.5	81.4	81.6
Household final consumption expenditure on household food and alcoholic drinks at current prices (£ million) (e)	59,015	75,313	80,287	82,297	84,196	85,300
of which: household food	39,150	49,274	52,513	53,188	54,175	54,100
alcoholic drinks	19,864	26,039	27,774	29,109	30,021	31,200
at constant 1995 prices (£ million)	75,441	75,313	77,837	79,064	78,795	78,100
of which: household food	47,113	49,274	50,931	51,786	51,951	51,400
alcoholic drinks	28,328	26,039	26,906	27,278	26,844	26,600
% of total household final consumption expenditure	19.0	17.2	17.2	16.5	16.0	15.2
of which: household food	12.6	11.2	11.2	10.7	10.3	9.7
alcoholic drinks	6.4	5.9	5.9	5.8	5.7	5.6
Retail price indices (1995=100)						
food	81.4	100.0	103.3	103.4	104.7	105.0
alcoholic drinks	69.6	100.0	102.9	105.8	109.4	112.2
all items	77.9	100.0	102.4	105.7	109.3	111.0

source: MAFF Statistics

- (a) In order to estimate the total GVA at basic prices for the entire economy, the fourth quarter has been estimated using the trend of the previous three quarters. This has been apportioned to the countries using the 1997 proportions to give an estimated country GVA at basic prices.
- (b) Figures from 1998 are on a different basis to previous years (see headnote to table 2.5).
- (c) This aggregate covers SITC divisions 01-09, 11, 22 and section 4.
- (d) Data provided by Office for National Statistics (ONS).
- (e) Household final consumption expenditure replaced 'Consumer's expenditure' in 1998 when National Accounts adopted the European System of Accounts.

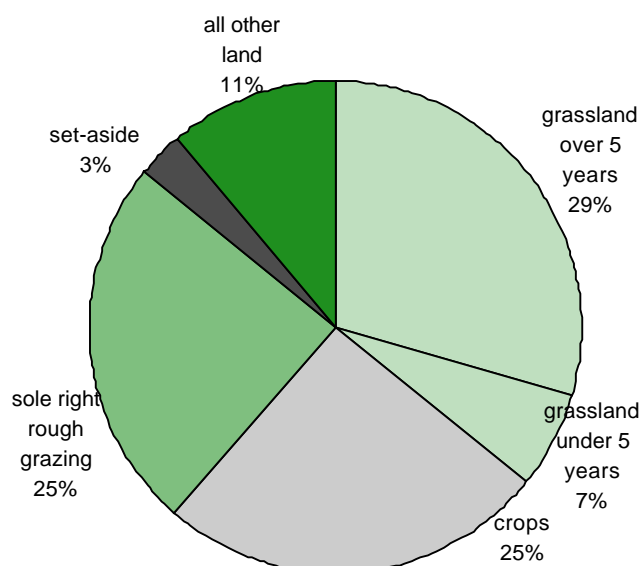
Chapter 2 The structure of the industry

Introduction

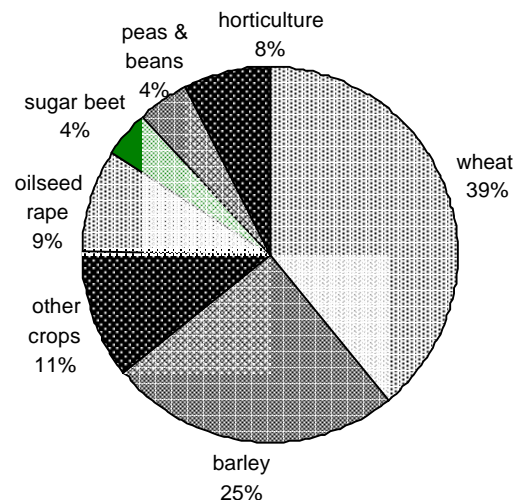
1. The tables in this section portray the size and structure of the UK agricultural industry in 1999 and earlier years. Together they provide information on land use and livestock numbers in UK agriculture, on the distribution of these between holdings, on the industry's labour force and on its fixed capital.

Chart 2.1 Agricultural land use

Total area on agricultural holdings



Area of crops grown



Crop areas and livestock numbers (Tables 2.1 and 2.2)

2. At June 1999 the total area of agricultural land was 18.6 million hectares, some 76 per cent of the total land area in the UK. The June 1999 Census showed a decrease of 5.3 per cent in the area of crops in the UK, following a smaller decrease in the preceding year. This is largely as a result of changes to the set-aside rate that went up from 5 per cent to 10 per cent for the 1999 harvest. The area of cereals fell by 8.2 per cent. Decreases in wheat and barley were partially offset by an increase in linseed, reflecting a change in expected returns.

3. The total cattle population declined slightly between 1998 and 1999 falling by 0.8 per cent. Despite the downward trend seen in the dairy herd over recent years, a product of increasing milk yield, the dairy herd remained at a similar level to 1998. This was due to the large number of farms reporting a small increase offsetting the reported decreases. The

beef herd decreased by 1.2 per cent.

4. The total number of pigs fell by 11 per cent in the year to June 1999, within which the breeding herd fell by 11 per cent.

5. The number of sheep and lambs increased by 0.4 per cent, continuing the increases seen in the previous years. The number of lambs fell by 0.2 per cent.

6. The pattern of land use on agricultural holdings in 1999 is shown in chart 2.1 and the changes in crop areas and livestock numbers between 1998 and 1999 are shown in chart 2.2

Sizes of holdings and enterprises

(Tables 2.3 and 2.4)

7. Table 2.3 shows a continuation of the long-term trend towards larger holdings. Whilst holdings of 200 ESU's and over comprise less than 2.7 per cent of all holdings, they account for over a quarter of all agricultural activity (27.5 per cent measured by total ESU's)

8. Size distributions of main holdings according to their crop areas and livestock numbers are presented in table 2.4. This table excludes minor holdings which are very small in terms of their area and livestock numbers (less than one per cent of total production for most items). The long-term trend in most agricultural sectors is generally towards larger enterprises, although the comparison for crop-growing enterprises will be affected by changes in the set-aside rate between 1993 and 1999.

Labour force in agriculture

(Table 2.5)

9. The 1999 labour figures show a decrease in the total labour force of 3.6 per cent, the largest decrease in the period shown. These results are not unexpected given the financial pressures experienced by most sectors of the industry over the last few years. The decrease is also consistent with the reduction in agricultural activity between 1998 and 1999.

Fixed capital stock

(Table 2.6)

10. Table 2.6 provides information on the gross stock of fixed capital (excluding land and livestock) available to the agricultural industry. The figures are shown at constant 1995 prices before allowing for depreciation and give a broad indication of how this aspect of the industry's productive capacity has changed over the years. Agriculture's fixed capital stock, valued at 1995 prices, is estimated to have been £33,540 million at the end of 1998 – a decline of 1.6 per cent on the previous year. The total capital stock by 1998 was 3.2 per cent below the 1988-90 average level. This was the result of reductions in each of the three asset categories.

TABLE 2.1 Agricultural land use

Enquiries: Mr M H Templeton on 01904 455306

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

'000 hectares	At June of each year					
	Average of 1988-90	1995	1996	1997	1998	1999
Total agricultural area (total area on agricultural holdings plus common rough grazing)	18,932	18,746	18,750	18,653	18,599	18,579
This comprises:						
Crops	5,136	4,544	4,722	4,990	4,972	4,709
Bare fallow	66	43	37	29	34	33
Total tillage	5,203	4,586	4,759	5,020	5,005	4,742
All grass under five years old	1,601	1,407	1,395	1,405	1,303	1,226
Total arable land	6,804	5,993	6,154	6,425	6,308	5,968
All grass five years old and over (excluding rough grazing)	5,280	5,375	5,354	5,282	5,350	5,449
Total tillage and grass (b)	12,085	11,368	11,507	11,706	11,658	11,417
Sole right rough grazing	4,991	4,785	4,760	4,657	4,624	4,575
Set-aside	..	633	509	306	314	572
All other land (c) and woodland	600	734	751	763	777	789
Total area on agricultural holdings	17,699	17,520	17,527	17,432	17,372	17,352
Common rough grazing (estimated)	1,233	1,226	1,223	1,221	1,227	1,227

source: MAFF Statistics

(a) Historical data are not directly comparable to previous editions, as Scottish minor holdings were not then included. Also from 1997 the Northern Ireland census was based on an improved register of holdings.

(b) Includes bare fallow.

(c) In Great Britain other land comprises farm roads, yards, buildings (excluding glasshouses), ponds and derelict land. In Northern Ireland other land includes land under bog, water, roads, buildings etc. and wasteland not used for agriculture.

TABLE 2.2 Crop areas and livestock numbers

Enquiries: Mr M H Templeton on 01904 455306

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

At June of each year

	Average of 1988-90	1995	1996	1997	1998	1999
Crop areas ('000 hectares)						
Total	5,136	4,544	4,722	4,990	4,972	4,709
This comprises:						
Total cereals	3,812	3,182	3,359	3,514	3,420	3,141
of which: wheat	1,992	1,859	1,976	2,036	2,045	1,847
barley	1,684	1,193	1,269	1,359	1,255	1,179
oats	111	112	96	100	98	92
rye and mixed corn	12	11	11	12	11	10
triticale	8	7	7	8	10	13
Other arable crops (excluding potatoes)	938	1,003	996	1,126	1,192	1,211
of which: oilseed rape	353	354	356	445	506	417
sugar beet not for stockfeeding	197	196	199	196	189	183
hops	4	3	3	3	3	3
peas for harvesting dry and field beans	230	195	178	197	213	202
linseed (c)	26	54	49	73	99	209
other crops	137	201	211	211	200	197
Potatoes	178	172	178	166	164	178
Horticulture	208	187	189	185	178	179
of which: vegetables grown in the open	142	130	132	126	123	126
orchard fruit (d)	36	28	28	30	28	28
soft fruit (e)	15	12	12	11	10	9
ornamentals (f)	14	15	14	14	14	13
glasshouse crops	2	2	2	2	2	2
Livestock numbers ('000 head)						
Total cattle and calves	12,101	11,857	12,040	11,633	11,519	11,423
of which: dairy cows	2,876	2,603	2,587	2,478	2,439	2,440
beef cows	1,520	1,840	1,864	1,862	1,947	1,924
heifers in calf	801	775	818	848	787	763
Total sheep and lambs	43,184	43,304	42,086	42,823	44,471	44,656
of which: ewes and shearlings (g)	20,176	20,830	20,550	20,696	21,260	21,458
lambs under one year old	21,704	21,350	20,443	21,032	22,138	22,092
Total pigs	7,746	7,627	7,590	8,072	8,146	7,284
of which: sows in pig and other sows for breeding	686	654	649	683	675	603
gilts in pig	104	101	107	116	103	85
Total fowl (h)	126,514	127,638	..	..	148,292	150,494
of which: table fowl including broilers	73,413	77,177	..	..	98,244	101,625
laying fowl (i)	35,103	31,837	..	..	29,483	29,258
growing pullets	10,417	10,210	..	..	9,863	9,583

source: MAFF Statistics

(a) The crop area figures shown in this table may differ from those shown in Chapter 5 because of multi-cropping and later data may have been incorporated here.

(b) Historical data are not directly comparable to previous editions, as Scottish minor holdings were not then included.

(c) England and Wales only prior to 1992.

(d) Includes non-commercial orchards.

(e) Includes wine grapes.

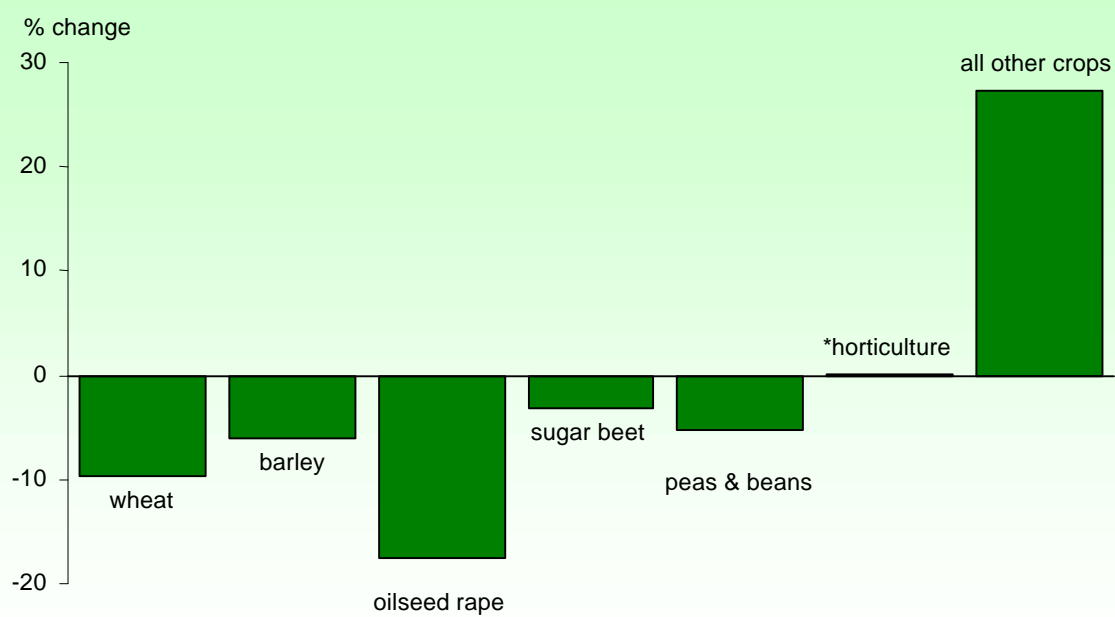
(f) Hardy nursery stock, bulbs and flowers.

(g) Due to improvements to the questions on sheep, historic data are not directly comparable with 1995-1999.

(h) 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 preceding years' results. The 1997 figures are also not directly comparable with those of 1998 or 1999.

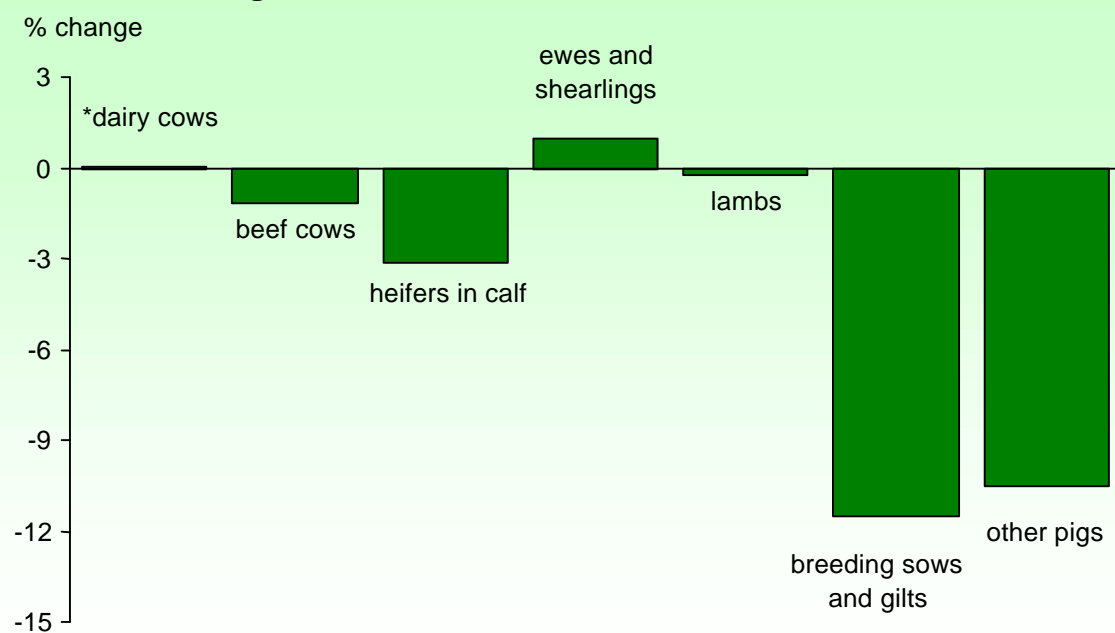
(i) Excludes fowls laying eggs for hatching.

Chart 2.2 Changes in crop area



* The change in horticulture between 1998 and 1999 is less than 0.2%.

Chart 2.3 Changes in livestock numbers



*The change in dairy cows from 1998 to 1999 is less than 0.1%.

TABLE 2.3 Numbers and sizes of holdings

Enquiries: Mr M H Templeton on 01904 455306

The data in this table exclude minor holdings for Great Britain. In Northern Ireland all active farms are included (a)

At June of each year

		1994		1999	
		Number of holdings ('000)	Percent of total ESU	Number of holdings ('000)	Percent of total ESU
Size of holding (ESU) (b) (European size units (ESUs) 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 average 1987-89 values. The threshold of 8 ESU is judged to be the minimum for full-time holdings).	under 8 ESU	108.9	2.8	113.4	2.9
	8 to under 40 ESU	70.4	16.7	63.3	14.8
	40 to under 100 ESU	43.3	31.5	40.1	29.3
	100 to under 200 ESU	15.9	24.6	16.4	25.6
	200 ESU and over	5.7	24.5	6.4	27.5
	Total	244.3	100.0	239.6	100.1
	Average size (ESUs):				
	All holdings		35.9		36.6
	Holdings 8 ESU and over		62.9		67.5
		Number of holdings ('000)	Hectares ('000)	Number of holdings ('000)	Hectares ('000)
Total area on holdings (b)	under 20 hectares	103.0	839	93.4	820
	20 to under 50 hectares	58.7	1,942	75.3	1,804
	50 to under 100 hectares	41.9	2,972	34.2	2,823
	100 hectares and over	40.6	11,357	36.7	11,458
	Total	244.3	17,109	239.6	16,906
	Average area (ha):				
	All holdings		70.0		66.6
	Holdings 8 ESU and over		109.6		114.6
	% of total area on holdings with 100 hectares and over		66.4		67.8
		Number of holdings ('000)	Hectares ('000)	Number of holdings ('000)	Hectares ('000)
Tillage and grass area (b) (c) (d)	0.1 to under 20 hectares	101.7	819	103.1	794
	20 to under 50 hectares	59.2	1,954	54.8	1,806
	50 to under 100 hectares	40.7	2,872	38.7	2,742
	100 hectares and over	29.3	5,521	30.5	5,927
	Total	230.8	11,165	227.1	11,268
	Average crops and grass area per holding (hectares) (e)				
			48.4		49.6
	% of total crops and grass area on holdings with 100 hectares and over		49.4		52.6

source: MAFF Statistics

(a) From 1997 the Northern Ireland census was based on an improved register of farm businesses. Data for 1999 refer to all active farms having one or more hectare of farmed land plus any below that size which had significant agricultural output.

(b) Land in Great Britain let out under short term lets is attributed to the lessor, but land so let out in Northern Ireland (under the conacre system) is now attributed to the lessee. This difference, which applies to both the 1994 and 1999 figures in the table, affects both the number of holdings and their average size.

(c) The numbers of holdings shown in this part of the table are lower than those presented in the "total area" part of the table because holdings without crops and grass are excluded.

(d) The areas shown in this part of the table exclude set-aside land.

(e) Refers to holdings with crop and grass.

TABLE 2.4 Numbers and sizes of enterprises

Enquiries: Mr M H Templeton on 01904 455306

The data in this table exclude minor holdings in Great Britain. In Northern Ireland all active farms are included. (a)

Areas refer to the area of the specified crop and not to the area of the holding

At June of each year

		1994		1999	
		Number of holdings ('000)	Hectares ('000)	Number of holdings ('000)	Hectares ('000)
Cereals (excluding maize)	0.1 to under 20 hectares	35.8	310	31.2	284
	20 to under 50 hectares	19.2	623	17.4	568
	50 hectares and over	18.7	2,105	19.4	2,284
	Total	73.7	3,037	68.1	3,137
	Average area (hectares)(b)		41.2		46.1
	% of total cereals area on holdings with 50 hectares and over		69.3		72.8
Oilseed rape	0.1 to under 20 hectares	9.4	101	8.9	97
	20 to under 50 hectares	5.4	165	5.7	177
	50 hectares and over	1.7	137	2.0	160
	Total	16.5	404	16.5	434
	Average area (hectares)(b)		24.5		26.2
	% of total oilseed rape area on holdings with 50 hectares and over		34.0		36.8
Sugar beet (England and Wales only)	0.1 to under 10 hectares	4.2	23	3.6	20
	10 to under 20 hectares	2.7	38	2.5	36
	20 hectares and over	3.1	134	2.9	126
	Total	9.9	194	9.0	182
	Average area (hectares)(b)		19.6		20.3
	% of total sugar beet area on holdings with 20 hectares and over		68.8		69.2
Potatoes	0.1 to under 10 hectares	14.9	41	11.8	37
	10 to under 20 hectares	2.8	39	3.1	43
	20 hectares and over	2.2	82	2.4	93
	Total	19.9	162	17.3	173
	Average area (hectares)(b)		8.1		10.0
	% of total potato area on holdings with 20 hectares and over		50.7		53.9

source: MAFF Statistics

TABLE 2.4 Numbers and sizes of enterprises (continued)

Enquiries: Mr M H Templeton on 01904 455306

The data in this table exclude minor holdings in Great Britain. In Northern Ireland all active farms are included. (a)

Areas refer to the area of the specified crop and not to the area of the holding

At June of each year

		1994		1999	
		Number of holdings ('000)	Number of livestock ('000)	Number of holdings ('000)	Number of livestock ('000)
Dairy cows	1 to 49 dairy cows	18.1	477	13.3	350
	50 to 99	14.2	1,007	12.0	857
	100 and over	8.2	1,229	8.2	1,230
	Total	40.5	2,713	33.4	2,437
	Average size of herd		66.9		73.0
	% of total dairy cows in herds of 100 and over		45.3		50.5
Beef cows	1 to 19 beef cows	44.1	329	39.8	328
	20 to 49	18.2	564	19.1	594
	50 and over	9.7	868	10.7	981
	Total	72.1	1,761	69.6	1,903
	Average size of herd		24.4		27.4
	% of total beef cows in herds of 50 and over		49.3		51.6
Sheep breeding flock	1 to 99 breeding sheep	42.0	1,690	36.8	1,566
	100 to 499	36.0	8,331	33.7	7,918
	500 and over	11.0	9,804	11.6	10,753
	Total	88.9	19,824	82.1	20,237
	Average size of flock		222.9		246.4
	% of total breeding sheep in flocks of 500 and over		49.5		53.1
Pig breeding herd	1 to 49 breeding pigs	7.7	73	5.9	48
	50 to 99	1.1	76	0.6	46
	100 and over	2.3	632	1.9	672
	Total	11.1	781	8.4	765
	Average size of herd		70.7		91.5
	% of total breeding pigs in herds of 100 and over		80.9		87.8
Fattening pigs (Fattening pigs of over 20kg liveweight excluding barren sows)	1 to 199 fattening pigs	7.0	284	5.1	186
	200 to 999	3.0	1,469	2.2	1,159
	1,000 and over	1.4	2,960	1.4	3,130
	Total	11.4	4,713	8.7	4,475
	Average size of herd		413.8		513.0
	% of total fattening pigs in herds of 1,000 and over		62.8		69.9

source: MAFF Statistics

TABLE 2.4 Numbers and sizes of enterprises (continued)

Enquiries: Mr M H Templeton on 01904 455306

The data in this table exclude minor holdings in Great Britain. In Northern Ireland all active farms are included. (a)

Areas refer to the area of the specified crop and not to the area of the holding

At June of each year

		1994		1999	
		Number of holdings (‘000)	Number of livestock (‘000)	Number of holdings (‘000)	Number of livestock (‘000)
Broilers (Includes small numbers of other table fowl in Scotland and Northern Ireland)	1 to 9,999 broilers	1.4	1,048	0.9	748
	10,000 to 99,999	0.9	33,478	0.8	33,994
	100,000 and over	0.2	39,316	0.3	66,835
	Total	2.5	75,164	2.0	101,577
	Average size of flock		30,333		50,789
	% of total broilers in flock of 100,000 and over		52.3		65.8
Laying fowls	1 to 4,999 laying fowls	29.9	2,640	25.6	2,246
	5,000 to 19,999	0.6	6,387	0.6	5,754
	20,000 and over	0.4	31,738	0.3	29,221
	Total	30.9	40,765	26.5	37,221
	Average size of flock		1,319		1,403
	% of total laying fowls in flocks of 20,000 and over		77.9		78.5

source: MAFF Statistics

(a) Figures for 1999 are not directly comparable with those for 1994 because improvements were introduced in 1997 to census methodology to account for production on unregistered units.

(b) Average area refers to the average area of the specified crop on holdings that grow that crop. Holdings that do not grow the crop are excluded from the calculation.

TABLE 2.5 Labour force in agriculture

Enquiries: Mr M Rowland on 01904 455658

The data cover main and minor holdings in the United Kingdom (a) (b)

'000 persons

At June of each year

	Average of 1988-90	1995	1996	1997 (a)	1998	1999 (provisional)
Workers						
Regular whole-time:						
male	115	90	89	88	88	83
female	15	13	13	13	13	12
Total	130	103	102	100	101	95
Regular part-time: (c)						
male	30	30	31	31	30	27
female	28	24	23	23	25	23
Total	58	54	55	54	54	50
Seasonal or casual:						
male	55	56	56	55	56	52
female	35	27	26	26	24	21
Salaried managers	8	8	8	8	12	14
Total workers	287	249	246	243	247	232
Farmers, partners, and directors						
whole-time	193	174	170	168		
part-time (c)	104	119	122	123		
Total farmers, partners and directors	297	293	293	291		
Spouses of farmers, partners and directors (engaged in farm work)	79	78	78	77		
Farmers, partners, directors and spouses						
whole-time					188	181
part-time (c)					179	180
Total farmers, partners, directors and spouses	376	371	371	368	368	361
Total labour force (including farmers and their spouses) (d)	662	620	616	611	615	593

source: MAFF Statistics

(a) From 1997 the Northern Ireland census was based on an improved register of farm businesses and included all active farms having one or more hectare of farmed land plus any below that size which had significant agricultural output.

(b) Results from 1998 may not be fully consistent with previous years, due to changes in the labour questions on the June Agricultural and Horticultural Census.

(c) Part-time is defined as 39 hours or less per week in Great Britain and less than 30 hours per week in Northern Ireland.

(d) Figures exclude schoolchildren and most trainees.

TABLE 2.6 Fixed capital stock of agriculture (a)

Enquiries: Mr R G Young on 020 7270 8612

At end year

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Gross capital stock (£ million, 1995 prices)						
Buildings and works	19,000	19,160	19,040	18,890	18,660	..
Plant and machinery	13,670	13,130	13,240	13,130	12,830	..
Vehicles	1,970	1,990	2,040	2,060	2,050	..
Total	34,640	34,280	34,320	34,080	33,540	..

source: MAFF Statistics

(a) Excludes livestock capital assets.

Chapter 3 Policy developments in 1999

European Union Developments

Agenda 2000/CAP reform

1. The Government's long term policy is to secure a more competitive and sustainable industry with a stronger market orientation. This was the philosophy in pressing for a radical reform of the CAP throughout the Agenda 2000 negotiations.
2. Although the reform of the CAP did not go as far as the UK would have liked, the agreement reached at the EU in March was an important step forward:
 - The changes will help agriculture meet the challenges of further liberalisation of trade, including our ambitions of European Union enlargement and the World Trade Organisation (WTO) round;
 - a significant shift from price support to direct payments was agreed, which will reduce the economic distortions of the CAP; and
 - an integrated EU rural development policy was created, providing the basis for a welcome shift of emphasis from production support towards environmental and rural economy measures in the future.
3. CAP reform is estimated to deliver annual net savings to the UK economy of roughly £200 million in 2001 rising to £500 million in 2008. Savings are estimated to be equivalent to some £65 for an average family of four provided the likely reductions in market prices are passed to retail. CAP reform will result in significant savings for consumers, of the order of £1 billion a year on aggregate when all the changes have been worked through.

Rural development

4. RDR, or so-called "second pillar" of the CAP, brings together in a single framework one obligatory and eight optional co-funded measures to support, amongst other things, agri-environment schemes, less favoured areas, woodland planting and management and measures to assist structural adjustment in the farming industry including support for rural development on and off farm. Integrated support under this

Regulation is brought together at member state level in seven-year rural development plans, commencing in January 2000, which are subject to Commission approval as programmes. The Regulation emphasises the importance of integration, and the development and use of measures at the appropriate geographical level. Separate Plans have been prepared for England, Scotland, Wales and Northern Ireland. The England Plan contains regional chapters (based on Government Office regional boundaries) and envisages regional implementation of measures to support marketing and processing of agricultural products, training and general rural development. Proposed expenditure in England over seven years is expected to total more than £1.6 billion of which around £1 billion will support agri-environment measures. Key parts of the England RDP were submitted to the Commission at the end of 1999. The full Plan was submitted on 1 February 2000.

5. The Scottish Plan, submitted to the Commission on 29 December, includes proposals for supporting less-favoured areas, agri-environment, forestry, marketing and processing, diversification of agriculture and other rural development activities. Annual expenditure in Scotland on activities included within the scope of the Regulation is likely to amount to around £98 million; this sum includes forecast expenditure on RDR measures included within the Highlands and Islands Special Transitional Programme. Similarly, and following extensive consultation by the National Assembly for Wales, a RDP for Wales was submitted to the Commission on 23 December.

Modulation

6. As part of the Agenda 2000 agreement, member states are allowed to recycle a proportion of farmers' direct payments under CAP commodity regimes. Recycled monies are available to member states as additional Community support for certain measures under the RDR.

7. Following the comprehensive consultation exercise throughout 1999, MAFF announced on 7 December its plans for a radical redirection of support for agriculture and a significant increase in expenditure on rural development measures under the RDR. In order to secure this significant increase in funds going into rural development measures, modulation will be introduced at a flat rate to all direct payments to farmers under CAP commodity regimes from 2001. The rate will start at 2.5 per cent, rising gradually to 4.5 per cent in 2005 and 2006; the contribution by farmers will be fully match-funded by the Exchequer (i.e. each pound contributed by farmers matched by a pound from the Government).

8. Northern Ireland has also drawn up its RDR plans incorporating a redirection of producer support through the modulation plus additional match funding. The devolved administrations in Scotland and Wales are currently consulting on separate schemes for modulation. The balance

of measures financed may vary to those set out in the England RDP.

Cross-compliance

9. The Horizontal Measures Regulation also provides for cross-compliance (attaching environmental conditions to agricultural support payments). This is one of three mechanisms for member states to consider, along with agri-environment schemes and general environment legislation.

10. In England the RDP will show an expansion of our agri-environment schemes because these actively promote positive management of the countryside and deliver environmental gains. In addition, there is also legislation in place to prevent environmental damage arising from e.g. pollution, pesticides, removal of valuable hedgerows, etc. The Government is still considering, in the light of consultation responses, whether new cross-compliance measures would have a role to play alongside these other mechanisms.

11. The consultation revealed numerous suggestions of environmental conditions which might be attached to agricultural support payments. However, these would need to be considered very carefully with regard to whether they would be easily understood, their ease of enforcement, the environmental benefits and the costs to farmers.

12. Further work is being done on this. If possible cross-compliance measures were identified, there would be a further round of consultation on any detailed proposals before introducing them. Meanwhile, two specific cross-compliance measures that have been applied in the UK for some years will be retained: firstly, the condition in the livestock subsidy schemes to prevent overgrazing and environmentally damaging feeding practices; and secondly, the conditions in the arable area payments scheme relating to the management of set-aside land, which help to achieve environmental benefits.

13. The situation in Northern Ireland is similar to that in England. NAWAD will be consulting interested parties soon about prospects for implementing cross compliance in Wales. In Scotland the Executive is still considering the responses to a consultation paper on cross-compliance.

Arable sector

14. In the arable sector, the main points in the Agenda 2000 agreement were:

- a 15 per cent reduction in the cereals intervention price to be phased

in over two years (2000 and 2001);

- obligatory set-aside to be fixed as a default rate of 10 per cent (this will be the rate in 2000);
- area aid compensation for cereals to be increased in two stages to 63 euro per tonne in 2001 with a further increase of 50 per cent of any final reduction in aid agreed for 2002;
- set-aside to be paid at the cereals rate;
- payments on linseed and oilseeds to be reduced and brought into line with the cereals and set-aside rate by 2002;
- proteins to be paid at the rate of 72.5 euro per tonne from 2000;
- the payment window will be 16 November to 31 January (other than for non-food set-aside which may be paid up to 31 March).

15. It was also agreed that the need for further action on the intervention price would be considered in the context of a review of the arable situation before 2002.

Beef sector

16. The main points of the Agenda 2000 agreement for the beef sector were a 20 per cent reduction in the effective support price in three annual steps beginning on 1 July 2000, with the role of intervention significantly reduced. To compensate for the reduction in prices, payments available under the current premium schemes will be significantly increased. A new slaughter premium ultimately worth 80 euro for adult cattle and 50 euro for calves will be introduced together with 'national envelopes' available to member states.

17. There are some areas where member states have discretion in the implementation of Agenda 2000. The UK Government, following agreement with the devolved administrations, intends to implement these areas of discretion in the following ways:

National envelope

The national envelope will be used to top up payments to suckler cow producers in the year 2000. The position for future years will be reviewed. In Northern Ireland the national envelope will be used to top up payments on beef heifers at slaughter.

Beef Special Premium

The 90-head limit on Beef Special Premium claims will be maintained and a UK-wide national ceiling will be introduced against which the need for scale back will be assessed. Both these decisions will be reviewed in the course of 2000.

Suckler Cow Premium

The cut in the Suckler Cow Premium quota will be obtained by reducing producer holdings of quota on a flat-rate basis. From the year 2000 onwards the milk quota for dairy producers claiming Suckler Cow Premium, will be increased from 120,000 kilograms to 180,000 kilograms.

Extensification Premium

The UK will apply a less restrictive two tier model for extensification payments additional to payments under the Beef Special premium and Suckler Cow Premium Schemes

18. The agreed measures should result in a significant reduction in beef prices. This will provide the sector with the opportunity to become more market oriented and may boost consumption. While a greater price reduction would have been desirable, the 20 per cent reduction, coupled with an effective 25 per cent reduction in the 'safety net' support price level is the most radical step that the EU has taken since the regime was instituted in 1968.

Dairy sector

19. The elements of the dairy reform package include:

- the extension of the quota regime until 2008;
- specific quota increases for Italy, Spain, Greece, Republic of Ireland and Northern Ireland over two years starting in 2000/01;
- a 15 per cent reduction in support prices of butter and skimmed milk powder phased over three years starting in the marketing year 2005/06;
- a 1.5 per cent linear increase in milk quotas from 2005/06 (phased over three years) for all member states not receiving specific quota increases (including the UK);
- community-funded compensation for reductions in support prices starting in 2005/06;

- provision for a national envelope of funds for supplementing basic compensation payments; and
- a mid-term review in 2003 with the aim of allowing the present quota arrangements to run out after 2006.

20. The Government favours the orderly phasing out of milk quotas in combination with a reduction in EU support prices to world prices, and direct aid to help farmers adjust to the new regime. Dairy reform was deferred to 2005/06, but the Agenda 2000 package is recognised as insufficient to meet the challenges of the WTO round and enlargement discussions. The UK ensured that the mid-term review in 2003 was retained and not postponed to 2005.

21. In addition, the Government and the devolved administrations have consulted the industry on the implementation of the discretionary elements in the Agenda 2000 dairy reform. The outcome of this exercise was that the quota-leasing deadline will be extended from 31 December to 31 March with effect from the next quota year (2000/01). At the same time, the deadline for processing permanent transfers of quota via a lease of land - though not for other permanent transfers - is being advanced from 31 March to 1 March in order to ensure that the Intervention Board meets its deadline on the levy calculation.

Structural funds

22. As part of Agenda 2000, agreement was also reached on major reform of the Structural Funds, on which DTI lead. Major simplification reduced the number of objectives from 7 to 3, including the transfer of a number of agricultural measures into the RDR with a corresponding switch in funding from the Guidance section of the European Agriculture Guidance and Guarantee Fund (EAGGF) to the Guarantee section. New Community support for areas “lagging behind”, defined under Objective 1, covers rural areas in Cornwall and the Scilly Isles, South Yorkshire and Merseyside and much of Wales with transitional arrangements for the Highlands and Islands of Scotland and Northern Ireland. Agricultural support measures for areas with declining activity, designated as Objective 2, will be provided under the RDR, together with support for areas formerly under Objective 5b but excluded from Objectives 1 or 2.

23. The Community Support Framework for Northern Ireland has been in the course of preparation for some months. An overarching Structural Funds Plan was submitted to the Commission in mid-November followed shortly thereafter by two draft Operational Programmes, a Transitional Objective One Programme and a separate but related Programme under the successor to the Special Support Programme for Peace and Reconciliation which ran very successfully in Northern

Ireland from 1995 to 1999 and which the Commission have agreed to continue under the next round of Structural Funds. Both Operational Programmes contain suggested measures which, subject to successful negotiation with the Commission, will benefit from support under the Guidance Section of the EAGGF. In addition, a separate Plan for the Accompanying Measures provided for in the RDR was submitted to Brussels on 1 February 2000.

24. All three Plans were prepared after lengthy and comprehensive consultation with individuals and organisations representing the widest possible range of farming, food processing, forestry, environmental and rural development interests.

Wine

25. The new wine regime, which was adopted at the May Agriculture Council, is in line with the spirit of Agenda 2000 and enters into force from 1 August 2000. It aims to take account of the current situation in the wine sector including reduced Community production leading to a more balanced market, and policy developments such as the implementation of the GATT Uruguay Round agreements that have opened up the community market to more competitive forces. The elements of particular importance to the UK in the new regime are:-

- retention of wine making practices of specific importance to the English and Welsh wine industry;
- agreement in principle to the provision of additional information on the label which is likely to be useful to the consumer but is currently not permitted;
- a study by the Commission on the use of inter-specific (hybrid) varieties culminating in a report, and if appropriate, proposals to the Agriculture Council by the end of 2003;
- retention of the provisions permitting British wine manufactured from imported grape must;
- maintenance of the aid scheme for the use of EU grape must/juice for the manufacture of British wine and in home wine kits.

26. The Commission envisage administering the new regime under five implementing regulations concerned with production potential (which includes restructuring), market mechanisms, oenological practices, labelling, and producer/sectoral groups. There will also be one transitional regulation. Discussions on these regulations are in progress.

Finance

27. A new Council Regulation on the financing of the CAP from the EAGGF was agreed as part of the Agenda 2000 package. It replaces Council Regulation (EC) No 729/70 and incorporates new financial arrangements which, consistent with the aim of providing a coherent approach to spending on agricultural and rural development programmes, transfer funding of some rural development measures from the Guidance section to the Guarantee section of the EAGGF. Other rules on how member states manage and account for their CAP expenditure have remained largely unchanged.

European Commission

28. All the European Commissioners resigned on 16 March. Under the Treaty of Amsterdam, pending the appointment of a new Commission, the out-going Commissioners still remained in office to deal with routine and urgent matters in order to meet institutional and legal obligations, but no new political initiatives could be taken.

29. At the European Parliament Plenary Session on 5 May Members of the European Parliament approved the nomination of Romano Prodi, former Italian Prime Minister, as President of the Commission.

30. On 9 July, Romano Prodi announced the 1999-2005, following discussion with EU Governments. Under the Treaty of Amsterdam, the 19 designated Commissioners were for the first time agreed between the Governments of the 15 member states and the incoming President Romano Prodi. At the European Parliament Plenary Session on 15 September, the European Parliament approved the appointment of Mr Prodi and the new Commissioners until 22 January 2005. Formal appointment by the Governments of the member states took place on 16 September. Franz Fischler was appointed Commissioner for Agriculture and Fisheries.

Enlargement of the EU

31. 1999 saw a number of significant developments towards enlargement of the EU. The Helsinki European Council, held in December, approved the Commission's proposal that accession negotiations should begin with all applicant countries. This represents a major step forward towards enlargement. Previously, the Luxembourg European Council had designated a "first wave" of candidates (Poland, Hungary, Czech Republic, Estonia, Slovenia and Cyprus) with whom negotiations were opened in November 1998. A "second wave" (Bulgaria, Romania, Slovakia, Lithuania, Latvia and Malta) had not originally been invited to enter negotiations.

32. The chapter-by-chapter examination of the extent to which applicant countries meet the requirements of EU membership ("screening") continued to progress. For the former "first wave", screening of both the agriculture and fisheries chapters has now been completed. The

Commission has carried out a preliminary screening for the former “second wave” and this will continue in 2000.

33. The agricultural trade aspects of the “Europe Agreements”, which seek to further commercial relations with the ten countries of Central and Eastern Europe (CEECs) in preparation for accession, are currently under review. The Commission was given a mandate by the Council in March to re-negotiate the Agreements, and has now opened discussions with all concerned countries. The UK, for its part, continues to argue for further trade liberalisation wherever possible.

34. The UK remains committed to enlargement, and MAFF is assisting wherever possible with applicant countries’ preparations. 1999 saw the departure of three UK experts to Hungary, the Czech Republic and Romania. We hope soon to be sending experts also to Slovenia, Bulgaria and Poland.

35. The Commission also announced special assistance to the ten CEECs in the area of agriculture and rural development. The so-called SAPARD Regulation (Special Accession Programme for Agriculture and Rural Development) was published in June, and details of the allocation amongst the ten countries of the 520 million euro, which will be available under the programme each year, were made available in July. The detailed rules of implementation were agreed in December and a draft Regulation on financial controls is expected shortly.

Price fixing

36. The Commission’s proposals on support prices were agreed by the Agriculture Council in June. The price fixing round was very low key following the Agenda 2000 agreement, with few changes made to the intervention and target prices of the various commodity regimes.

World Trade Organisation

37. The WTO Ministerial Conference in Seattle (30 November – 3 December) was unable to agree an agenda for a new round of multilateral trade negotiations to begin in January 2000. There will be further attempts to make progress towards launching a wide ranging round of negotiations during the course of 2000. In the meantime, negotiations for further liberalisation of agricultural trade will start in 2000 as mandated by the Uruguay Round Agreement on Agriculture. These negotiations will cover all aspects of agricultural support and protection as well as non-trade concerns such as environmental and social objectives.

Export refunds for processed (“non-Annex 1”) products

38. At the end of November the Commission presented a Communication to the Council outlining its strategy to respect its Uruguay Round commitment to reduce expenditure on export refunds (payable on basic agricultural products which are found in processed products, e.g. chocolate, biscuits, spirits, pharmaceuticals and beer) and, in the shorter term, to contain non-Annex 1 expenditure within European

budgetary constraints. This strategy includes the withdrawal of eligibility for refunds from a range of products, reducing refund rates for others, and providing more flexible access to inward processing relief to enable processors to access raw material at world prices.

39. Whilst committed to respecting WTO and budgetary commitments, the UK is seeking to influence the Commission's final strategy to protect the interests of UK exporters of processed agricultural products so as to maintain the competitiveness of European manufacturing industries in international markets. The Communication is expected to be formally considered by the Council of Ministers in March 2000.

Agrimoney

40. The Commission introduced a radical revision of the agrimonetary system to take account of the introduction of the euro from 1 January. The new system abolished the "green rate" system and uses daily market rates to convert CAP payments into national currencies in the four pre-in countries, UK, Denmark, Greece and Sweden. The new measures allow for compulsory compensation, 100 per cent funded by the EU budget this year, for falls in the 1999 CAP direct payments resulting from the transition. The Government announced in September a series of compensation packages for the industry which have all been approved by the Commission. A total of £264 million is available in the first year. Of this, £32 million has been paid to sheep producers, £62 million will be paid to beef producers and £170 million will be paid to arable producers. Up to a further £132 million will be paid in 2000 and 2001.

41. Member states not participating in the single currency have the opportunity of offering producers the option of CAP payments in euros. The UK notified the Commission in August of our intention to offer CAP market support payments, such as export refunds, to traders and processors from Autumn next year. We are awaiting approval. Further consideration is being given to extending this option to direct aid recipients.

Cereals and oilseeds

42. With a repeat of the wet harvest conditions of 1998, an EU derogation on the moisture content of grain offered into intervention applied again in the UK in 1999. The derogation, which allows the sale of grain into intervention at 15 per cent moisture content instead of the standard 14.5 per cent, provided farmers with some welcome additional flexibility at a difficult time.

43. The total area of oilseeds grown in the EU on which crop specific payments were made was within the Maximum Guaranteed Area in 1999. Accordingly no reduction in UK area payments was made and the cumulative penalties from 1997 and 1998 were not applied. No adjustment to the aid was made in respect of oilseed market prices. However, it appears that the EU was much closer to the limit of one million tonnes (in soya bean meal equivalent) of meal produced from

oilseeds grown for non-food purposes on set-aside land which is set under the EC/US Oilseeds Agreement. The Council of Ministers accordingly took up discussion on a proposal made by the Commission in 1995 for a mechanism to deal with this possibility. The Council agreed that the Commission should be able to make detailed rules to ensure that any meal produced in excess of the limit in future years will not be used for food or feed purposes. In making these rules, they will need to take into consideration contracts which will already have been made for the year 2000 and that the method of calculation of soya bean equivalence should be based on the protein content of rape or sunflower meal.

Set-aside

44. Following the agreement on Agenda 2000, the Commission made no proposal in respect of the set-aside rate for the 2000 harvest and the basic rate of 10 per cent will therefore apply. In accordance with the provision adopted under Agenda 2000, that permits member states to establish the maximum part of a claim that can be set-aside up to 100 per cent, Ministers decided to keep the existing 50 per cent maximum, with the exceptions of land that had been in continuous set-aside since the Five Year Set-aside Scheme; land planted with multiannual biomass crops; and land that had been in arable reversion under an agri-environmental scheme and was now leaving that scheme. In drawing up new implementing rules for the area payments scheme, the Commission responded to UK requests for flexibility in the requirement that set-aside strips should be at least 20 metres wide by allowing this to be reduced to 10 metres alongside permanent watercourses.

Fibre flax and hemp regime

45. In November the Commission issued proposals for a wide-ranging reform of the flax and hemp regime structured around two proposals for Council Regulations. The first would include flax and hemp in the aid scheme for arable crops, aligning the rate of aid per hectare with aid rates for linseed. The second would introduce supplementary assistance in the form of processing aid for fibre and would differentiate between long fibre flax and short fibre flax and hemp. The Commission intends the reform to enter into force on 1 July 2000 and negotiations are underway.

Beef intervention

46. During 1999, beef intervention buying virtually stopped, with only 9,423 tonnes of beef accepted into intervention in the EU, of which 378 tonnes was accepted in the UK - all in Northern Ireland. This compares with EU purchases of 26,850 tonnes in 1998 (of which 10,028 was accepted in the UK) and 248,000 tonnes in 1997 (79,000 tonnes in the UK). No intervention purchases occurred in any member state since early March.

47. The sale of intervention stocks that accumulated during 1996 and 1997 continued during 1999. These sales, for both the internal and external markets, have reduced the stocks of intervention beef held by member states to the point that, by the end of the year, stocks in the UK

totalled only 11,663 tonnes of boneless beef - of which only around 400 tonnes are available for sale (the remaining stocks having already been sold but not yet removed from store). Latest EU stocks are around 40,000 tonnes as at the end of November, all of which with the exception of 400 tonnes in the UK and 10,000 in Germany is committed under various sales programmes.

**Private storage aid -
sheepmeat**

48. Following pressure from the UK on the Commission, and in recognition of the depressed state of the sheepmeat market, tenders for private storage aid were opened in October. The Commission fixed a flat rate for private storage aid of 1,400 Euro/tonne and the maximum amount that could be placed into storage was 2,350 tonnes in the UK. The scheme was fully subscribed in the UK.

Farm animal welfare

49. The June Agriculture Council reached agreement on a new Directive (99/74/EC) setting minimum standards for the protection of laying hens. The Government achieved its aim of securing a ban on the barren battery cage: such cages will be banned from 1 January 2012. The new Directive also lays down minimum welfare standards for other systems for keeping laying hens (e.g., free range and barn/perchery).

50. Legislation banning the use in the UK of close-confinement sow stalls and tethers came into effect on 1 January.

51. New welfare recommendations for ducks and geese, and a revised recommendation on animals farmed for their fur, were adopted by the Council of Europe in June. These recommendations, which lay down minimum welfare standards, came into force in December.

52. During the year consultation was carried out on draft Welfare of Farmed Livestock Regulations which will implement EU Directive 98/58/EC on the protection of animals kept for farming purposes. The draft Regulations specify general welfare conditions under which all farm animals must be kept, and remake, with minor changes, existing welfare requirements for particular species, notably pigs, calves and laying hens in battery cages.

53. Consultation documents were also issued on revised codes of welfare recommendations for sheep and broiler chickens and comments were sought on the Farm Animal Welfare Council report on broiler breeders.

54. MAFF, the devolved administrations and local authorities continued rigorously to enforce existing EU rules on long distance transport of livestock for slaughter, further fattening or breeding. During 1999 further measures to protect the welfare of animals during transport were introduced to provide the legislative basis for the approval of staging points in the UK, as well as creating offences for non compliance with

Community criteria; and to create offences for non compliance with new Community standards for road vehicles used for the carriage of livestock on journeys exceeding 8 hours.

55. A consultation was carried out on proposals to improve the Welfare of Animals (Transport) Order 1997. In Europe, negotiations continued on a revised Council of Europe Convention and Codes of Conduct for the Protection of Animals During International Transport; and on Commission proposals for EU Directives on standards for livestock vessels and type approval for road vehicles manufactured for transport of farm animals and horses.

56. The quality and consistency of welfare standards at livestock markets continues to be promoted through the Strategy for the Protection of Animal Welfare at Livestock Markets. The Strategy sets out the welfare responsibilities of all those concerned with market operation, and presents clear achievable objectives which aim to improve welfare standards where necessary. In July the State Veterinary Service (SVS) published the results of its first assessment of compliance with the Strategy. The conclusions suggest that the standard of animal welfare in markets is generally good. But they also recognise that there remains room for improvement, and that individual problem cases requiring immediate remedial action will continue.

57. In addition to their regular market visits, the SVS are now carrying out twice yearly welfare inspections of all markets. This cycle of continuous assessment is intended to encourage market operators to aim for the highest standards, with the opportunity for regular feedback and guidance. Feedback has indicated that these formal assessments have already re-focused the attention of market operators on welfare issues.

58. The Welfare of Animals (Slaughter or Killing) Regulations 1995 were amended to confine the religious slaughter of animals to licensed slaughterhouses. This change was made after consultation with Muslim organisations and brought our legislation into line with the Commission's interpretation of the EU Directive 93/119/EC on the slaughter or killing of animals. This change was widely publicised to the Muslim community. We were disappointed that the Commission failed to bring forward overdue proposals to amend the Directive.

59. 1998/99 Government expenditure on farm animal welfare research and development was £4.7 million. These programmes continued to promote projects that involve collaboration between research providers and industry. The research programme aims to resolve uncertainties as to the exact nature of welfare requirements and to identify ways in which they can be met under commercial conditions. More generally, the objective is to ensure that policy decisions and the UK input into EU

negotiations are based on sound science.

School Milk Subsidy Scheme

60. Under the School Milk Subsidy Scheme, the EU makes a subsidy available for the provision of whole milk, semi skimmed milk and plain yoghurts to children attending nursery and primary schools. There is also an optional scheme for secondary schools and member states can also provide a subsidy for products used in school meals (catering milk) subject to agreement from the Commission. A further optional element is a subsidy on certain types of cheese.

61. A review of the effectiveness of the scheme was carried out by an independent contractor on behalf of the Commission. It concluded that the objective of encouraging the drinking milk habit in young children was not being met and that the scheme represents poor value for money. However, following strong criticism from most member states concerning the basis of the review and opposition to the suggestion that the scheme might be abolished, the Commission undertook to review the future operation of the scheme. The review is currently underway.

Sugar regime

62. Sugar was not included in the Agenda 2000 reform package. The EU sugar regime does, however, have its own timetable for reform. The Council is required to agree new arrangements for sugar support by the end of 2000 to take effect in July 2001 when key features of the current regime will lapse. A consultation exercise was undertaken in May to seek the views of a wide range of UK sugar interests on how the sugar regime might be changed. The Commission is expected to come forward with the reform proposals in the summer of 2000.

United Kingdom developments

Devolution

63. Agricultural policy has been devolved to the new administrations in Scotland, Wales and Northern Ireland. The Memorandum of Understanding (MOU) setting out the principles which will underlie relations between the UK Government, Scottish Ministers and the Cabinet of the National Assembly for Wales following devolution and supplementary agreements (including overarching concordats on the co-ordination of EU policy issues, international relations, statistics and financial assistance to industry) were signed and published on 1 October. The MOU provides for bilateral concordats between individual UK Government Departments and their counterparts in Scotland and Wales.

64. Elections for the Scottish Parliament took place on 6 May. The Parliament had its first sitting on 12 May and took on its full legislative competence on 1 July. The bilateral concordat between MAFF and the Scottish Executive was agreed by an exchange of letters between the Permanent Secretary for MAFF and the Secretary for SERAD on 3

November; the concordat was published on 11 November.

65. Elections for the National Assembly for Wales took place on 6 May. The Assembly had its first sitting on 11 May and is responsible for the development of agriculture policy and operational matters in Wales. The Assembly Agriculture and Rural Development Secretary is responsible to the Assembly for the development and discharge of agriculture policy in Wales. The Department is known as NAWAD. The Agriculture Secretary is assisted in this work by the Agriculture and Rural Development Committee of the Assembly. The Assembly Secretary works closely with Agriculture Ministers in other parts of the UK on the formulation of UK agriculture policy and on the UK's negotiating position in Brussels on the reform of the CAP and related matters. Drafting of the bilateral concordat between MAFF and the Cabinet of the National Assembly for Wales is at an advanced stage.

66. The Northern Ireland Assembly assumed full powers on the 2 December and agriculture and rural development responsibilities transferred to the new Assembly. A revised MOU reflecting the existence of the new Assembly, and the bilateral concordat between MAFF and DARD, are at an advanced stage of preparation.

67. Regional Development Agencies (RDAs) for eight regions in England were established on 1 April as the lead bodies for furthering economic development and regeneration at a regional level. MAFF was fully involved in the appointment process for the RDA Boards, to ensure at least one member on each Board with strong rural credentials, and worked closely with the RDAs when they were preparing their regional economic strategies. MAFF will continue to look for ways of enhancing the advice and support given to the RDAs and the other regional stakeholders to ensure that the opportunities afforded in the strategies to regenerate the agricultural and rural economy are taken up. This will be facilitated through the collaborative arrangements, involving RDAs among others, which are being made for regional implementation of the RDR.

Food Standards Agency

68. The Bill to establish the Food Standards Agency received Royal Assent as the Food Standards Act 1999, on 11 November. The Agency will be a non-Ministerial government department, and the Act provides for it to be a UK body accountable to Parliament through Health Ministers and to their devolved equivalents.

69. The Agency will take over most of the existing functions of MAFF, Scottish Executive, National Assembly for Wales and the DoH in relation to food safety and standards. It will be the primary source of advice on these matters in Government, taking a strategic view of policy across the whole food chain. The Meat Hygiene Service will also transfer to the Agency. The Agency will operate at arm's length from Ministers and the devolved administrations, with a Chairman and

Deputy Chairman and around 10 other members being responsible for its day to day operation. The Agency will have regional executives in Wales and Scotland. Its responsibilities will focus on protecting public health and the interest of consumers in relation to food. This remit will cover all food safety matters as well as food labelling and composition and advice on nutrition.

70. The Agency's main functions will be :

- developing policy and providing advice and information to Ministers, the devolved administrations and other public bodies.
- providing advice and information to the public and other interested parties.
- commissioning research and surveillance and keeping itself informed of relevant developments
- setting standards for and monitoring food law enforcement.

71. The Agency is being set up to strengthen arrangements for handling food safety and standards issues and to build a basis for greater public confidence. It will operate with a presumption of openness, making better information available to consumers. It will also be required to act in a responsible manner in dealing with issues of risk. It is planned that the Agency will be formally established in April 2000.

BSE

72. The announcement by the Secretary of State for Health on 20 March 1996 that there might be a link between BSE and Creutzfeldt Jakob Disease led initially to a significant loss of confidence in British beef, especially the cheaper cuts and beef products, both in the UK and in many of our export markets. However in the domestic market there was a recovery by early 1997 in the consumption (in the home) of cuts of beef, including mince. Though the recovery did not take consumption up to pre-1996 levels, it did reach the level of its declining long-term trend. After 1997, consumption in the home remained relatively constant and, as a consequence, it is now above the predicted long-term trend. The percentage of households purchasing cuts of beef in any one week has also remained fairly steady since 1997 after falling in most of the ten years up to 1995 and more steeply in 1996.

Beef labelling

73. The Beef Labelling Scheme in the UK implements an EC Regulation with the objective of providing customers with reliable information about the beef they buy. The Scheme covers all labelling claims on the origin, production methods and characteristics of beef. It is not

compulsory to label beef with this information, though any labelling claims made are subject to prior approval from MAFF and the devolved administrations and their traceability must be verified regularly by a recognised independent body employed by the operator selling the beef. Proposals for a replacement compulsory EC system are currently under discussion in Brussels. This will have a staged introduction, the first stage is likely to begin on 1 September 2000.

The Over Thirty Month Scheme

74. The Over Thirty Month Scheme (OTMS) allows the Government to buy cattle more than 30 months of age which can no longer be marketed due to the ban on the sale of meat from such cattle. The Government then arranges their subsequent slaughter and safe disposal so that the carcasses enter neither the food nor feed chains. This includes casualty animals not fit to travel, for which special arrangements have been made.

75. Payment rates under the OTMS are set by the Commission. In 1999 payments totalling £267 million were made to producers under the Scheme.

76. The Intervention Board (IB) has re-tendered for OTMS slaughter and new contracts, awarded on the evaluation of a number of objective criteria, come into effect on 4 January 2000.

77. In 1999, some 973,000 animals were processed under the OTMS, making a total of 3.8 million since the Scheme began. The resulting carcass material (meat and bone meal and tallow) is being stored safely until destruction. Three contracts have now been awarded by the IB for the large-scale incineration of OTMS Meat and Bone Meal (MBM). When all of the plants are operational these three contracts should increase the IBs incineration capacity to some 200,000 tonnes of OTMS MBM per annum for a three year period. This will enable them to reduce stocks to very low levels by 2004. Negotiations continue with a fourth company to meet the balance of the IBs requirements for OTMS MBM incineration capacity.

Specified Risk Material

78. The controls on slaughterhouses and cutting plants, to ensure that Specified Risk Material (SRM) is removed from the food chain and safely disposed of, continued to be rigorously enforced by the Meat Hygiene Service (MHS). Monthly audit visits to all premises handling SRM carried out by the SVS found that the standard of compliance with the SRM controls has remained high.

79. Legislation to enable charges to be made for the costs of MHS

supervision of the SRM controls in abattoirs and cutting premises was introduced with effect from 29 March. However, in view of the difficult circumstances facing the livestock industry, the Government decided to postpone the introduction of charges until the 2002/3 financial year at the earliest.

80. Commission proposals for EU-wide rules on SRM in cattle, sheep and goats were formally adopted in July 1997 (Decision 97/534/EC). The Decision would have prohibited the use of SRM for any purpose from 1 January 1998. SRM was defined as the skull (including the brain and eyes), tonsils, and spinal cord of bovine animals over 12 months and sheep and goats over 12 months or which have a permanent incisor erupted through the gum, together with the spleen of all sheep and goats. The use of vertebral columns of animals of all ages for the mechanical recovery of meat was also prohibited. The application of Commission Decision 97/534/EC was deferred firstly until 1 April 1998 and subsequently to 31 December, due to the recognition that the Decision would have serious consequences for the supply of cosmetics and important pharmaceuticals to the Community market and to the failure of subsequent Commission proposals to achieve qualified majority support from the member states.

81. A proposal for a substantive amendment of Commission Decision 97/534/EC was discussed in the December Standing Veterinary Committee. It sought to provisionally classify countries according to their BSE risk (apparently on the basis of the reported incidence of disease) and to impose requirements on member states and third countries to remove and destroy SRM from cattle, sheep and goats according to their BSE risk. Although the proposal received broadly favourable reception from member states, it was clear that more work on the text was necessary. The December Agriculture Council agreed to further postponement of the entry into force of Commission Decision 97/534/EC to 30 June 2000 in order to allow this work to be completed.

Beef bones controls

82. Controls on the sale, use and disposal of beef bones were introduced in December 1997 after Ministers received advice from the Spongiform Encephalopathy Advisory Committee (SEAC) and the Government's Chief Medical Officer (CMO) on BSE infectivity in dorsal root ganglia and bone marrow of BSE-infected cattle. The controls were kept under review in the light of surveillance of the incidence of variant Creutzfeldt Jakob Disease in the human population, trends in the BSE epidemic in cattle, and audits of the control measures which are in place to exclude potentially infected BSE material entering the human food chain.

83. Following this, the UK's CMOs were reassured by the continuing decline of the BSE epidemic in cattle and Ministers accepted their recommendation that it was possible to lift the ban on the retail sale of

beef-on-the-bone. Following a public consultation, the retail ban, including the ban on food prepared for direct sale to consumers in restaurants and other catering establishments, was lifted across the UK from 17 December. As recommended by the CMOs, the ban on the use of bones for manufacturing food products (including infant foods), which lies at the extreme end of BSE protection measures, remains in place as a matter of prudence. This takes account of uncertainty about the infectivity of bone marrow (where further experiments are being done) and protects consumers who might wish to avoid any risk associated with beef bones from being supplied with it in circumstances where they could not make a fully informed personal choice.

Export ban

84. On 27 March 1996 the Commission banned the export from the UK of all live bovine animals, beef and beef products, bovine semen and embryos, and all mammalian MBM (EC Decision 96/239). Reopening the export market is of paramount importance for the future of the beef industry.

Date-based Export Scheme

85. On 14 July the Commission set 1 August as the date from which UK beef exports could start under the DBES. This followed successful outcome of the 12 - 16 April inspection by the Commission of the UK's DBES procedures required by the EU legislation covering the DBES. By the end of December there were two plants - St Merryn Meats at Probus, near Truro and Scotbeef at Strathaven in Lanarkshire - approved to export beef under the DBES. St Merryn commenced slaughtering cattle for export on 2 August, their first export taking place on 24 August. Since then regular consignments have been sent to several European countries.

86. However, although by the end of August 12 member states had confirmed that they had no barriers in place to prevent the import of UK DBES beef, France and Germany had kept their import bans in place contrary to EU law.

87. The Commission launched legal proceedings against France on 16 November for failure to lift the ban whilst in parallel discussions took place between the UK, France and Commission with the aim of securing the lifting of the French import ban. On 23 November the Commission produced a document summarising the outcome of these discussions. However, following consultation with the French Food Standards Agency, on 9 December, the French Government announced that it would be maintaining its ban. On 14 December the Commission issued a Reasoned Opinion on France's failure to lift its import ban. The French Government responded to the Reasoned Opinion on 30

December maintaining their refusal to lift the ban following which the Commission will be pursuing the case through the European Court of Justice during the course of 2000.

88. The German Federal Government said it would take the necessary legal steps to lift its ban but because of the constitutional position in Germany that it would take some time. As a result the German Bundesrat were not able too vote on the legislation to lift the import ban during the course of 1999 and the ban will stay in place until a vote is taken during 2000.

89. The Commission inspected the UK's DBES arrangements and cattle identification procedures from 4 - 8 October. The report of their inspection is due to be published early in 2000.

90. The first contract for beef exports from the UK following the lifting of the ban was announced in Amsterdam on 11 January with the announcement of an order for Welsh beef from the Netherlands worth some £3 million.

Offspring cull

91. The premise upon which the DBES is based is that after 1 August 1996 all risks of feedborne transmission ceased and maternal transmission appears to represent the only remaining route of infection. The offspring cull supports the DBES by removing animals born after that date which may have been infected by their dams. Commission Decision 98/692/EC required that before beef exports could resume under the DBES, the UK must slaughter all offspring born after 1 August 1996 to BSE cases confirmed before 25 November 1998 - "the backlog". This was completed by 4 June. All other offspring born after 1 August 1996 must be slaughtered without delay.

92. As at 4 January 2000, 7,376 offspring had been slaughtered under the cull. 3,864 were part of the completed "backlog" of offspring. Further backlog animals have arisen as a result of cross checks of the database to ensure that the data was as accurate and comprehensive as possible. These have been found and slaughtered, resulting in a final total of 3,896 backlog animals. The remaining 3,480 animals were offspring of BSE cases confirmed since 25 November 1998. A further 209 "non-backlog" offspring were awaiting slaughter.

Export Certified Herds Scheme

93. Commercial beef exports from Northern Ireland under the Export Certified Herd Scheme (ECHS) began in September 1998. However, the only plant participating withdrew from the scheme for commercial reasons in mid 1999. Following the introduction of the DBES, there is

unlikely to be any demand for the ECHS in Northern Ireland in the future.

Decline in BSE cases

94. The decline in the number of cases, which started in 1993, is continuing, reflecting the considerable impact of the measures taken in 1988 and 1990. Approximately 45 suspect cases are being reported each week at present (late 1999), compared with over 1,000 at the peak of the epidemic in early 1993. Currently about 80 per cent of reported cases are subsequently confirmed.

Selective Slaughter Programme

95. The aim of the cull is to produce a step reduction in the number of future cases of BSE, by identifying and slaughtering, before they develop the clinical disease, those animals considered to be most at risk of infection. Northern Ireland has completed its cull of animals born in the Province. In Great Britain (GB), by the end of December, tracings had been completed for all but 100 cull animals, out of the 141,000 sold out of their herd of origin. Over 77,000 animals have been slaughtered under the cull in the UK.

Scrapie

96. In early 1997 SEAC reviewed the options for improving both information on the levels of scrapie in the national flock and our understanding of the disease established within the flock. They advised a three part strategy be instituted consisting of: a slaughterhouse survey; a farm postal survey and; the introduction of compulsory slaughter measures together with compensation and powers to conduct veterinary investigations.

- An abattoir survey took place between August 1997 and August 1998. Tissues from almost 3,000 sheep were sampled from approximately 130 abattoirs. The initial results have been considered by SEAC. The survey has not generated any conclusive results, but work is continuing.
- A postal survey to gain further information on the incidence of scrapie took place in November-December 1998. A questionnaire was sent to 11,500 randomly selected sheep farmers. The survey, which had the support of industry representatives, provided an opportunity for sheep farmers to express a view on the handling of scrapie. The preliminary findings of the survey were considered by SEAC in June. A paper on these findings was published in The Veterinary Record (Vol. 145, No. 14) in October. It suggests that only 5.3 per cent of farmers actually report their suspicion of the presence of scrapie. Further papers with more detailed analyses of

the data will be published in due course.

- Legislation, which came into effect on 29 July 1998, makes it compulsory for sheep and goats displaying clinical signs of scrapie to be slaughtered. Compensation is paid to owners and MAFF disposes of the carcasses. The rules improve controls on affected animals and provide additional information and materials for the study of the disease.
- A number of initiatives have been undertaken to encourage the reporting of scrapie, including the production of a video on the clinical signs of the disease, and publication of a scrapie advisory note which has been sent to all sheep and goat farmers.

‘A new direction for agriculture’

97. MAFF launched the first of a series of consultations on Agenda 2000 in January, inviting the views of a wide range of organisations and individuals on the future of farming. The purpose of seeking views was first, to inform negotiations on the Commission’s proposals for CAP reform, and secondly so that they could play a part in shaping a strategy for the future of agriculture. In April, a summary of the outcome of CAP reform negotiations was published, together with consultations on implementing the RDR and supporting hill farmers.

98. In August, the Minister of Agriculture, Fisheries and Food (hereafter known as the Minister) set out his vision for a strategy for the future of agriculture, for an efficient, forward-looking and modernised agricultural industry to meet the challenges in the future, for farming to be: competitive, diverse and flexible – in order to respond to ever-changing market opportunities; responsive to consumer wishes – for example, concerning the welfare of animals, and the quality and value of produce; environmentally responsible – given its major influence on the countryside, wildlife, water, soil and air; and an integral part of the rural economy. The consultation explained that responsibility for achieving this goal rests with farmers and with the farming industry, but that Government has an important role to play too: in setting the right policy and regulatory framework, both for the farming industry and for the wider public, and recognising the burdens that legislation may impose; and, in securing fair conditions of competition in relation to farmers in other countries and, in some cases, giving direct encouragement through regulation, advice or incentive. Regional and local partners (e.g. RDAs) also have an important role in helping to identify regional needs and priorities and in integrating agriculture into the wider rural economy. The consultation sought views on this vision for the future of agriculture and on implementing the options available under Agenda 2000 to help the industry embark upon this new direction.

99. On 7 December, the Minister announced the Government’s plans for a radical redirection of support for agriculture and a significant increase

in expenditure on rural development measures. The document “A New Direction for Agriculture” set out the Government’s plans for implementing the Agenda 2000 options in England to help realise the vision for agriculture and the wider rural economy for the future. The strategy will form a component of the Rural White Paper (RWP) which is being produced jointly by MAFF and the Department of the Environment, Transport and the Regions (DETR).

100. Various consultation exercises were also carried out in Scotland throughout 1999 and into 2000. This resulted in a draft Rural Development Plan being submitted to the European Commission on 29 December 1999.

101. Farmers in Northern Ireland faced the same problems as those in other parts of the UK but, because of a number of local factors, income again fell significantly, in contrast to the position in GB. The Minister of Agriculture and Rural Development in the Northern Ireland Executive has made it a priority to set up a group to develop a vision for the future of the agri-food industry in the Province. The group is to report by early summer 2000.

102. Farming in Wales, as elsewhere, was beset by significant economic and structural problems. Substantial government support was provided to alleviate the short-term problems but the Assembly’s priority is to help the farming industry restructure and adapt successfully. To this end, The National Assembly for Wales is committed to creating a distinct Welsh agenda for agriculture, one key element of which is the Welsh Agri-Food Strategy. As part of this objective, a consultation paper “Farming for the Future” was published by the Assembly in July with the aim of producing a stable, sustainable and prosperous future for Welsh farming. The Assembly has considered the responses to the consultation with a view to developing a long-term strategy for Welsh agriculture and rural areas in the new century based on partnership and co-operation. Details will be published once final decisions have been taken.

Rural White Paper

103. The RWP will set out Government’s approach to rural policy in England. Policies for Scotland, Wales and Northern Ireland will be dealt with by the respective departmental administrations. The preparation of the RWP in England is being led jointly by MAFF and DETR. Other Government departments are involved to ensure that Government activity across the board reflects rural circumstances.

104. The RWP will explore how the Government’s policies on matters such as the economy, health, transport, education, housing, crime, energy efficiency and planning, in addition to agriculture, will support rural communities; and how rural areas can contribute to the Government’s objectives in these matters. It will look at how the Government’s regeneration policies will assist deprived rural

communities and give rural people the opportunity fully to participate in our society. It will examine the way the Government is conserving and enhancing the countryside as a resource and amenity for all. It will consider how environmental conservational and economic objectives will be integrated in rural areas.

105. In February a Rural England discussion document was circulated by MAFF and DETR. There were 799 responses, copies of which are available from the DETR library. In addition, the Government commissioned a report from the Performance and Innovation Unit on Rural Economies. This report, published in December, also seeks comments on proposals to develop action in four main areas: economic policy; environmental policy; agricultural policy; and social policy. The aim is to publish the RWP in 2000 after the Spending Review.

Marketing and competitiveness

106. A range of activities to promote effective marketing and the identification and adoption of best practice were undertaken in 1999, in the continued drive to foster improved competitiveness in the agri-food industry.

107. On 20 September a new English marketing scheme, the Agriculture Development Scheme 1999, was announced. It was aimed at organisations and partnerships with projects to help farmers and growers in England improve their competitiveness through better marketing. Priorities included the needs of sectors in economic difficulty, particularly those least helped by the other elements of the aid package announced at the same time; bringing about lasting structural change; increasing levels and effectiveness of collaborative activity; enhancing training opportunities; and introducing better business practices. Some £2 million is available under this scheme and Government funds must be matched by at least equal funding from private sources. Some 160 applications requesting over £8 million in total aid were received. The awards will be announced early in 2000.

108. During 1999, some £7.67 million was paid to claimants in England under marketing grants awarded in earlier years under the EU Processing and Marketing Grants (PMG), the Marketing Development Scheme (MDS) and Sector Challenge. These schemes are no longer open to new applicants in England.

109. Both the EU PMG Scheme and the MDS continue to operate in Northern Ireland, Scotland and Wales. In Scotland these schemes were seen as crucial in getting desirable value added projects off the ground and in establishing collaborative marketing ventures involving producers and processors. During 1999, 12 awards totalling £148,000 were made under the PMG Scheme and 9 awards totalling almost £504,000 were made under MDS. In Northern Ireland, 36 awards totalling almost £8 million were made under the PMG Scheme and 3 awards totalling £2.3

million were made under the MDS. In Wales 8 awards totalling £2.49 million were made under PMG Scheme and 7 awards totalling £0.3 million under MDS.

110. The Government continued to encourage a range of activities to increase the competitiveness of businesses in the food chain, such as the Institute of Grocery Distribution (IGD) Food Project. The main activity during 1999 in England was the work of the Food Chain Group set up by the Minister and comprising senior officials from the British Retail Consortium, the Food and Drink Federation, the IGD, MAFF and the National Farmers Union (NFU). One initiative facilitated by the Group was a programme of training workshops on the supply chain for farmers and directors of farmer controlled businesses, "walk the food chain" visits for some of the workshop participants and regional farmer meetings; these were organised by the IGD and NFU and funded by MAFF and DTL. In addition, the Group encouraged the British Nutrition Foundation to extend their planned CD-ROM "Food - a fact of life" for secondary school children to cover the structure and economics of the food chain, with financial assistance from MAFF. The Group reported in November, assessing the challenges and opportunities facing the food chain and the Minister asked the IGD's Policy Issues Council, which includes senior representatives of all sectors of the food chain, to consider how to take things forward. The Ministry and IGD will be following up the various invitations and recommendations in the report with those concerned and have invited views on how competitiveness and understanding can best be advanced.

111. A food chain group was established in Scotland during 1999. This Working Group is chaired by the NFU of Scotland and has representatives from all sectors of the food chain from producer to retailer as well as the IGD and Scottish Executive. It is looking at initiatives which will enhance supply chain relationships.

112. MAFF continued its joint initiative with the NFU to encourage collaborative marketing. To gauge grass-roots opinion, NFU Regional Directors hosted a series of over 30 focus groups of farmers and growers around the country which considered benefits and barriers to enhanced levels of collaborative marketing. The groups identified widespread acceptance that with commitment from both the producer and the marketing group, benefits such as increased scale, consistent quality and continuity of supply, access to professional marketing, scope to innovate and access to expert/technical support could be secured. The results were reported at the Royal Show in July and attracted considerable interest from all sectors of the farming community. MAFF and the NFU are currently considering ways in which the initiative can be advanced in 2000.

113. During 1999 the Scottish Executive continued its support of the Scottish Agricultural Organisation Society in an effort to improve the

profitability of farming and other rural businesses. The Society's focus in the work it carried out on the Executive's behalf during the year was to improve marketing structures in the agri-food sector and to adapt farming production to better meet the requirements of the market. The Scottish Executive continued to work closely with the Scottish Quality Beef and Lamb Association (SQBLA) and the Scottish Pig Industry Initiative (SPII) to support their marketing activities.

114. In England, MAFF continued to help the UK speciality food industry through Food from Britain (FFB) and the regional food groups. Research funded by MAFF indicated that speciality companies turnover at least £3.6 billion and employ around 52,000 people. The sector is predominantly a rural activity with almost two-thirds of the businesses sourcing more than half their ingredients from the local region, thus creating further indirect benefits for the local economy. FFB has arranged a number of 'meet the buyer' events and trade development shows during the course of the year. Following a successful pilot in the South West, Somerfield announced it intends to stock 1,000 new speciality products across all its stores. This will benefit some 300 speciality businesses. With funding from MAFF, new methods for improving the distribution of speciality food products have been successfully trialled in the South East.

115. On 8 March the then Secretary of State for Wales launched the Welsh Agri-Food Action Plans for the Lamb and Beef, Dairy and Organic Sectors together with the three chairmen of the industry-led working groups. The Plans have been designed to help develop a viable future for the Welsh food industry, linking the primary produce of Welsh agriculture to profitable markets with much more added-value food processing. The National Assembly for Wales is providing funding of over £3.5 million for agri-food developments in the financial year 1999-2000, including £1.816 million for the Welsh Development Agency (WDA) for food promotion; £350,000 million for the MDS and £1.371 million for the PMG which supports marketing and investment in food processing.

116. Since the merger with Welsh Food Promotions Ltd in October 1998 the WDA now has a dedicated food team headed by a Food Director. As part of the WDA's new role to lead economic development in the agri-food sector, it will also promote quality food from Wales and will lead on the implementation of the Action Plans. In this it will be aided by the newly-formed Agri-Food Partnership who will take the Plans forward, monitor progress in their implementation and regularly review and update them, in conjunction with the National Assembly for Wales. The Partnership has established four Regional Agri-Food Groups in mid, North, West and South Wales, which will take forward the Action Plans at regional level, taking account of local priorities. To support this work, each WDA region will have an agri-food co-ordinator who will work under the guidance of the WDA Food Directorate. A

Farm Development Strategy Group has also been set up. It is an all Wales steering group to drive development forward across all farming sectors to:

- develop plans for a Wales-wide network of demonstration farms;
- strengthen the provision of training for farmers in best practice techniques, business and IT skills; and
- consider the need for better sign-posting to the range of consultancy and advisory services available

117. In addition, the WDA will ensure that the full range of its economic and business development activities are applied, where appropriate, in the agri-food sector. The WDA will carry forward projects, including Objective 5b projects, and will work closely with Welsh Lamb and Beef Promotions Ltd (WL&BP) and the Welsh Agricultural Organisation Society. The WDA is providing financial support of £340,000 to WL&BP to promote lamb and beef. Total WDA spend in support of agri-food and rural business for 1999-2000 is projected at £5.2 million. A further study has now been let to the Scottish Agricultural College to investigate diversification opportunities in Wales in other sectors such as aquaculture, farm woodland, horticulture, biomass energy crops, including fibre crops and alternative crops.

118. In 1999 the Scottish Executive with Scottish Enterprise and Highlands and Islands Enterprise, launched a Strategy for the Food Industry in Scotland. Its principal aims are to grow current sales of food and drink, increase value-added activity, improve export performance and sustain employment, particularly in the rural areas where the industry is largely based.

119. While at present there is no speciality foodgroup in Scotland equivalent to those operating in the rest of the UK, Scotland continues to have a high proportion of the UK's speciality food producers. A report was commissioned during 1999 on the need for development of a speciality food group to assist the sector and the results of that study should be available during 2000.

120. Under EC Regulations 2081/92 and 2082/92, a registered food or drink that has been produced in a particular geographical area or which has, by tradition, a specific characteristic can be protected from imitation throughout the EU. In June, MAFF launched a new campaign, 'Safeguarding Britain's Food Heritage', to raise the profile of our regional foods. Seminars for producers were held in various parts of England and Wales. Some 31 products have now been registered from

all parts of the UK, including one product registered in 1999 - Exmoor Blue cheese. Further applications are under consideration.

Better regulation

121. The Government is committed to reducing the regulatory burdens imposed on business by improving the quality of legislation to ensure that Regulations abide by the five key principles of good regulation as defined by the Better Regulation Task Force - transparency, accountability, targeting, consistency and proportionality. It is also committed to removing outdated and unnecessary regulations. All regulatory departments, which include the devolved administrations, are drawing up Deregulatory programmes to take this initiative forward.

122. In September, following concerns expressed by the agriculture industry over increased regulation compared with other member states and the consequent effect on the UK's competitiveness, MAFF, with the NFU, initiated a wide ranging review of the regulatory burdens in agriculture. In the light of comments received from the industry, working groups were set up to look into three main areas of concern; operation of Integrated Administration and Control System (IACS) and farm inspections; slaughterhouse regulation and meat hygiene rules; and the operation of the intervention system. The Chairmen and membership of the Working Groups were drawn from industry and they were appointed for their individual knowledge and expertise rather than as representatives of any particular organisation. A number of other issues for review were raised and these are being taken forward in a series of bilaterals between MAFF and industry and in areas where other Government Departments have lead responsibility, with those Departments. NAWAD is liaising closely with MAFF on this initiative.

123. A similar review of IACS schemes and inspections has been underway in Scotland since October. Following a series of meetings and repeated consultation with SERAD officials, the industry Panel is now in the process of drafting a report for consideration by SERAD which will contain a number of recommendations on how to reduce the bureaucratic burden imposed on producers by the IACS schemes. A range of other related issues have also arisen from the review, and these will be taken forward in tandem with the effort to reduce bureaucracy. It has also been agreed in principle that similar consultation with industry representatives will in future occur on a regular basis, keeping the regulatory burden constantly under review.

124. The implementation of the recommendations made in the 1996 Efficiency Scrutiny on Farmers' Paperwork carried out by MAFF and the Welsh Office Agriculture Department (now NAWAD) has been completed as far as possible. This has led to an estimated annual £6.5 million reduction in farmers' time in completing paperwork.

125. In Scotland the number of recipients of the annual June Agricultural Census return has been significantly reduced by the

decision to sample the smaller holdings and to withhold around 1700 Census forms where IACS data has been used instead

NAWAD project

126. A three year programme, JIGSAW – Joint Initiative for Government Services Across Wales – began in April. JIGSAW, which has attracted 75 per cent funding from the Treasury’s Invest to Save Budget, sets out to modernise and improve services to farmers and other citizens in rural Wales. The programme’s priorities, which are customer focused, are to:

- Improve the efficiency and effectiveness in the way that the CAP is administered in Wales, so as to reduce the cost per claim and improve performance against charter targets;
- Pilot first-stop shops for farming businesses, their families and other rural citizens in partnership with public sector organisations delivering services to the farming community in Wales.

127. JIGSAW will be delivered in two stages over its three year span. Stage 1 is about improving performance within the constraints of current systems and existing organisations and focuses on farmers and farming businesses. This includes a comprehensive customer survey to provide better and validated information about the needs of farmers, farming families and rural citizens connected with agriculture in Wales and will be used to validate Stage 1 and inform Stage 2. Stage 2 will develop new IT systems to further improve the internal efficiency and external effectiveness of processes, including electronic business. The Joint Working element will extend to cover providing information and access to services for farming families and rural citizens as well as farmers.

Review of Pesticides Safety Directorate and Veterinary Medicines Directorate

128. On 3 November the Minister announced the start of Quinquennial and Better Quality Service Reviews of two of MAFF’s Executive Agencies: the Pesticides Safety Directorate, and the Veterinary Medicines Directorate.

129. The Pesticides Safety Directorate was formed in 1993 and is responsible under UK and EU law for the regulation of agricultural and horticultural pesticides used in GB, for providing policy advice on pesticides to Ministers and for carrying out monitoring of pesticide residues in food.

130. The Veterinary Medicines Directorate became an Agency in 1990. It is responsible under UK and EU law for authorisation of veterinary medicines used in the UK, monitoring veterinary medicines in meat, eggs, fish and other foodstuffs, monitoring adverse reactions to veterinary medicines and providing policy advice to Ministers.

131. The terms of reference for the reviews include:

- evaluating the performance of the Agencies; considering whether Agency status remains the most cost effective way of achieving MAFF's aims, and if so, what changes are required to improve service; or to recommend to Ministers an alternative option to provide more effective services and better value for money.

132. Arrangements are in hand for interested parties to submit their views. It is hoped to publish the outcome of the reviews in the second quarter of 2000.

The Advisory Committee on Animal Feedingstuffs

133. This Committee was set up in June to advise the Secretary of State for Health, the Minister, Ministers of the Scottish Executive and the National Assembly for Wales and the Minister for Agriculture and Rural Affairs (Northern Ireland) on the safety and use of animal feeds and feeding practices, with particular emphasis on protecting human health and with reference to new technical developments.

134. The decision to set up this Committee was made in the light of concern about the integrity of animal feeds, particularly over the implications of BSE and the use of genetically modified feed ingredients. The decision was announced in the White Paper, 'The Food Standards Agency: A Force for Change', published in January 1998 and it implements the principal recommendation of the report of the Expert Group on Animal Feedingstuffs, published in July 1992.

135. Although the Committee's primary purpose will be to advise on the safety and use of animal feed in relation to human health, it will also cover animal health and a wide range of topical issues including advice on the UK negotiating line on new EC proposals, animal feed ingredients including genetically modified organisms, labelling and information for purchasers. Its first meeting was held on 24 September.

Dioxins contamination

136. The UK received notification on 28 May via the Commission's Rapid Alert System, that contaminated animal feed had caused the widespread contamination of Belgian food products of animal origin (e.g. meat, eggs and related products) with dioxins and polychlorinated biphenyls.

137. Checks by the Joint Food Safety and Standards Group (JFSSG) confirmed that no contaminated animal feed had been imported into the UK. Using information on the levels of dioxins found in Belgian foods and other data, JFSSG officials were able to conclude that the consumption of any contaminated foods from Belgium would not be expected to cause harmful effects, due to the relatively short period of exposure.

138. Moreover, primary consideration was given to protecting the health of the consumer by ensuring that contaminated or potentially contaminated food was not on sale in the UK and that no further imports were received. The Minister signed a number of emergency control orders under the Food Safety Act 1990. These implemented Commission Decisions agreed during the crisis, which ensured that no further contaminated products were distributed. Enforcement Authorities were asked to ensure that contaminated food was not on sale or brought into the country. The food industry were kept informed of developments, and removed potentially contaminated food from sale.

Bovine Tuberculosis

139. Bovine tuberculosis (TB) in cattle is a serious and increasing problem in parts of GB, mainly South West England, the West Midlands and the South and West of Wales. Over 6,000 cattle were compulsorily slaughtered in 1998, and this is expected to rise to around 7,000 in 1999 although this may in part be due to an increase in the number of tests. In England about £5.7 million was paid in compensation to farmers in and in Scotland £55,838.

140. On 17 August 1998 the Government announced a five point strategy for controlling bovine tuberculosis based on the recommendations of the Krebs report and the report of the Independent Scientific Group (ISG), chaired by Professor John Bourne. The five points are:

- improved liaison with the Department of Health to monitor the incidence of bovine tuberculosis infection in humans;
- research to develop a cattle vaccine;
- other research to improve knowledge of the disease and its transmission to and between cattle and other species;
- continued regular testing of cattle herds for TB and slaughter of suspect animals, and where possible strengthening these controls;
- a badger culling trial to be carried out to test the effectiveness of different badger culling policies.

141. Progress has been made on each of the five elements during 1999. Quarterly meetings have been held throughout 1999 between MAFF and the Department of Health to improve liaison on public health aspects of bovine tuberculosis. Work has begun on vaccine development. The research is being undertaken in collaboration with international experts, drawing on the latest scientific advances and work already undertaken to find a human vaccine. Other research into transmission of TB to and between cattle and other wildlife hosts has

commenced. The ISG has also overseen the introduction of an important new questionnaire-based epidemiological survey (TB 99) which it is hoped will make a major contribution to determining those factors which may predispose cattle herds to a TB outbreak. Arrangements for testing cattle for tuberculosis within GB are being reviewed to ensure that they comply with EU legislation, and to see if there is scope to strengthen these controls.

142. The badger culling trial is now well under way. The ISG has approved six areas (known as triplets) for enrolment in the trial, with work well advanced on selecting the remaining areas. Culling has been carried out in three of these triplets. The trial will answer key questions on the role badgers play in the disease, and about the effectiveness of culling policies, and so generate information necessary for the development of a sustainable science based approach to control TB in cattle.

143. The Agriculture Select Committee of the House of Commons examined the issue of bovine TB and the Government's strategy. The Committee's report "Badgers and Bovine Tuberculosis" concluded that the Krebs and Bourne recommendations represent the right way forward and urged the Government to press ahead with them as quickly as possible. The Government accepted most of the report's recommendations and reaffirmed its commitment to implementing the strategy as quickly as possible within available resources.

144. In September, a TB Forum was established comprising representatives of farming, veterinary and conservation interests, to consider new measures which might be taken to control tuberculosis in cattle. The Forum is expected to meet quarterly, and its primary focus is on possible improvements to the present controls over TB in cattle.

145. In December 1998 the Bern Convention on the Conservation of European Wildlife and Natural Habitats adopted a recommendation calling on the UK to suspend the badger culling trial for a year and to explore other satisfactory solutions for the control of bovine TB. The UK Government provided a detailed response in July explaining its five point strategy and demonstrating the compatibility of the badger culling trial with the terms of the Convention. In December the Bern Convention concluded that the trial was in accordance with the Convention, and agreed to close the file. The UK Government agreed to report annually on progress with its strategy for controlling TB, including the badger culling trial.

Enzootic Bovine Leukosis

146. GB was declared an officially Enzootic Bovine Leukosis free region as from 1 July. As a result of this, and following consultation

with interested parties, the Cattle Health Scheme was abolished.

Rabies and the Pet Travel Scheme

147. On 26 March the Minister announced that the UK would be moving to a system under which dogs and cats coming from the EU and certain other European countries, and rabies-free islands, could enter the UK without quarantine by April 2001. UK resident dogs and cats would also be able to return after being abroad temporarily in these countries.

148. This came after overwhelming public support for change from a consultation exercise following the September 1998 report of the Advisory Group on Quarantine, chaired by Professor Ian Kennedy.

149. The Pet Travel Scheme will provide a level of protection against rabies which broadly matches that of the current quarantine system. Cats and dogs will have to be microchipped, vaccinated against rabies and blood tested, as well as be treated against certain exotic parasites not found in the UK, and have the necessary certification. Pets will only be able to be brought to the UK by transport operators authorised by MAFF to do so. Trained staff will check that the animals meet the requirements of the scheme, and MAFF will monitor carrier performance stringently.

150. A pilot scheme will be in place from 28 February 2000, and this will allow the requirements to be tested and reviewed. The pilot scheme will only be open to cats and dogs from western Europe, and guide dogs and hearing dogs from Australia and New Zealand.

Calf Processing Aid Scheme

151. On 10 February the Minister announced that the Calf Processing Aid Scheme would finally close on 31 July. The scheme was originally set up in April 1996 in order to take surplus male calves aged twenty days or under for which there would otherwise be no market. Some £164 million pounds has been paid to producers since the scheme began.

Livestock quotas

152. Allocations from the 1999 sheep quota and 1998 suckler quota national reserves were again made by Agriculture Departments before the sheep and suckler cow premium schemes opened. As a result of the Agenda 2000 agreement the total suckler cow quota available for the UK must be reduced by around 95,000 units with effect from the 2000 scheme year. This will be done by applying a flat rate cut to all producers. Certain strictly limited categories will be able to apply to have their reduction re-instated.

Hill Livestock Compensatory Allowance

153. The 1999 Hill Livestock Compensatory Allowance (HLCA) payment rates were increased to £73.39 per cow, £8.88 per hardy-breed ewe and £4.64 for other ewes in the Severely Disadvantaged Area; and £36.69 per cow and £4.09 per ewe in the Disadvantaged Area. The 2000 payments will be made at the same increased rates. As part of the changes arising from Agenda 2000, HLCAs will be replaced in 2001 by a new area-based scheme which will have a clearer environmental, as

well as socio-economic objective.

**Sheep Annual
Premium Scheme**

154. Claims in respect of 19.4 million animals were received under the Sheep Annual Premium Scheme, representing an increase of one per cent compared with 1998. In the light of the strong £/euro exchange rate and higher sheep prices in other member states, the final rate under the 1999 scheme fell to £13.58 per eligible ewe. Beginning in June Agriculture Departments distributed some £32 million in agrimonetary compensation to sheep producers in proportion to the number of eligible animals claimed under the 1998 Scheme.

**Beef Special Premium
and Suckler Cow
Premium Schemes**

155. Claims under the 1998 Beef Special Premium Scheme (BSPS) did not exceed the regional ceiling in England and Wales and Northern Ireland and the amount available was used to avoid any scale back in Scotland. Taking the UK as a whole the declining trend in numbers of animals claimed has continued. For the 2000 Scheme year one ceiling will apply for all the claims made in the UK. This will be reviewed during 2000. Arising from the Agenda 2000 agreement the UK ceiling has been temporarily increased by 100,000 units. This increase will remain until live animals under six months of age may be exported from the UK.

156. Payments were made in respect of around 1,694,000 animals under the 1998 Suckler Cow Premium Scheme (SCPS). This represents an increase of around 3 per cent compared with 1997. Arising from the Agenda 2000 agreement in the 2000 SCPS year the national envelope, worth approximately £13.5 million will be used in GB to top up payments to suckler cow producers. The position in future years will be reviewed. Also from the 2000 SCPS year heifers will become eligible for payments provided they do not exceed 20 per cent of the number of animals claimed and the milk quota limit for producers claiming SCPS will be increased from 120,000 kg to 180,000 kg.

157. As 1999 payments for BSPS and SCPS (and extensification) were below the sterling value of the 1998 Scheme, transitional agrimonetary compensation payments were made available at the following rates; SCPS £15.09; BSPS £12.97 for bulls and £10.45 for steers; Extensification £3.14 (higher stocking density) and £4.54 (lower stocking density).

**Slaughter and Veal
Calf Slaughter Premia
Schemes**

158. New Slaughter and Veal Calf Slaughter Premia Schemes were introduced from 1 January 2000. Under these schemes producers will be eligible for a subsidy on eligible bovine animals which they sell for slaughter. The animals must have been kept on the producer's holding for a specified retention period. The payments in 2000 will be £16.92 per adult animal and £10.65 per calf and will be increased in 2001 and 2002.

Extensification Payments Scheme

159. The new extensification payments scheme introduced as part of the Agenda 2000 agreement will be the less restrictive two tier model. Producers must opt for either the Simplified or Standard Scheme. The Simplified Scheme requires producers to keep their stocking density level on their holding either below 1.6 Livestock Units (LUs) per hectare (ha) or below or equal to 2.0 LUs per hectare throughout the calendar year. Under the Standard Scheme, eligibility will be assessed on cattle numbers on producers' holdings on six dates each year, notified to producers retrospectively. This method of assessment will be reviewed, as and when the cattle database becomes fully operational, when it includes movement details for older animals. Payment rates under the 2000 scheme will be £20.68 per eligible animal for stocking densities from 1.6 LUs per hectare of forage area to 2 LUs per hectare. For stocking densities below 1.6 LU per hectare, the payment rate will be £41.36 per eligible animal.

Eggs and poultrymeat

160. The lightly supported egg and poultrymeat sectors continued to experience difficulties during 1999. The egg industry has sought to address problems of long term decline in consumer consumption and low prices resulting from oversupply, by the introduction of the British Egg Industry Council Lion Code assurance scheme and generic advertising. The poultrymeat sector has also experienced low prices as a result of strong competition from imported production. The UK turkey sector launched an assurance scheme and associated quality mark to help overcome such difficulties.

Pig market

161. The low prices which prevailed during the final two quarters of 1998 continued during 1999. Although the UK breeding herd, pigmeat production and supply all fell during the year, this was not matched by higher prices for finished pigs, as would have been expected if the usual pig cycle had applied. The main reason why it did not was that pigmeat production in other member states increased rather than fell. This oversupply, together with the high value of the pound, placed immense pressure on the UK market. The result was that UK market prices remained below the costs of production throughout the year and UK pig producers lost on average £10-12 on every pig sold.

162. The Government took a number of measures including lobbying the Commission to enhance export refund rates and re-introduce an Aids to Private Storage Scheme, encouraging retailers, caterers and public procurement authorities to source pigmeat produced to British specifications and taking action to remove confusion for consumers on labelling. A 'verification officer' was appointed to ensure that the imported pigmeat sold in supermarkets, which claimed to meet British welfare and quality standards, really did so and was labelled correctly. There was also an announcement that pig producers would benefit significantly from a £6 million marketing and promotion aid package.

Milk Development Council

163. Following requests from producer representatives that the remit of the Milk Development Council should be extended to cover generic promotion, a poll was held on the subject for all producers in GB. The response rate was about 46 per cent and around three-quarters of those who responded were in favour. Subject to matching funding being made available from processors for any promotional campaign, legislation is being prepared to enact the proposal.

Arable Area Payments

164. The UK regionalisation plan, which fixes the yields on which area payments are based and the regional base areas for the UK, was reviewed to meet a deadline of 1 August set in EU regulations. It was decided to maintain the existing plan except that from 2000 there will be a single regional base area for the whole of Scotland instead of the present two Scottish base areas (one for Scottish Less Favoured Areas and another for the rest of Scotland). However, it was agreed that there would be a further review of the regionalisation plan in 2000 with a view to notifying any amendments to the Commission for implementation in 2001.

165. In 1999 a total of 60,632 claims for arable area payments in respect of 4,464,294 hectares were received in the UK. Final payments for oil seeds in respect of the 1998/99 marketing year and advance payments on oilseeds as well as payments on other crops and set-aside for 1999/2000 were made within the payment deadline set by EU Regulations.

166. In England, the base areas for maize and for other crops were both overshot in 1999. The area on which payments were made for maize and its associated set-aside was reduced to 33.15 per cent of the area claimed. The Scottish non-LFA base area was also overshot in 1999 and payments were scaled back to 93.68 per cent. Although the maize base area was exceeded in Wales, there was sufficient of an undershoot of the base area for other crops to offset it and consequently no penalty was applicable. There was no overshoot in Northern Ireland.

167. Following the end of the previous agrimonetary arrangements, which included a partial freeze on the value of the green pound for arable area payments, and the adoption of the euro, arable area payments in 1999 were some 14 per cent less than in 1998. However, the Government and the devolved administrations agreed to pay compensation to all recipients of aid in the form of a supplementary payment of 16 per cent of their 1999 payment. Aid was therefore paid at the same rate as if the 1998 exchange rate for the scheme had been applicable in 1999 and producers received extra payments of some £170 million in total.

Energy and industrial crops

168. The Alternative Crops Unit was re-launched as the Agri-Industrial Materials Branch (AIMS), to emphasise its role in promoting

crop derived renewable raw materials for energy and industry.

169. Energy crops have the potential to make a significant contribution to UK greenhouse gas reduction commitments agreed following the Kyoto climate change conference in December 1997. AIMS has continued to work closely with DETR, DTI and other Departments to develop policy on the UK response to climate change issues and on renewable energy targets.

170. An increase in the ceiling of establishment grants for short-rotation coppice (SRC) in the area of the UK's first biomass power station has led to an increase in interest and 1,000 ha of SRC has now been planted. AIMS, with the Forestry Commission, organised a workshop and exhibited at two events to promote SRC.

171. Following the Agenda 2000 settlement farmers can continue to put all of their set-aside into multi-annual biomass production. The settlement also provided for planting grants for SRC and *Miscanthus* and ancillary measures such as promotion of markets; supporting establishment of associations of forest holders; investments to improve and rationalise harvesting; aid for machinery purchase; and, the development of on-farm storage facilities. The Minister announced on 7 December his intention to allocate £30 million to the growing of energy crops as part of the implementation of the RDR in England. There is interest in the potential of SRC in Northern Ireland, however the amount of money available has not been decided and will be subject to a review of energy policy in Northern Ireland.

172. The area of industrial crops planted on set-aside has risen from 10 per cent to 21 per cent of set-aside land. Industrial oilseed rape planted on set-aside has increased from nearly 25,000 hectares to 120,000 hectares.

173. AIMS has continued to provide advice and support on renewable raw materials including the dissemination of information on relevant R&D. The continued improvement of the AIMS Website has enhanced the delivery of information to clients. MAFF spent £1.5 million on alternative crops R&D in 1998/9 and expects to spend around £1.3 million in 1999/2000.

Genetically modified organisms

174. Genetic modification could make a significant contribution to agriculture. Genes control the characteristics of an organism and are passed on from generation to generation. This has allowed useful qualities in plants and animals to be developed by specific selection and breeding. Traditional breeding methods tend however to be slow and somewhat unpredictable. Now that the location and function of individual genes are being discovered, scientists have the opportunity to alter the genetic make-up of plants by adding or removing specific

genes, offering the potential to produce crops more efficiently, providing food which is more nutritious and which tastes better. It is estimated that 40 million hectares of genetically modified (GM) crops were planted globally in 1999.

175. In the UK the safety of human health and the protection of the environment are overriding priorities. There is currently no general cultivation of GM crops in this country. Following the announcement of an agreement between SCIMAC (the Supply Chain Initiative on Modified Agricultural Crops, an *ad hoc* grouping of industry organisations) and DETR that plantings of GM crops would be strictly limited and that there would be a programme of farm-scale evaluations of GM herbicide tolerant crops to evaluate their effects on the farmland environment, the first of the plantings took place during 1999 for spring and winter oilseed rape and for maize. They will compare GM crops with conventional crops for their effects on farmland biodiversity. The studies are being overseen by a Scientific Steering Committee of independent scientific experts. Funding for the research is being provided by the DETR, MAFF and SERAD.

176. The crops are being grown using guidelines to farmers developed by SCIMAC with encouragement from MAFF. The guidelines will ensure that producers growing the crops undertake best agricultural practice and ensure that the crops are grown safely. The Government believes these guidelines have the potential to form the basis of future legislation and will work with its European partners in taking this forward.

177. The UK voluntary agreement between SCIMAC and DETR was renewed in November, and as part of this the industry undertook that no general unrestricted cultivation of GM crops would proceed until the farm-scale evaluations were complete and that no direct commercial benefit would be sought from these plantings by the holders of consents for release or marketing of the genetically modified organisms. The evaluations are expected to continue until the harvest of crops planted in 2002.

Fibre flax and hemp

178. The area of flax in the UK decreased slightly from 16,700 hectares in 1998 to just under 15,000 in 1999 whilst the area of hemp decreased from over 2,500 to 1,500 hectares. These fibre crops are currently eligible for EU area aids paid at higher levels than the aids for arable crops. The traditional market outlets for long fibre are clothing and textiles. For short fibre and hemp new markets are developing including the automotive sector (such as interior car panels), geotextiles (e.g. matting to prevent soil erosion) and insulation materials.

179. A review was carried out of the second year of operation of a voluntary industry protocol aimed at preventing the growing of flax on environmentally valuable areas of land. Like last year the protocol

appears to have been completely successful in avoiding any encroachment on sensitive land in 1999.

UK producer organisations

180. A total of 83 UK producer organisations (POs) have been recognised under the reformed EU fruit and vegetables regime. They can access EU funds for 50 per cent of their expenditure (within certain limits) on operational programmes to improve cultivation and marketing practices. 67 of the POs are currently running operational programmes. UK growers, working through POs, benefited from £5.7 million for work in 1997, £6.9 million for 1998, and are expected to receive up to £8.9 million for 1999. This represents a significant increase in UK receipts prior to reform when they were typically around £1 million for surplus produce withdrawn under intervention arrangements.

Horticultural Development Council Review

181. Development Councils established under the Industrial Organisation and Development Act 1947 are subject to statutory review. The five yearly review of the Horticultural Development Council, which commissions near-market research and development on behalf of the horticulture industry (excluding growers of apples, pears and hops), was completed in 1999. The Council covers growers in GB. A review report was prepared following an economic evaluation, consultation with the industry and a poll of levy payers. On 27 July the Minister, the Minister for Rural Affairs at the Scottish Executive and the Welsh Assembly Secretary for Agriculture and Rural Affairs, jointly announced that the Council would continue for another term of 5 years.

British Potato Council Review

182. The first statutory review of the British Potato Council commenced on 20 October, when a consultation document was issued, and is due to finish in the first half of year 2000. The British Potato Council was established to commission or undertake research and development, collect and disseminate statistical information, promote potatoes on the home market and develop export opportunities on behalf of the industry. The Council covers producers and purchasers in GB. The review will comprise the consultation exercise, a poll of levy payers and an economic evaluation.

Agricultural tenancies

183. The Agricultural Tenancies Act 1995 provides a simplified legal framework for farm business tenancies entered into on or after 1 September 1995. The objective of the Act, which extends to England and Wales, was to encourage the letting of agricultural land and increase the opportunities for new entrants. A new Annual Survey of Tenanted Land - which replaced the Annual Rent Enquiry - was introduced in October 1996 as part of the arrangements for monitoring the effects of the Act. The results of the 1998 Survey were published in March. Industry surveys conducted since the Agricultural Tenancies Act 1995 came into effect have shown that landlords are releasing previously unlet agricultural hectareage into the agricultural rented sector. In Northern Ireland virtually all agricultural land is owner-occupied.

184. Scotland has its own distinctive regime for the letting of agricultural land governed by Agricultural Holdings (Scotland) Act 1993. The Scottish Executive is committed to a wide ranging programme of land reform which includes plans to change aspects of the law relating to agricultural tenure. Detailed consultation is under way and a White Paper is due to be issued in the first half of 2000.

**Objective 1 and 5b of
the former EC
Structural Funds**

185. The Objective 1 programme under the former EC Structural Funds is now closed with a further two years for project completion. Five projects co-financed by the EAGGF were approved in Merseyside. £325,000 from the EAGGF, equally matched by MAFF funding, has been allocated to these projects attracting a further £417,000 of private sector money. Merseyside has retained Objective 1 status under the new EC Structural Funds. Northern Ireland and the Highlands and Islands of Scotland have secured transitional arrangements for six of the seven year new programme.

186. The Objective 5b programme under the former Structural Funds, which aims to promote the economic development of rural areas by supporting activities such as the provision of business advice, infrastructure development, diversification, marketing and promotion of speciality and regional products and measures to enhance and conserve the environment, closed to new applications at the end of 1999. By December, 369 EAGGF funded projects had been approved in England. £53.5 million of EAGGF money had been allocated to projects with match funding from MAFF of £48.1 million. By 31 December £44.9 million of private sector money for the projects had been levered in by the programme, against public money commitments of the £40.1 million.

187. The LEADER II Community Initiative, linked to Objective 5b, also closed to applications at the end of 1999. At the end of 1999, funding of over £4.4 million from the EAGGF and national public funding had been allocated to 242 projects in England.

**Objective 1 and 2 of the
new EC Structural
Funds**

188. The new Objective 1 areas, as described above, have submitted Single Programming Document (SPDs) to the Commission for approval. The Objective 2 areas, which have been drawn up on a ward by ward basis across the UK in line with criteria laid down in the Structural Funds Regulation, have been agreed with the Commission and SPDs are being drawn up for submission to the Commission for approval. In addition, there are a number of Community Initiatives including LEADER + which is a successor programme to LEADER II. It provides for the giving of support to local, integrated rural development measures, with the local population actively involved in co-operation and networking. It will be co-financed entirely through the EAGGF although its scope extends to activities which would normally be funded by the European Regional Development Fund and the European Social

Fund.

189. West Wales and the valleys was designated an Objective 1 area in July. The region consists of 15 of Wales' 22 local authority areas. A draft SPD was submitted to the Commission and formally received by them in November. Negotiations are underway with the intention of agreeing a final document by April 2000. During the negotiations the necessary amendments will be made to ensure the SDP is compatible with the RDP for Wales.

Emergency preparations for Year 2000

190. Policy divisions in MAFF take responsibility for emergencies affecting their areas in order to ensure that there is a sound knowledge base for an effective emergency response. A review of each Division's emergency plans was carried out with particular reference to the millennium date change. The emergency response infrastructure was tested for millennium compliance and additional features added to cover other eventualities. An all embracing Framework Plan was prepared and became the basis of the emergency Millennium Operating Regime (MOR), an integral part of MAFF's overarching MOR. In addition a comprehensive internal testing programme of all centrally and locally supported systems and products likely to be affected has been carried out and independently verified.

191. MAFF has liaised closely with central government departments including assistance in the organisation of and participation in two major, millennium related, exercises. It has also kept in close touch with the food industry and Action 2000, to identify the extent of preparedness and to promote action where necessary, in order to meet the Government's commitment to ensure that there was no material disruption to essential public services, as a consequence of the millennium date change. MAFF has liaised closely with central government departments and the devolved administrations in Wales and Scotland.

Environmental developments

Key developments

192. MAFF continued to operate a range of schemes designed to encourage environmentally friendly farming and public enjoyment of the countryside. By the end of 1999 Environmentally Sensitive Area (ESA) management agreements covered an area of over 1.5 million hectares in England, Scotland, Wales and Northern Ireland. Payments under the Countryside Stewardship Scheme in England are expected to total about £21.5 million in 1998/99. Some 75,000 hectares in England have been placed into organic conversion under the Organic Farming Scheme (OFS) in 1999. Free pollution advice has been available to farmers on the beneficial use of manures and farm waste management planning, and a new package of information on controlling soil erosion was published.

Agri-environment

193. In December the Government announced a significant increase in expenditure on rural development measures under the RDR over the seven year lifetime of the England RDP. Under the Plan, most of this increased expenditure is directed towards the Countryside Stewardship Scheme (CSS). This is expected to bring about a significant extension in the area and range of habitats, species, landscapes and historic features covered and will make a major contribution to achieving the UK's Biodiversity Action Plan targets. The Government plans to allocate around £500 million for the CSS over the lifetime of the plan. From 2001, there will also be a significant increase in support for organic farming conversion to around £140 million.

194. In addition, the Government plans to allocate £85 million for woodlands on farms, and a £22 million increase in the Woodland Grant Scheme. Support for the ESA Scheme will continue at broadly current levels.

Environmentally Sensitive Areas

195. The purpose of the ESA Scheme is to protect and enhance the rural environment by encouraging environmentally beneficial farming practices in areas of the countryside where the landscape, wildlife and historic interest is of national importance. By the end of 1999 nearly 19,000 farmers in England, Scotland, Wales and Northern Ireland had signed ESA management agreements covering an area of over 1.5 million hectares. Payments covering management agreements and conservation plans (capital works) in ESAs are expected to total over £60 million in 1999/2000 for the UK.

196. In England 1999 saw changes in six ESAs (Blackdown Hills, Cotswold Hills, Dartmoor, Essex Coast, Shropshire Hills and Upper Thames Tributaries) following a five year policy review. These changes included new measures for the re-creation and management of heathland; creation of overwinter stubbles for bird habitats; management of woodland; encouraging wildfowl; and the conservation of meadowland. The changes are designed to address the problem of declining farmland birds on arable land and to support national priorities in relation to biodiversity.

Countryside Stewardship Scheme

197. The CSS in England aims to sustain landscape beauty and diversity, to protect and extend wildlife habitats, to conserve archaeological sites and historic features, restore neglected land or features, create new habitats and landscapes and improve opportunities for people to enjoy the countryside. In 1999 there were approximately 8,600 agreements covering around 152,800 hectares. Payments under these agreements are expected to total about £21.5 million in 1998/99. Around a further 1,300 new agreements, with a total first year cost of around £7.5 million, were entered into the scheme in 1999. Also during 1999 an experiment in two upland areas, Bodmin and Bowland, was introduced with the aim of testing how an integrated approach to

economic and environmental issues can work on a practical basis. In addition, a further 84 applicants were offered new agreements in the pilot Arable Stewardship Scheme, which is testing a range of additional options seeking to restore wildlife in arable farmland areas. Finally, there will also be a number of new enhancements to Countryside Stewardship introduced in 2000 to replace successful elements of the Habitat Scheme, which has been closed to new applications. In Northern Ireland a Countryside Management Scheme was introduced in 1999. By the end of the year over 1,000 applications had been received, although no agreements had been entered into.

Organic Farming Scheme

198. The OFS in England and parallel schemes in Wales and Northern Ireland were launched in 1999. Some 85,000 hectares in England, 131,000 in Scotland, 1,430 hectares in Wales and 1,040 hectares in Northern Ireland had been placed into organic conversion under these schemes by the end of the year. Total expenditure in the UK is expected to be £15.7 million for the financial year 1999/2000, of which £1.8 million in Scotland, £1.77 million in Wales and £0.178 million in Northern Ireland. The OFS in England closed to new applications at the end of November. The Scheme is being reviewed and a successor will be put in place under the RDP to be agreed with the Commission in 2000. In Scotland the Organic Aid Scheme continues to operate. New payment rates were introduced in October.

199. The Organic Conversion Information Service (OCIS) in England, and similar arrangements elsewhere in the UK, provided advice and consultancy to farmers considering converting to organic production. The Ministry's Budget for R&D on organic agriculture was also significantly increased (to £2.2 million) and additional funding has also been made available for OCIS and the UK Register of Organic Food Standards which is responsible for ensuring that standards for organic production are enforced.

200. The Organic Aid Scheme in Wales closed to new applications at the end of September. In Wales some 1,430 hectares had been placed into organic conversion by the end of 1999. Total expenditure in Wales is expected to be £70,000.

201. In Wales the Organic Aid Scheme has been replaced by the OFS which was approved by the Commission in June and opened for applications on 1 October. The new scheme is being run by the National Assembly for Wales and has increased the payment rates in Wales to parallel those already introduced in England.

Habitat Scheme

202. By the end of 1999, 1,616 farmers throughout the UK had entered 17,143 hectares of land into the Habitat Scheme. Payments in 1999/2000 are expected to total some £3,119,000. The Habitat Scheme in England closed to new entrants on 17 December, following a review which concluded that successful elements of the scheme should be

integrated into Countryside Stewardship. Prior to its closure, 447 farmers had entered 7,412 hectares of land into the scheme, with annual payments amounting to some £1.9 million in 1999/2000.

203. The Habitat Scheme in Wales also closed to new applicants in May. Prior to its closure 860 farmers had entered 6,880 hectares of land into the scheme with annual payments estimated to £670,000 in 1999/2000.

**Farm Woodland
Premium Scheme**

204. The Farm Woodland Premium Scheme offers farmers planting new woodlands annual payments over 10 and 15 years. It is part funded by the European Community. For the UK as a whole, in the period 1 April 1992 (when the scheme opened) to 30 September, nearly 9,520 applications were approved to convert over 66,630 hectares (an average of 7 hectares per application), of which nearly 14,530 hectares were approved since 30 September 1998. Since 1 April 1992 this comprises 29 per cent arable land, 37 per cent improved grassland and 34 per cent unimproved grassland and nearly three quarters of the area as broadleaves.

**Countryside Premium
Scheme**

205. The Countryside Premium Scheme was launched in Scotland in March 1997 and provides payments to farmers and crofters who undertake to manage their land in the interests of conservation. It includes elements of the former's Habitats and Heather Moorland Schemes which closed to new applicants in Scotland at the end of 1996. There were 326 applications approved in 1999.

**Rural Stewardship
Scheme**

206. It is intended that the Rural Stewardship Scheme will replace the Environmentally Sensitive Areas and Countryside Premium Schemes in Scotland. Proposals are included in the Scottish RDP submitted to the EC at the end of December.

Tir Gofal

207. In Wales the ESA Scheme, Habitat Scheme, Countryside Access Scheme and Moorland Scheme were closed to new applications in May. A new all Wales agri-environment scheme, Tir Gofal (Land in Care) has been developed to replace these schemes and opened to applications in April. It is open to all farmers, not just those in particular areas. Tir Gofal will encourage farmers throughout Wales to maintain and enhance the agricultural landscape and its wildlife. Tir Gofal was approved by the Commission in February and opened for applications in April. The scheme is being run by the Countryside Council for Wales.

Nitrate Sensitive Areas

208. The Nitrate Sensitive Areas (NSA) Scheme, which was closed to further new entrants in 1998, compensates farmers for making significant changes to their farming practices in order to reduce nitrate leaching. The first agreements to reach the end of their five-year term expired on 30 September when some 12,000 hectares of land left the Scheme. Around 16,000 hectares of land remain subject to NSA

undertakings and the last of these will expire in September 2003. Payments totalling some £6.2 million were made during the 1999/2000 financial year in respect of NSA undertakings.

Nitrate Vulnerable Zones

209. 1999 was the first full year in which farmers in Nitrate Vulnerable Zones (NVZs) have followed the statutory Action Programme measures. Free ADAS advisory visits on the measures continued to be made available. MAFF liaised with the Environment Agency as the enforcement body and enforcement visits began in April. Outside NVZs, the relevant section of the MAFF Code of Good Agricultural Practice for the Protection of Water continued to apply on a voluntary basis.

210. In England, the first review of NVZ designations and development of a change of policy to include both drinking and non-drinking waters has continued jointly with DETR, in preparation for public consultation in 2000. In December, DETR (as lead Department for the Nitrate Directive) made an announcement about the future policy relating to NVZ monitoring and designations in England.

211. Farm Waste Grants (reimbursing 25 per cent of eligible expenditure) continued to be available for NVZ farmers who need to improve their farm waste facilities in line with NVZ requirements. Free advice is also available to help farmers decide on the waste facilities needed to comply with the NVZ measures. Since the scheme was launched in 1996, 47 applicants in England have received grants totalling some £276,000, of which £136,000 (17 applicants) was paid during the 1998/99 financial year.

Free pollution advice and plans

212. The MAFF initiative 'Making the Most of Manure' continued to demonstrate practical and cost-effective ways of minimising diffuse nutrient pollution on four commercial farms. A number of events were held to promote matching nutrient requirement to crop requirement, timing of manure inputs to minimise soil losses and best use of equipment to achieve even and reliable application rates of manures.

213. Farm waste management plan campaigns continued in 1998/99 targeting livestock farmers in river catchments, chosen in discussion with the Environment Agency because of known or suspected water quality problems from farm waste. In England, a total of 550 farmers in seven river catchments and in Wales, 64 farmers in 5 river catchment areas took up the offer of free consultant help in drawing up their plans.

214. To supplement the advice given in the Soil Code, MAFF has published in early 1999 a package of information on lowland soil erosion. The package includes a manual to aid the on-farm assessment of soils at risk of erosion, and offers practical guidance on the management of soils to prevent erosion. A further booklet sets out

management practices that help prevent erosion caused by livestock. In addition, MAFF funded a series of local demonstrations of techniques to reduce the risk of erosion and more technical seminars which were held in February and March.

Free conservation advice

215. The Agricultural Departments have continued to fund advice to farmers on the conservation of wildlife, habitats and valued landscape features. In 1998/99 over 3,900 initial visits were made to farmers in England by ADAS and the Farming and Wildlife Advisory Group. These visits were either wholly or partly funded by MAFF. The Countryside and Agricultural Information Service (CAIS), has been available to all farmers in Wales since January 1995. The service is free and acts as a single point of contact to give impartial environmentally sound advice. CAIS advisors have undertaken almost 6,400 advisory visits up to 30 June.

Indicators

216. Throughout 1999 MAFF has been developing a set of indicators of sustainable agriculture for publication early in 2000. *Towards Sustainable Agriculture - a pilot set of indicators* is intended to provide a means for measuring the economic, social and environmental impacts of agriculture and to help assess the effectiveness of policies and the sustainability of the sector. The publication will also help meet increasing public demands for information about the environmental impacts of sustainable agriculture. The indicators cover five particular areas: agriculture in the rural economy and society; farm management systems; input use; resource use and conservation value of agricultural land. MAFF has also contributed to the work of the OECD on its Stocktaking Report (on agri-environment indicators) and to the indicator work of the Commission.

Hedgerows

217. The Government has continued with its work reviewing the Hedgerows Regulations 1997 (England and Wales). The results of a Government-funded research project into proposed revised criteria for defining important hedgerows were published in November. The Government intends to publish revised draft Regulations for statutory consultation after it has fully evaluated this research.

Flood and coastal defence

218. MAFF has continued to work closely with the flood and coastal defence operating authorities in England (i.e. the Environment Agency, Internal Drainage Boards and Local Authorities) in developing a seamless and integrated service of flood forecasting, warning and response by April 2000. This stems from recommendations in the 1998 Agriculture Select Committee report on Flood and Coastal Defence and the Independent Report on the Easter 1998 Floods (the 'Bye' Report). In May, MAFF published Interim High Level Targets for the operating authorities. More comprehensive targets were published in November and will take effect from 1 April 2000. These require operating authorities to produce policy statements on the way they will deliver the Government's aims and objectives. There are targets relating to flood

warning, emergencies and development control, for taking forward initiatives on Shoreline Management Plans, Water Level Management Plans and Coastal Habitat Management Plans, and for monitoring the impact of flood and coastal defence on habitats covered by Biodiversity Action Plans.

219. MAFF has also monitored progress of the Environment Agency's Action Plan to implement the Byre Report and is undertaking a joint review of flood defence funding mechanisms in England with the DETR.

220. In Northern Ireland, responsibility for coast and sea defence functions is already centralised and integrated in the DARD Rivers Agency. In the development of its separate flood and coastal defence strategy, tailored to differing local needs in Northern Ireland, DARD takes account of GB initiatives where applicable.

Water level management plans

221. In November, MAFF issued additional guidance notes to operating authorities on the preparation of Water Level Management Plans (WLMPs). The purpose of the guidance note is to clarify existing policy on preparing WLMPs, and to assist operating authorities in completing plans. The guidance was written by the recently formed WLMP Advisory Group, comprising MAFF, Environment Agency, Association of Drainage Authorities, English Nature, RSPB, Local Government Association and an independent adviser.

Habitats

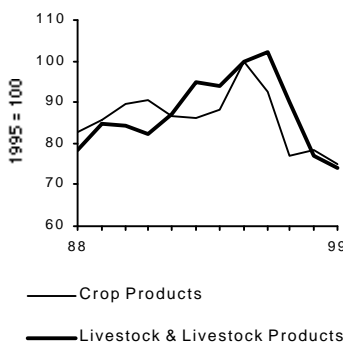
222. In July 1998 MAFF announced that funding criteria would, where necessary, be adjusted to ensure internationally important conservation sites, Natura 2000 and Ramsar sites, would be protected from flooding and coastal erosion; this includes protection from inappropriate water level management for wetlands. Before such schemes are grant aided they will need to comply with the Habitats Regulations 1994. Any such application will therefore need to be accompanied by a Habitat Action Plan, and for coastal sites the relevant Coastal Habitat Management Plan (CHaMP). In July, following a successful English Nature/Environment Agency EU LIFE bid, MAFF announced the issue of the consultation draft of guidance for preparing CHaMPs. Preparation of these documents will make an important contribution towards identifying the necessary sustainable measures needed to protect these sites from the effects of flooding and coastal erosion. Definitive guidance on plan preparation for operating authorities will be provided in the environmental volume of the new Project Appraisal Guidance series (PAG5), due to be published early 2000.

Chapter 4 Product prices and input costs

Price indices (Table 4.1)

1. Table 4.1 shows price indices for agricultural products and inputs. Chart 4.1 portrays the main changes in these indices over recent years. Between 1998 and 1999 the average price of agricultural products fell by 4.0 per cent and inputs fell by 1.8 per cent. Product prices have fallen 25 per cent over the last four years from their peak in 1995. The average price of agricultural products is 11 per cent lower than ten years ago, whereas the average price of inputs has increased by 13 per cent.

Price indices; crops and



2. In 1999, the price of crop products fell by 4.1 per cent mainly due to decreases in the price of cereals, fresh fruit, fresh vegetables, pulses and oilseeds. The price of livestock and livestock products decreased by 3.4 per cent with the largest falls shown by calves (23 per cent) and ewes and rams (30 per cent).

3. It should be noted that these indices are constructed using fixed annual weights (relating to 1990). They reflect observed market prices and do not take account of direct subsidy payments. In contrast, the price changes presented in table 6.3, derived from the aggregate accounts, include subsidy payments and are based on current production. For these reasons the price movements presented here and Chapter 6 differ.

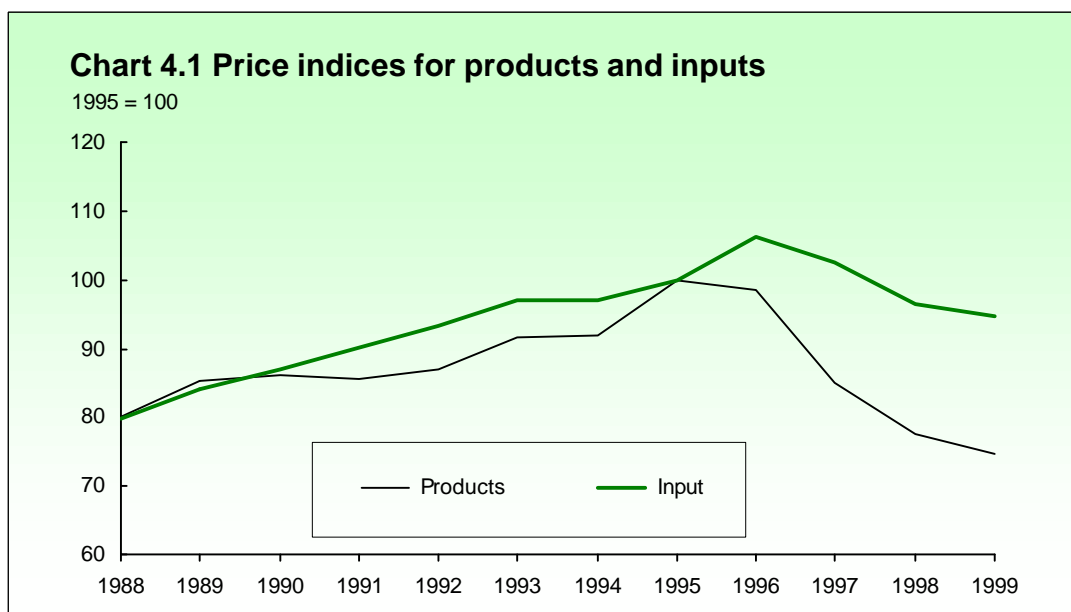


TABLE 4.1 Price indices for products and inputs

Enquiries: Mr A S Howsam on 01904 455253

Indices(a): 1995=100

Annual average figures for calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Producer prices for agricultural products (b)	83.8	100.0	98.5	85.1	77.5	74.6
of which:						
Crop products:	86.1	100.0	92.4	76.9	78.3	75.0
Cereals	95.7	100.0	101.6	81.4	70.6	68.1
Root crops	51.9	100.0	59.4	39.7	60.2	60.6
Fresh vegetables	85.9	100.0	99.2	88.3	95.7	91.9
Fresh fruit	98.3	100.0	112.2	102.6	102.8	93.9
Seeds	67.6	100.0	85.6	64.3	62.5	64.9
Flowers and plants	94.4	100.0	106.9	107.1	101.7	100.6
Other crop products	147.2	100.0	105.7	95.3	93.0	71.5
Livestock and livestock products:	82.3	100.0	102.3	90.3	76.9	74.3
Livestock (for slaughter and export)	88.1	100.0	102.5	90.7	75.1	74.0
Milk	72.9	100.0	100.4	88.6	77.7	73.6
Eggs	96.5	100.0	119.6	102.5	94.5	89.3
Other livestock products	100.1	100.0	93.0	81.9	58.5	52.3
Prices of agricultural inputs:	83.6	100.0	106.1	102.4	96.6	94.8
of which:						
Currently consumed in agriculture:	84.4	100.0	106.7	101.9	94.7	92.4
Livestock feedingstuffs	92.0	100.0	109.3	99.9	85.4	78.6
Seeds	72.6	100.0	106.0	93.2	95.5	95.2
Animals for rearing and production	70.9	100.0	100.1	96.0	91.9	85.3
Fertilisers and soil improvers	94.7	100.0	110.6	96.0	81.4	78.0
Plant protection products	80.2	100.0	106.6	107.3	100.2	97.2
Maintenance and repair of plant and machinery	70.4	100.0	105.4	109.9	113.3	117.3
Energy, lubricants	84.7	100.0	107.8	106.9	102.4	109.5
Maintenance and repair of buildings	81.4	100.0	100.6	102.1	102.9	101.6
Veterinary services	84.7	100.0	102.5	105.3	108.4	108.1
Materials and small tools	76.7	100.0	100.3	100.0	97.9	98.0
General expenses	75.3	100.0	101.9	104.0	104.3	104.8
Contributing to agricultural investment (c)	79.4	100.0	102.5	105.4	107.7	108.7

Source: MAFF Statistics

(a) Indices covering an aggregation of commodities are weighted averages with weights based on the values of output of the respective commodities in 1990.

(b) These indices reflect prices received by producers but exclude direct subsidies.

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

Chapter 5 Commodities

Summary

1. The value of output (including subsidies directly related to products) was 3.1 per cent or £518 million lower at current prices in 1999, despite a 0.9 per cent increase in the volume of output. The revenue from most commodities was lower due to lower prices brought about by the continued strength of sterling and oversupply in the commodity markets.

- *Cereals* areas fell by 8.3 per cent due to an increase in both set-aside and oilseed area, but this was partly offset by improvements in yields - up 7.6 per cent overall. The output value of wheat fell by £107 million or 6.5 per cent and of barley by £42 million or 5.4 per cent in response to lower volumes of sales and lower prices.
- The cost of *purchased feedingstuffs* fell by £94 million or 3.8 per cent despite an overall increase in volume following price reductions. Lower usage of pig and poultry feed was more than offset by increased usage in the cattle sector.
- The output value of *oilseed rape* fell by £51 million or 13 per cent due to significantly lower prices, despite increases both in production and in total subsidy paid. The value of *linseed* rose by 94 per cent, following a significant increase in total area planted.
- The output value of *potatoes* increased by £131 million or 21 per cent in 1999. This reflects a balance of high prices in the first half of the year and low prices in the second half. The high prices were a continuation of the high prices of 1998, due to weather-related low yields and reduced production. The planted area and production then increased and prices in the second half of the year fell.
- The output value of all *horticultural commodities* rose slightly by 0.3 per cent in 1999 to £1,899 million. A fall of 2.2 per cent for vegetables was offset by an increase of 3.5 per cent for ornamentals and an increase of 1.9 per cent for fruit.
- The output value of *cattle and calves* was similar to last year. Producer prices were up by 6.9 per cent but subsidies fell by 3.8 per cent, primarily due to lower rates for Suckler Cow Premium and the ending of the Calf Processing Aid Scheme on 31 July 1999.

- The output value of *sheep and lambs* was 11 per cent or £126 million lower than in 1998, despite increased production. Both market prices and subsidies were lower than the previous year.
- The output value of *pigs* was 11 per cent or £99 million down on 1998, due to a fall in production following the reduction in the breeding herd and lower prices.
- The output value of *poultrymeat* decreased by £100 million or 7.4 per cent. The volume of production fell slightly by 2.1 per cent. This is the first fall in production in a number of years and is indicative of the current oversupply problem. Prices were poor due to oversupply and pressure from imports.
- The output value of *livestock products* (principally milk and eggs) fell by 2.7 per cent overall. *Milk* was down by 1.7 per cent and eggs down by 10 per cent. The average price of milk fell by just under 1 pence per litre, caused in part by the strength of sterling. For eggs, there is a continuing lack of demand causing oversupply and low prices.

Agrimonetary Compensation

2. Transitional Agrimonetary Compensation is being paid to compensate for reductions in subsidies due to a change in the agrimonetary system. It is being phased over three years and is being included in the years for which it is intended to offset reduced revenue. The first payments for the arable and beef sectors have been included in the 1999 figures. The first and second payments for the sheep sector have been included in the 1998 and 1999 figures respectively.

Structure of Tables

3. Each of the main commodity tables is divided, where appropriate, into three sections:

Production

For crops the aggregate areas and average yields are shown and are used to derive the levels of production. For livestock the populations, marketings and average slaughter weights are shown and lead to estimates of production. Value of production figures are broken down into sales out of the industry, sales within the industry, changes in stocks or work-in-progress and subsidies (less taxes) on product. The value of production in these tables is the same as the value of output in table 6.1.

Prices

Average producer prices and/or selected market prices are provided.

Supply and Use

Total new supply is defined as production plus imports less exports. Most data on trade comes from the Overseas Trade Statistics and for 1998 and 1999 the data is provisional and therefore subject to revisions.

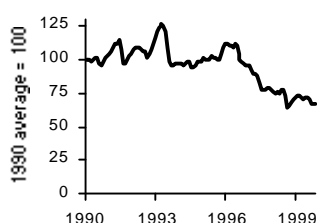
Total domestic use is the total new supply adjusted for changes in stocks. Where stocks are insignificant or not known the total domestic use is assumed to be the same as the total new supply. *Production as percentage of total new supply for use in the UK* gives an indication of the self-sufficiency of the UK in the commodity.

Cereals

Cereals

(Tables 5.1-5.4)

Monthly cereal price



Total cereals areas at 3.14 million hectares fell by 8.3 per cent compared to 1998. This was largely as a result of the increased compulsory set-aside area – raised from 5 per cent to 10 per cent. However, overall production only fell by 1.3 per cent to 22.5 million tonnes. This was because yields of cereal crops improved by 7.6 per cent overall. Prices continued to fall in 1999 though the rate of decrease slowed compared to the previous year. Total value of cereals fell by 6.1 per cent to £2,349 million. Arable area payments fell as a result of the reduced areas, the introduction of the Euro and the loss of the green rate freeze although this was partly offset by Transitional Agrimonetary Compensation (see paragraph 2).

Wheat

(Table 5.1)

4. The value of wheat production fell by 6.5 per cent in 1999 to £1,545 million. Prices fell slightly from the levels reached in 1998, partly as a result of the strength of sterling but largely because of lower world prices. At the same time there were lower volumes of sales particularly in the poultry feed sector (although these reductions were partly offset by slightly higher usage of high quality wheat by millers). Exports in 1999 were lower than 1998 due in part to reduced availability.

Barley

(Table 5.2)

5. The value of barley production fell by 5.4 per cent in 1999 to £739 million. Lower sales to the animal feed sector (particularly poultry) contributed to this fall, as compounders tended to switch from barley in favour of wheat as price differentials narrowed. Prices were approximately 5 per cent below those experienced in 1998. Intervention stocks remained at lower levels than in 1998 as sales out of intervention were encouraged by the EU. Total exports particularly within the EU were down, reflecting in part reduced availability.

Oats

(Table 5.3)

6. The value of oats production was broadly similar to 1998. Lower volume was offset by a modest improvement in prices. Usage in 1999 was very similar to 1998.

TABLE 5.1 Wheat

Enquiries: Mr A Clothier on 01904 455068

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Production						
Area ('000 hectares)	1,994	1,859	1,976	2,036	2,045	1,859
Yield (tonnes/hectare)	6.65	7.70	8.15	7.38	7.56	8.12
Volume of harvested production	13,271	14,310	16,100	15,020	15,470	15,104
Value of production (£ million) (a)	1,313	2,079	2,315	1,851	1,652	1,545
of which: sales	1,315	1,481	1,602	1,287	1,126	1,057
subsidies (b)	-	480	507	493	466	422
on farm use	61	55	67	79	80	68
change in stocks	-1	62	139	-9	-20	-1
Prices (c)						
Milling wheat (£/tonne)	..	120	122	101	84	81
Feed wheat (£/tonne)	..	110	111	89	75	73
Supply and Use						
Production	13,272	14,312	16,103	15,018	15,465	15,104
Imports from: the Fourteen	727	638	432	742	779	573
the rest of the world	398	278	244	413	471	570
Exports to: the Fourteen	1,419	2,442	3,139	2,719	3,566	2,750
the rest of the world	1,862	602	727	1,001	643	250
Total new supply	11,116	12,185	12,913	12,453	12,506	13,247
Increase in farm and other stocks	-445	524	854	-391	-478	286
Total domestic uses	11,561	11,661	12,059	12,844	12,984	12,961
of which: flour milling	5,007	5,338	5,501	5,535	5,714	5,677
animal feed	5,356	5,213	5,354	6,109	6,157	6,203
seed	358	356	366	368	350	318
other uses and waste	840	754	837	833	763	763
Production as % of total new supply for use in UK	120%	117%	125%	121%	124%	114%
% of home grown wheat in milling grist	79%	86%	87%	84%	80%	83%

Wheat (Crop Years: July-June)

'000 tonnes (unless otherwise specified)

Crop years: July-June

	1994/95	1995/96	1996/97	1997/98	1998/99
Production and output					
Volume of harvested production	13,316	14,312	16,103	15,018	15,465
Value of production (£ million) (a)	1,762	2,153	2,126	1,722	1,630
of which: sales	1,366	1,557	1,537	1,179	1,075
subsidies (b)	330	480	507	493	466
on farm use	60	60	72	84	79
change in stocks	5	55	10	-35	10

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Excludes farm saved seed

(b) Includes Arable Area Payments but excludes set-aside payments. Net of Taxes.

The negative values from 1986 to 1992 reflect levy payments made by producers under the cereals co-responsibility scheme.

(c) Average prices weighted by volumes of sales

TABLE 5.2 Barley

Enquiries: Mr A Clothier on 01904 455068

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Production						
Area ('000 hectares)	1,684	1,193	1,269	1,359	1,255	1,162
Yield (tonnes/hectare)	4.92	5.73	6.14	5.76	5.29	5.74
Volume of harvested production	8,252	6,840	7,790	7,830	6,630	6,670
Value of production (£ million) (a)	814	1,110	1,184	977	781	739
of which: sales	655	567	624	421	397	330
subsidies (b)	-	299	314	316	277	256
on farm use	212	199	206	193	164	154
change in stocks	-20	45	40	47	-57	-1
Prices (c)						
Malting barley (£/tonne)	..	142	133	92	85	79
Feed barley (£/tonne)	..	105	101	80	71	70
Supply and Use						
Production	8,254	6,842	7,789	7,828	6,630	6,670
Imports from: the Fourteen	281	83	67	116	149	120
the rest of the world	2	21	23	26	31	17
Exports to: the Fourteen	691	1,353	1,102	941	768	425
the rest of the world	2,000	526	614	727	775	1,120
Total new supply	5,846	5,067	6,163	6,303	5,267	5,262
Increase in farm and other stocks	-432	-661	57	475	-355	-33
Total domestic uses	6,277	5,728	6,106	5,827	5,623	5,295
or which: brewing/distilling	1,810	1,902	1,971	1,938	1,999	1,935
animal feed	4,058	3,563	3,852	3,625	3,377	3,127
seed	245	216	231	213	203	188
other uses and waste	164	46	51	51	43	45
Production as % of total new supply for use in UK	142%	135%	126%	124%	126%	127%

Barley (Crop Years: July-June)

'000 tonnes (unless otherwise specified)

Crop years : July-June

	1994/95	1995/96	1996/97	1997/98	1998/99
Production and output					
Volume of harvested production	5,952	6,842	7,789	7,789	7,828
Value of production (£ million) (a)	854	1,124	1,132	922	772
of which: sales	479	598	624	435	339
subsidies (b)	194	299	314	316	277
on farm use	189	210	195	175	155
change in stocks	-8	17	-2	-4	1

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Excludes farm saved seed

(b) Includes Arable Area Payments but excludes set-aside payments. Net of Taxes.

The negative values from 1986 to 1992 reflect levy payments made by producers under the cereals co-responsibility scheme.

(c) Average prices weighted by volumes of sales

TABLE 5.3 Oats

Enquiries: Mr A Clothier on 01904 455068

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Production						
Area ('000 hectares)	115	112	96	100	98	93
Yield (tonnes/hectare)	4.64	5.52	6.14	5.78	6.00	6.17
Volume of harvested production	533	615	590	575	585	575
Value of production (£ million) (a)	50	89	86	71	60	57
of which: sales:	33	47	44	35	25	25
subsidies (b)	-	28	24	23	22	21
on farm use	18	16	16	12	10	12
change in stock	1	-3	2	1	3	-
Prices (c)						
Milling oats (£/tonne)	..	101	106	83	66	71
Feed oats (£/tonne)	..	99	104	76	62	71
Supply and Use						
Production	536	617	590	577	587	575
Imports from: the Fourteen	8	2	2	16	11	14
the rest of the world	-	-	-	-	-	-
Exports to: the Fourteen	9	216	132	78	52	42
the rest of the world	-	-	-	-	-	-
Total new supply	535	403	460	515	546	547
Increase in farm and other stocks	23	-72	-12	10	6	15
Total domestic uses	512	475	472	505	540	532
of which: milling	215	217	250	259	272	267
animal feed	258	234	199	224	245	241
seed	23	21	19	19	19	19
other uses and waste	15	3	3	3	3	4
Production as % of total new supply for use in UK	100%	153%	128%	112%	107%	105%

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Excludes farm saved seed

(b) Includes Arable Area Payments but excludes set-aside payments. Net of Taxes.

The negative values from 1986 to 1992 reflect levy payments made by producers under the cereals co-responsibility scheme.

(c) Average prices weighted by volumes of sales

TABLE 5.4 Total cereals

Enquiries: Mr A Clothier on 01904 455068

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Production						
Area ('000 hectares)	3,812	3,182	3,359	3,514	3,420	3,137
Volume of harvested production	22,139	21,870	24,590	23,530	22,790	22,485
Value of production (£ million) (a)	2,180	3,287	3,594	2,907	2,502	2,349
Supply and Use						
Imports from: the Fourteen	2,312	2,130	1,654	1,992	2,012	1,761
the rest of the world	598	537	563	795	739	924
Exports to: the Fourteen	2,137	4,023	4,391	3,749	4,390	3,224
the rest of the world	3,863	1,128	1,341	1,728	1,418	1,370
Total new supply	19,068	19,388	21,072	20,843	19,739	20,576
Increase in farm and other stocks	-854	-209	900	94	-827	268
Total domestic uses	19,922	19,597	20,172	20,749	20,566	20,308
Production as % of total new supply for use in UK	116%	113%	117%	113%	115%	109%

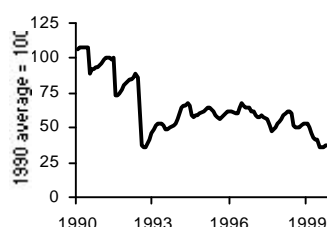
source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Includes Arable Area Payments, but excludes set-aside payments and farm saved seed. Taxes where applicable are deducted.

Other crops

Oilseed rape (Table 5.5)

Monthly OSR price index



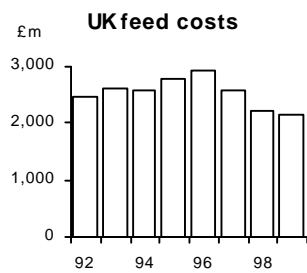
7. The value of production was considerably lower than in 1998. Prices for oilseed rape grown on set-aside (for industrial, non-food uses) and on non set-aside land (for food use) decreased steeply in the early part of 1999 and remained low for the rest of the year, reflecting lower world prices of oilseeds generally. Total production was, however, higher than in 1998 due to an increase of some 11,000 hectares in the overall area planted. The total area of oilseed rape grown on set-aside increased by 380 per cent to 120,000 hectares, but this increase was largely offset by a decrease in the area of non set-aside planted. This decrease contributed to the EU production area falling within the maximum guaranteed area allowed under EU rules and thus maximised the entitlement to subsidy. Yields remained broadly similar to 1998 for both set-aside and non set-aside oilseed rape. Overall value of production fell by almost 13 per cent to £356 million.

Linseed (Table 5.6)

8. The area of linseed planted in 1999 rose by 108 per cent compared with 1998, which led to an increase in production of 106 per cent (to 295,000 tonnes). Subsidy rose in line with the increased area and accounted for over 79 per cent of total value. With the risk of oilseed rape exceeding the maximum guaranteed area, many farmers saw linseed as a safer planting option. Value of production rose by 94 per cent to £129 million.

Sugar beet and sugar (Table 5.7)

9. Production rose from 1998 levels due to increased yields. However, the strength of sterling and low world sugar prices led to a lower average market price than in 1998, and the value of the crop dropped slightly below the 1998 level as a result. The methodology was changed to include transport allowances in the value of production. Refined sugar production rose by about 4.2 per cent to 1.5 million tonnes. The quantity of contracted beet is likely to be more in line with sugar quota levels this year, reducing the amount of over-quota production ineligible for CAP support. Sugar content at 17 per cent is expected to be just under last year's level.



Purchased seeds
(Table 5.21)

14. Whilst the value of most seed categories actually fell in 1999, significant increases in the cost of potato seed, led to an increase in the total cost of purchased seeds of some 3.4 per cent to over £333 million.

Table 5.5 Oilseed rape

Enquiries: Mr C M Porteus on 01904 455066

`000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Area ('000 hectares)	353	439	414	473	531	542
Yield (tonnes/hectares)	3.01	2.81	3.41	3.23	2.96	3.08
Volume of harvested production	1,062	1,235	1,412	1,527	1,570	1,667
of which:						
Production not on set-aside land:						
Area ('000 hectares)	353	354	356	445	506	422
Yield (tonnes/hectares) (a)	3.01	2.91	3.49	3.24	2.97	3.10
Production (a)	1,062	1,031	1,243	1,444	1,498	1,308
Production on set-aside land:						
Area ('000 hectares)	..	85	58	28	25	120
Yield (tonnes/hectares)	..	2.41	2.89	3.00	2.83	3.00
Production	..	204	169	83	72	359
Value of production (£ million)	264	379	421	406	407	356
of which:						
sales	264	215	251	233	251	185
subsidies (b)	..	164	162	167	155	175
change in stocks	..	-1	8	6	2	-4
Imports from:						
the Fourteen	85	252	203	274	277	213
the rest of the world	46	270	24	3	49	115
Exports to:						
the Fourteen	149	41	96	162	230	143
the rest of the world	-	-	80	24	46	131
Total new supply	1,045	1,716	1,463	1,618	1,620	1,721
Production as % of total new supply for use in UK	102%	72%	97%	94%	97%	97%

source: MAFF Statistics website, www.maff.gov.uk/esg

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

(b) Under the Arable Area Payments Scheme (AAPS) payments are made to oilseed rape producers in two installments: an advance payment in the autumn of the year of harvest and the balance in the following spring. However for the purposes of these accounts all payments have been included under the year of harvest.

TABLE 5.6 Linseed

Enquiries: Mr C M Porteus on 01904 455066

`000 tonnes (unless otherwise specified)

Calendar years

		Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Area ('000 hectares)		22	62	54	76	101	210
Yield (tonnes/hectare)		1.90	1.31	1.59	1.40	1.41	1.40
Volume of harvested production		41	81	87	106	143	295
of which:							
Production not on set-aside land:							
Area ('000 hectares)		22	54	49	73	99	207
Yield (tonnes/hectares) (a)		1.92	1.30	1.61	1.39	1.41	1.40
Production (a)		41	70	79	102	140	290
Production on set-aside land:							
Area ('000 hectares)		..	8	5	3	2	3
Yield (tonnes/hectares)		..	1.35	1.46	1.65	1.57	1.55
Production		..	11	8	5	3	5
Value of production (£ million)		11	41	40	51	67	129
of which:							
sales		6	12	15	15	19	27
subsidies		5	29	25	37	48	102
Imports from:	the Fourteen	13	-	2	-	1	1
	the rest of the world	1	48	37	52	37	1
Exports to:	the Fourteen	8	8	11	30	41	43
	the rest of the world	-	1	1	1	1	3
Total new supply		47	120	114	127	139	251
Production as % of total new supply for use in UK		87%	68%	76%	83%	103%	118%

source: MAFF Statistics website, www.maff.gov.uk/esg

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

TABLE 5.7 Sugar beet and sugar

Enquiries: Mr C M Porteus on 01904 455066

`000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Sugar beet (a)						
Area ('000 ha)	197	196	199	196	189	185
Yield (adjusted tonnes/hectares)	40.86	43.02	52.36	56.55	52.92	55.83
Volume of harvested production (a)	8,056	8,431	10,420	11,084	10,002	10,328
Average market price (£/adjusted tonne)	31.59	42.10	34.38	29.69	29.49	28.21
Value of production (£ million)	254	355	358	329	295	291
Sugar content %	17.36	16.47	18.04	17.17	17.34	17.40
Sugar ('000 tonnes refined basis)						
Production (b)	1,271	1,220	1,477	1,592	1,439	1,500
Imports from: the Fourteen	135	93	78	128	155	100
the rest of the world	1,171	1,150	1,181	1,183	1,229	1,254
Exports to: the Fourteen	60	95	58	73	84	79
the rest of the world	264	403	289	511	687	527
Total new supply	2,252	1,965	2,389	2,319	2,052	2,248
Production as % of total new supply for use in UK	56%	62%	62%	69%	70%	67%

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) From 1991 onwards yield, production and prices for sugar beet have been re-based to "adjusted tonnes" at standard 16% sugar content.

(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.

TABLE 5.8 Potatoes

Enquiries: Mr A Roberts on 01904 455074

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Production						
Area ('000 hectares)	177.6	171.6	177.7	165.9	164.1	177.6
of which: early	17.3	16.5	13.8	16.2	17.8	13.8
maincrop	160.3	155.1	163.9	149.7	146.3	163.8
Yield (tonnes/hectare):						
early	23.6	22.6	23.5	23.8	18.8	24.7
maincrop	38.6	38.9	42.1	45.0	41.6	41.3
Volume of harvested production	6,602	6,407	7,225	7,125	6,417	7,100
of which: early	408	373	325	386	336	341
maincrop	6,195	6,033	6,900	6,739	6,081	6,759
End year stocks	3,452	3,439	3,820	3,718	3,368	3,702
Value of production (£million)	496	1,088	634	387	624	755
of which: sales	483	1,000	562	383	652	660
on farm seed use	19	41	34	10	15	32
change in stocks	-7	47	38	-7	-42	64
Prices						
Average price (£/tonne) paid to registered producers for:						
early potatoes (a)	106	156	97	74	152	82
maincrop potatoes (a)	83	190	98	63	119	120
all potatoes (a)(b)	86	188	101	66	122	120
Supply and use						
Total production	6,602	6,407	7,225	7,125	6,417	7,100
Supplies from the Channel Islands	36	38	51	58	38	47
Imports	961	1,202	1,049	1,031	1,220	991
of which:						
early from:						
the Fourteen	74	69	48	77	77	41
the rest of the world	160	168	192	89	124	128
maincrop from:						
the Fourteen	154	181	154	93	222	75
the rest of the world	8	10	2	2	5	11
processed (raw equivalent) from:						
the Fourteen	499	651	606	736	758	650
the rest of the world	25	76	17	16	16	59
seed from:						
the Fourteen	42	46	30	19	18	27
the rest of the world	-	-	-	-	-	-
Exports	202	346	282	366	378	368
of which:						
raw to:						
the Fourteen	50	128	92	151	178	172
the rest of the world	41	60	59	9	8	4
processed (raw equivalent) to:						
the Fourteen	45	63	60	73	84	103
the rest of the world	2	20	12	46	25	21
seed to:						
the Fourteen	36	35	32	35	49	34
the rest of the world	30	39	28	53	34	36
Total new supply	7,397	7,301	8,043	7,848	7,296	7,770

source: MAFF Statistics website, www.maff.gov.uk/esg

TABLE 5.8 Potatoes (continued)

Enquiries: Mr A Roberts on 01904 455074

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Total new supply	7,397	7,301	8,043	7,848	7,296	7,770
Change in stocks	-44	252	381	-101	-351	334
Total domestic uses	7,441	7,049	7,662	7,949	7,647	7,364
of which: used for human consumption	6,005	5,923	6,123	6,261	5,986	5,863
seed for home crops (including						
seed imports)	552	487	515	449	437	457
support buying	84	-	-	-	-	-
chats, waste and retained stockfeed	800	639	1,024	1,239	1,224	1,044
Production as % of total new supply for use in the UK	89%	88%	90%	91%	88%	91%

(Crop Years: June-May)

£ millions (unless otherwise specified)

Crop years: July-June

	1994/95	1995/96	1996/97	1997/98	1998/99
Production					
Volume of harvested production ('000 tonnes)	6,539	6,407	7,225	7,125	6,417
Value of production	1,013	847	409	473	843
of which: sales	1,007	796	387	457	818
on farm seed use	17	41	27	12	17
change in stocks	-11	10	-5	4	8
Prices					
Average realised return (£/tonne) (c)	176	149	66	81	158

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Includes a price for sacks where appropriate.

(b) Takes account of support buying and seed sales.

(c) Takes account of support buying, seed sales and sacks.

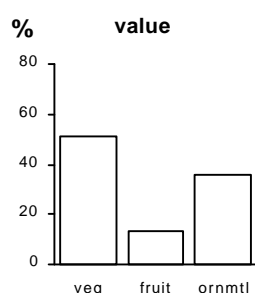
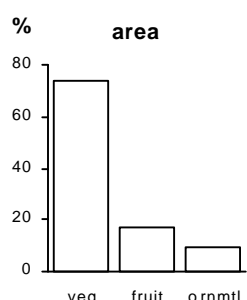
Horticulture

Horticulture

(Tables 5.9 – 5.11)

15. The total area devoted to horticulture as reported in the 1999 June Agricultural Census (table 2.2) was 178,869 hectares, compared with 178,249 hectares in 1998. This area relates to field area and does not take into account the number of crops in the year.

16. The following revisions should be taken into account when looking at the tables:



a) For last year's report the valuation estimates for fruit and vegetables were revised to take account of the generally higher values achieved for crops by producer organisations (POs). Revisions were made at the total fruit and total vegetable level. This year amendments to the additions have been made to take into account the most recent data and the additions have now been made at the individual commodity level.

b) Farm-gate prices have been updated and amendments have been made to the last three year's data.

c) Revisions back to 1984 also result from revised production and value data from Scotland and Northern Ireland.

d) Whilst the above revisions combine to make a significant number of changes from last year, the overall picture and year on year trends remain essentially the same.

e) For further information on any of these revisions, the publication 'Basic Horticultural Statistics for the United Kingdom' (BHS) expands on the details of all crops shown in this section and also provides statistics for hops. BHS can be obtained from Mrs Lesly Lawton, MAFF, Statistics (Commodities and Food) Division, Branch B, Room 231, Foss House, King's Pool, 1-2 Peasholme Green, York, YO1 7PX (tel. 01904-455072) or at www.maff.gov.uk under the heading statistics.

Field vegetables grown in the open

(Table 5.9)

17. The area of field vegetables fell by 4.0 per cent in 1999. The value of production fell by 2.6 per cent. In general, good weather led to high yields but prices were low. The value of dry bulb onions was down by 27 per cent compared to 1998 because of over-saturation of the market. Similarly, the value of cauliflowers was down by 9.4 per cent. The value of sprouts continued on a downward trend with a fall of 11 per cent compared with 1998. Some crops saw a rise in value of production. Field lettuce increased by 11 per cent, the crop being of good quality. Carrots rose by 7.1 per cent and cabbages by 11 per cent.

Protected salad crops

(Table 5.9)

18. The area of protected vegetables was slightly below that of 1998. The value of production fell by 1.3 per cent. The value of production of tomatoes rose, by 2.1 per cent compared with 1998 figures. In addition, the value of production of cucumbers fell by about 6 per cent.

Orchard fruit
(Table 5.10)

19. Orchard fruit area rose slightly in 1999 and the value of production was 8.5 per cent down on 1998. A number of factors, including a good crop from Northern Ireland and a lack of demand, led to a fall, of 17 per cent, in the value of production of culinary apples. Prices fell for dessert apples but less wastage and a good quality full crop led to a rise in the value of production of 23 per cent. The value for pears fell by 15 per cent due to a reduction in output.

Soft fruit
(Table 5.10)

20. Soft fruit area continued to fall in 1999 but the overall value of production increased by 12 per cent. Value of production rose by 20 per cent for strawberries reflecting very good yields and quality, and for raspberries there was an increase of 13 per cent.

**Flowers in the open
and bulbs (open and
forced)**
(Table 5.11)

21. The value of production of the relatively small flowers and bulbs sector fell by 1.4 per cent in 1999. The area of narcissi grown in the open remained the same in 1999 but there was a fall in the value of production due to a fall in price. However, the value of production of narcissi forced for cutting under protection increased, whilst for tulips there was little change.

**Hardy ornamental
nursery stock**
(Table 5.11)

22. The value of production rose by 5.6 per cent with container-grown nursery stock maintaining the long-running upward trend.

**Protected
ornamentals**
(Table 5.11)

23. The value for protected ornamentals picked up a little in 1999. Whilst the value of production for bedding plants, which represent by far the largest part of this sector, was virtually unchanged it increased a little for both pot plants and bulb flowers.

TABLE 5.9 Horticulture: vegetables

Enquiries: Ms C Munro on 01904 455099

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Production						
Area ('000 hectares):	185.9	163.8	163.0	152.7	155.9	149.7
of which: grown in the open (a)(b)	183.1	162.0	161.4	151.3	154.6	148.5
protected (c)	2.9	1.8	1.6	1.4	1.3	1.2
Value of production (£million):						
grown in the open	615	726	714	638	663	646
protected	332	339	368	324	321	317
Total	947	1,065	1,082	962	984	963
of which: subsidies (d)	..	6	6	7	7	6
Selected crops:						
cabbages	62	73	81	56	59	65
carrots	88	97	99	67	88	94
cauliflowers	64	60	64	46	42	38
lettuces	116	136	116	120	95	102
mushrooms	154	162	171	169	174	173
peas	59	58	72	59	57	50
tomatoes	79	66	88	64	66	67
Prices						
Farm gate price (£/tonne)						
Selected crops:						
cauliflowers	201.9	247.8	270.9	237.7	219.3	201.6
tomatoes	602.9	582.4	756.2	554.0	603.9	572.4
Supply and use (e)						
Total production	3,160	2,829	3,070	2,935	2,852	3,024
Supplies from the Channel Islands	32	18	18	18	18	18
Imports from: the Fourteen	..	858	917	1,124	1,067	1,072
the rest of the world	..	287	266	117	149	163
Exports to: the Fourteen	..	88	59	87	70	80
the rest of the world	..	7	8	7	5	4
Total new supply	3,192	3,897	4,205	4,101	4,011	4,192
Production as % of total new supply for use in the UK	77%	73%	73%	72%	71%	72%

source: MAFF Statistics website, www.maff.gov.uk/esg

(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 2.2

(c) Excludes mushrooms area from 1992.

(d) Arable Area Payments for peas harvested dry.

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

TABLE 5.10 Horticulture: fruit

Enquiries: Ms C Munro on 01904 455099

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Production						
Area ('000 hectares):	47.6	38.6	38.3	38.6	34.4	34.2
of which: orchard fruit (a)	33.4	26.6	26.4	27.7	25.2	25.3
soft fruit (b)	14.1	12.1	11.9	10.8	9.1	8.9
End year stocks (c)	..	92.4	96.1	53.3	88.3	82.1
Value of production (£million):						
orchard fruit (d)	137	118	132	91	118	108
soft fruit	115	119	129	104	118	132
Total (e)	252	241	268	202	242	246
of which: sales	254	252	267	224	223	249
change in stocks (c)	-2	-11	2	-22	19	-2
Selected crops:						
dessert apples	70	58	56	50	47	58
culinary apples	35	33	33	29	29	24
pears	16	13	16	15	11	9
raspberries	30	31	35	23	32	36
strawberries	65	66	72	65	70	84
Prices						
Farm gate price (£/tonne)						
Selected crops:						
dessert apples	408.6	418.6	528.0	525.7	480.3	426.3
culinary apples	250.5	243.3	279.4	322.3	341.7	212.8
pears	426.4	453.0	445.7	441.9	405.1	397.7
Supply and use (f)						
Total production	473	397	364	291	277	359
Supplies from the Channel Islands	..	18	18	18	18	18
Imports from: the Fourteen	..	1,106	1,189	1,196	1,362	1,236
the rest of the world	..	1,310	1,381	1,344	1,406	1,471
Exports to: the Fourteen	..	88	79	78	67	66
the rest of the world	..	1	2	3	7	2
Total new supply	473	2,741	2,870	2,768	2,989	3,015
Net increase in stocks	-5	-25	4	-43	35	-6
Total domestic uses	478	2,766	2,866	2,811	2,954	3,021
Production as % of total new supply for use in the UK	18%	14%	13%	11%	9%	12%

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Includes field area of commercial orchards only, and may therefore differ from the area in table 2.2, which also includes non-commercial orchards.

(b) Excludes area of wine grapes and may therefore differ from the area in table 2.2.

(c) Stocks relate to apples and pears.

(d) Excludes EC grubbing up grant.

(e) Includes glasshouse fruit.

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

TABLE 5.11 Horticulture: ornamentals

Enquiries: Ms C Munro on 01904 455099

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Production						
Area ('000 hectares) (a)	18.8	20.2	20.8	19.7	19.2	18.7
Value of production (£million)	458	617	658	680	659	682
of which: flowers and bulbs in the open (b)	39	53	54	47	38	37
hardy ornamental nursery stock	236	305	332	353	352	371
protected crops	191	258	272	280	269	273
Prices						
	not available					
Supply and use						
	Imports/exports of ornamentals available in "Basic Horticultural Statistics"					

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Areas relate to field areas multiplied by the number of crops in the year and hence differ from those shown in table 2.2.

(b) Including forced flower bulbs.

TABLE 5.12 Peas and Beans for Stockfeed

Enquiries: Mr C R Tippin on 01904 455059

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Peas for harvesting dry (a)						
Area ('000 hectares)	74.8	60.6	62.5	78.2	81.8	71.6
Yield (tonnes/hectare)	3.62	3.77	3.82	3.79	3.17	3.97
Volume of harvested production (a)	266.9	228.6	238.8	296.5	259.2	284.3
Value of production (£ million)	44	51	52	56	47	46
of which: sales	44	27	29	29	19	21
subsidies (b)	-	23	24	28	28	24
Field beans (mainly for stockfeed)						
Area ('000 hectares)	140.6	118.7	100.2	99.3	110.9	114.5
Yield (tonnes/hectare)	3.59	2.69	3.17	3.80	3.41	3.47
Volume of harvested production (a)	507.1	319.3	317.5	377.3	378.2	397.3
Value of production (£ million)	81	84	76	72	66	69
of which: sales	81	38	39	37	28	31
subsidies (b)	-	46	38	36	38	39

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) The figures presented here cover only that part of the crop which is assumed to be used for stockfeed (80% of total production); the remainder is included in Horticulture: vegetables, Table 5.9.

(b) Includes Arable Area Payments but excludes set-aside payments.

Livestock

Cattle and calves: beef and veal (Table 5.13)

24. The value of beef and veal production increased by 0.3 per cent in 1999 to £1,996 million as increased cattle prices offset a reduction in subsidy payments. The reduced subsidy payments were due to the ending of the Calf Processing Aid Scheme (CPAS) on 31st July and to lower payments under the Suckler Cow Premium Scheme (SCPS). The fall in SCPS payments was affected by agrimonetary compensation paid in 1998 (£47 million) as well as reduced payment rates in 1999 due to the ending of the green rate freeze on 1 January 1999. Transitional Agrimonetary Compensation worth £58 million has been included within the 1999 subsidy payments.

25. Whilst average prices increased, clean cattle marketings fell by 2.3 per cent in 1999 due to the reduced availability of male cattle for slaughter. With a further increase in the proportion of heifers slaughtered, average clean cattle carcase weights fell for the third consecutive year. Recorded calf slaughtering increased significantly following the ending of the CPAS on 31 July.

26. As a result of these factors, beef and veal production fell by 2.8 per cent in 1999 to 680,000 tonnes. However, the amount of beef available for domestic usage rose by 7.0 per cent due to increased sales from Intervention stocks and increased imports. The EU ban on the export of UK beef was formally lifted on 1 August 1999 (1 June 1998 in Northern Ireland) although significant volumes of exports have yet to resume.

27. Measures of marketings, production and value exclude all cattle removed from the food chain by the Over Thirty Month Scheme (OTMS), the Selective Cull and the CPAS. These schemes were introduced following the beef crisis in March 1996. Payments to producers for the OTMS and CPAS are included as subsidies in the value of production. Payments under the Selective Cull are not included as the payments are for the replacement of capital assets.

Sheep and lambs: mutton and lamb (Table 5.14)

28. The value of production fell by 11 per cent in 1999 to £1,007 million. Prices were still affected by the loss of the skin market in 1998 due to the economic crisis in Russia. Sheep marketings increased by 4.4 per cent in 1999, as more lambs were marketed in the autumn months than in each of the previous two years – a return to a more traditional marketing pattern. A large number of ewes held over from 1998 were also marketed in 1999.

29. Subsidy payments fell by 14 per cent to £412 million due to a reduction in the level of Sheep Annual Premium Scheme payments, a result of the strong pound in 1999 and high prices in southern Member States sustaining the overall EU average.

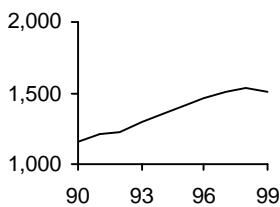
Pigs and pigmeat
(Table 5.15)

30. The value of production of pigmeat in 1999 was £782 million, 11 per cent below that of 1998. The large contraction in the breeding herd in the second half of 1998 led to a reduction in clean pig marketings in 1999 – home fed production of pigmeat fell by 8.4 per cent. There was a further significant fall in the breeding herd in the second half of 1999. Despite this fall in production, the price recovery seen at the beginning of the year was not sustained. Abundant supplies of pigmeat on the continent and the high value of the pound led to increased imports and helped to keep a downward pressure on UK prices.

Poultry and poultrymeat
(Table 5.16)

Poultry production

'000 tonnes



31. Poultrymeat production fell by 2.1 per cent in 1999, the first fall in a long-running upward trend. Overall slaughterings in 1999 were also slightly down compared with 1998. Overall value of production in 1999 was 87.4 per cent lower than 1998, as prices continued to decline for chickens and turkeys. Contributing factors continue to be lower feed prices, the current oversupply problem in the UK and pressure from low-priced imports.

TABLE 5.13 Cattle and calves; beef and veal

Enquiries: Mrs L Clothier on 01904 455090

Calendar years						
	Average of 1988-90	1995	1996	1997	1998 (a)	1999 (provisional)
Production						
Total cattle and calves ('000 head at June)	12,101	11,857	12,040	11,633	11,519	11,423
of which: dairy cows	2,876	2,603	2,587	2,478	2,439	2,440
beef cows	1,520	1,840	1,864	1,862	1,947	1,924
dairy heifers in-calf	570	566	608	599	563	549
beef heifers in-calf	230	209	209	249	225	214
other	6,904	6,638	6,771	6,444	6,345	6,296
Total home-fed marketings ('000 head) (b)	3,743	3,820	2,398	2,288	2,312	2,303
of which: steers, heifers and young bulls	2,699	2,497	2,111	2,263	2,275	2,221
calves	350	518	91	21	33	78
cows and adult bulls	694	805	197	5	4	3
Average dressed carcase weights (dcw) (kgs) (b) (c):						
steers, heifers and young bulls	286.7	301.5	307.4	306.7	306.3	304.6
calves	48.6	38.4	43.2	47.6	34.1	30.4
cows and adult bulls	277.8	284.8	291.3	264.2	251.1	274.8
Production ('000 tonnes, dcw) (b):						
Home-fed production	980	1,000	710	696	699	680
Gross indigenous production (d)	961	996	707	690	698	677
Value of production (£ million)	2,046	2,583	2,550	2,278	1,990	1,996
of which: Value of home-fed production (£ million) (b)	1,891	2,157	1,325	1,190	1,055	1,094
Subsidies (£ million) (e)	185	513	1,312	1,116	925	890
Change in work in progress (£ million) (f)	-30	-88	-87	-28	10	11
Prices						
Store cattle (£ per head) (g):						
1st quality Hereford/cross bull calves (h)	167	166	132	147	108	88
1st quality beef/cross yearling steers (i)	414	475	445	427	369	382
Finished cattle (p per kg liveweight): All clean cattle	109.9	123.2	105.5	96.9	86.1	92.1
Over Thirty Month, Selective Cull and Calf Processing Aid Schemes (j)						
Over Thirty Month Scheme:						
Clean cattle throughput ('000 head)	..	..	369	72	70	73
Cull cattle throughput ('000 head)	..	..	761	779	818	900
Receipts (£ million)	..	..	524	362	239	267
Selective Cull scheme:						
Throughput ('000 head)	..	..	..	53	19	2
Receipts (£ million)	..	..	..	78	43	2
Calf Processing Aid Scheme:						
Throughput ('000 head)	..	..	413	596	671	307
Receipts (£ million)	..	..	38	54	52	19

source: MAFF Statistics website, www.maff.gov.uk/esg

TABLE 5.13 Cattle and calves; beef and veal (continued)

Enquiries: Mrs L Clothier on 01904 455090

Calendar years

	Average of 1988-90	1995	1996	1997	1998 (a)	1999 (provisional)
Supply and use ('000 tonnes, dcw) (k)						
Home-fed production (b)	980	1,000	710	696	699	680
Imports from: the Fourteen (l)	197	145	95	141	92	113
the rest of the world	46	67	74	75	60	61
Exports to: the Fourteen (m)	131	261	63	11	9	9
the rest of the world	31	72	16	1	-	..
Total new supply	1,060	880	799	901	842	845
Increase in stocks	10	-23	67	45	-16	-73
Total domestic uses	1,050	903	732	857	858	918
Home-fed production as % of total new supply for use in UK	92%	114%	89%	77%	83%	80%
Closing stocks	98	56	123	160	144	75

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) For comparability with other years, the figures have been adjusted from a 53-week to a 52-week basis

(b) Excludes cattle slaughtered under the Over Thirty Month Scheme and Selective Cull and calves slaughtered under the Calf Processing Aid Scheme.

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

(d) Gross Indigenous Production (GIP) is a measure of animal production commonly used in other EC states and is therefore useful as a means for making international comparisons. It is measured as total slaughterings plus all live exports minus all live imports. GIP differs from home-fed production in that it includes exports and excludes imports of breeding animals and, for other imported animals, includes only the weight added since their arrival in the country. Both measures include the export weight (dcw equivalent) of animals intended for slaughter abroad.

(e) Comprising, variable premium, hill livestock compensatory amounts, suckler cow premium (including extensification premium), calf subsidy, beef special premium (including extensification premium) and deseasonalisation premium. **Includes** payments made under the Over Thirty Month and Calf Processing Aid Schemes. **Excludes** Selective Cull payments.

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

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

(h) Category change January 1988: formerly 1st quality Hereford/Friesian bull calves.

(i) Category change January 1988: formerly 1st quality yearling steers beef/dairy cross, now consists of Hereford/cross, Charolais/cross, Limousin/cross, Simmental/cross, Belgian blue/cross, other continental/cross, other beef/dairy cross, other beef/beef cross.

(j) Cattle slaughtered under these schemes are not included within the volume of production. Receipts for the Over Thirty Months Scheme and the Calf Processing Aid Scheme are included as subsidies. Selective Cull payments are not included in the current account.

(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 Sheep and lambs; mutton and lamb

Enquiries: Mrs L Clothier on 01904 455090

Calendar years						
	Average of 1988-90	1995	1996	1997	1998 (a)	1999 (provisional)
Production						
(excluding clip wool)						
Total sheep and lambs ('000 head at June)	43,184	43,304	42,086	42,823	44,471	44,656
of which: breeding flock	20,176	20,830	20,550	20,696	21,260	21,458
lambs under 1 year old	21,704	21,350	20,443	21,032	22,138	22,092
other	1,304	1,123	1,093	1,095	1,073	1,106
Total home-fed marketings ('000 head)	20,119	21,328	19,923	18,148	20,245	21,145
of which: clean sheep and lambs	18,171	18,673	17,358	16,104	18,162	18,725
ewes and rams	1,948	2,655	2,565	2,044	2,083	2,420
Average dressed carcase weights (dcw) (kgs) (b):						
clean sheep and lambs	17.9	17.7	17.8	18.0	17.8	17.6
ewes and rams	25.8	26.8	27.3	29.1	29.7	28.3
Production ('000 tonnes, dcw):						
home-fed production	377	403	383	351	386	401
gross indigenous production (c)	377	403	383	351	386	401
Value of production (£ million)	985	1,345	1,300	1,200	1,133	1,007
of which: value of home-fed production (£ million)	614	818	931	798	645	611
subsidies (£ million) (d)	370	536	384	354	478	412
change in work in progress (£ million) (e)	2	-9	-15	47	9	-16
Prices						
Store sheep (£ per head):						
1st quality lambs, hoggets and tegs (f)	35.8	44.5	46.8	53.4	31.3	28.7
Finished sheep (p per kg estimated dcw) (g):						
Great Britain	178.6	236.4	283.1	239.2	192.5	180.3
Northern Ireland	193.8	214.4	260.5	228.2	179.1	165.7
Supplies ('000 tonnes, dcw) (h)						
Home-fed production	377	403	383	351	386	401
Imports from: the Fourteen (i)	2	15	23	22	17	12
the rest of the world	140	132	133	129	124	119
Exports to: the Fourteen (j)	101	191	161	139	145	143
the rest of the world	2	2	2	2	1	1
Total new supply	417	356	376	360	381	388
Increase in stocks	-1	4	-2	2	-	-
Total domestic uses	418	352	378	360	381	388
Home-fed production as % of total						
new supply for use in UK	90%	113%	102%	97%	101%	103%
Closing stocks	19	15	13	15	15	15

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) For comparability with other years, the figures have been adjusted from a 53-week to a 52-week basis.

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

(c) See footnote (d) to Table 5.13.

(d) Comprising variable premium, hill livestock compensatory amounts and annual ewe premium.

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

(f) Average prices at representative markets in England and Wales, excluding prices at autumn hill sheep sales.

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

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

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

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

TABLE 5.15 Pigs and pigmeat

Enquiries: Mrs L Clothier on 01904 455090

Calendar years

	Average of 1988-90	1995	1996	1997	1998 (a)	1999 (provisional)
Production						
Total pigs ('000 head at June)	7,746	7,627	7,590	8,072	8,146	7,284
of which: sows-in-pig and other sows for breeding	686	654	649	683	675	603
gilts-in-pig	104	101	107	116	103	85
other	6,957	6,871	6,834	7,272	7,368	6,595
Total home-fed marketings ('000 head)	15,166	14,718	14,291	15,479	16,048	14,707
of which: clean pigs	14,804	14,342	13,945	15,097	15,629	14,327
sows and boars	362	376	346	381	418	380
Average dressed carcase weights (dcw) (kgs) (b):						
clean pigs	63.5	67.1	68.4	68.9	69.1	69.2
sows and boars	139.5	141.7	141.4	141.7	142.3	145.5
Production ('000 tonnes, dcw):						
home-fed production	990	1,017	1,004	1,091	1,135	1,044
gross indigenous production (c)	989	1,016	1,002	1,090	1,135	1,045
Value of production (£ million)	1,015	1,169	1,366	1,195	881	782
of which: value of home-fed production (£ million)	1,021	1,187	1,357	1,185	889	794
change in work in progress (£ million) (d)	-6	-18	9	10	-8	-12
Prices						
Clean pigs (p per kg deadweight)	105.2	118.8	137.7	110.8	80.6	78.4
Supplies of pork ('000 tonnes, dcw) (e) (f)						
Home-fed production	773	791	801	888	931	832
Imports from: the Fourteen (g)	76	168	198	175	185	209
the rest of the world	3	-	1	2	3	3
Exports to: the Fourteen (h)	77	167	169	218	257	193
the rest of the world	1	22	26	30	35	32
Total new supply	774	772	806	817	827	818
Increase in stocks	1	-	3	2	2	-3
Total domestic uses	773	772	803	815	825	822
Home-fed production as % of total new supply for use in UK	100%	103%	99%	109%	113%	102%
Closing stocks	9	11	14	16	18	15

source: MAFF Statistics website, www.maff.gov.uk/esg

TABLE 5.15 Pigs and pigmeat (continued)

Enquiries: Mrs L Clothier on 01904 455090

		Calendar years				
		Average of 1988-90	1995	1996	1997	1998 (a)
						1999 (provisional)
Supplies of bacon and ham						
('000 tonnes, product weight) (e)						
Home-cured production		200	245	241	239	236
Imports from: the Fourteen (g)		257	228	261	240	231
the rest of the world		1	-	-	-	-
Exports to: the Fourteen		5	5	5	8	7
the rest of the world		-	1	-	-	-
Total new supply		454	467	497	471	460
Increase in stocks		-	-1	-	2	-1
Total domestic uses		454	468	497	469	461
Home-cured production as % of total new supply for use in UK		44%	52%	48%	51%	51%
Closing stocks		6	2	2	4	3

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) For comparability with other years, the figures have been adjusted from a 53-week to a 52-week basis.

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

(c) See footnote (d) to Table 5.13.

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

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

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

(g) Includes meat from finished animals imported from Irish Republic.

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

TABLE 5.16 Poultry and poultrymeat

Enquiries: Mr A Roberts on 01904 455074

		Calendar years					
		Average of 1988-90	1995	1996	1997	1998 (a)	1999 (provisional)
Production							
Number ('000 head at June) (b):		117,642	119,474	n/a	n/a	152,886	153,590
of which:	chickens and other table fowls	73,413	77,177	n/a	n/a	98,244	101,625
	birds in the laying flock (c)	35,103	31,837	n/a	n/a	29,483	29,258
	fowls for breeding	7,067	7,811	n/a	n/a	10,023	9,401
	turkeys, ducks & geese (d)	2,060	2,648	n/a	n/a	15,136	13,306
Slaughterings (millions):		667	774	814	842	844	833
of which:	fowls	623	721	759	787	791	786
	turkeys	33	40	39	37	34	28
	ducks	11	14	16	17	17	18
	geese	1	1	1	1	1	1
Production ('000 tonnes carcase weight)(e):		1,137	1,402	1,462	1,510	1,532	1,500
of which:	chickens and other table fowls	874	1,020	1,075	1,117	1,132	1,139
	boiling fowls (culled hens)	56	53	55	56	56	52
	turkeys	183	296	294	296	301	264
	ducks	22	30	35	38	39	41
	geese	3	2	3	3	3	3
Value of production (£ million):		1,014	1,333	1,501	1,482	1,347	1,247
of which:	fowls	739	871	995	980	874	824
	change in work in progress in fowls	-4	2	-1	7	-12	-16
	turkeys, ducks, geese	259	415	463	450	440	389
	exports of live poultry	19	45	45	45	45	50
Prices							
Average producer price (p/kg carcase weight) for:							
	chickens and other table fowls	82.3	83.8	90.7	85.9	76.6	71.8
	boiling fowls (culled hens)	38.4	31.2	37.0	36.1	11.8	11.2
	turkeys	119.1	124.2	137.2	129.4	123.2	117.0
	ducks	147.5	140.4	153.0	158.0	161.6	171.0
	geese	204.3	200.0	200.3	230.1	213.6	307.1
Supply and use of poultrymeat							
('000 tonnes carcase weight) (e)							
Production		1,137	1,402	1,462	1,510	1,532	1,500
Imports from:	the Fourteen	105	249	263	256	293	313
	the rest of the world	-	2	18	20	23	24
Exports to:	the Fourteen	51	108	107	134	128	114
	the rest of the world	15	55	66	79	69	61
Total new supply		1,176	1,489	1,570	1,574	1,650	1,662
Change in stocks		-5	3	3	24	15	-10
Total domestic uses		1,181	1,486	1,567	1,550	1,636	1,672
Production as % of total new supply		97%	94%	93%	96%	93%	90%

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) For comparability with other years, the figures for 1998 have been adjusted from a 53 week to a 52 week basis.

(b) In England and Wales a new approach to collecting poultry information has been used to improve the coverage of the estimates and to simplify data collection for companies covering a large number of holdings. The 1998 figures are not therefore directly comparable with previous years.

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

(d) Pre 1996 data does not include figures for turkeys.

(e) Excludes offal.

n/a Comparable poultry population figures are not available from the 1996 and 1997 June Censuses.

Livestock Products

Milk and Milk Products

(Tables 5.17 and 5.18)

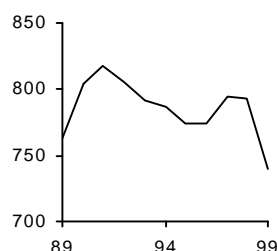
32. In 1999, the total value of milk and milk products for human consumption fell by 1.7 per cent, or £45 million. The average price of wholesale milk fell by almost 1 pence per litre for a number of reasons including the strength of sterling. This fall in price was offset somewhat by an increase in the volume of milk sold for processing off farms resulting in a net fall of £66 million in the value of milk production. The volume of farm production of products (e.g. cheese and butter) from direct sales milk was similar to 1998. There was a reduction in the producer price for these items, resulting in a £2 million fall in the value of production of milk products. Milk production in the 1998/99 quota year exceeded quota by approximately 32,000 tonnes, resulting in a total levy of £9 million, £22 million less than in the 1997/98 quota year.

33. The weakness in the world butter market continued for most of 1999. This sharply reduced demand for UK and EU butter exports, primarily as a result of continued low demand from the Far East and Russian markets and competition from supplies outside the EU. As a result EU butter prices fell and intervention for butter opened in the UK and most other EU member states. By the close of the year UK stocks of intervention butter had increased from 690 tonnes to 6,870 tonnes. Towards the end of the year butter prices began to firm and sales into intervention declined. The weak demand for UK and EU milk powder exports seen in 1998 continued into the middle of 1999. Market prices fell but began to rise in the second half of the year. During the March to August period, when intervention for skimmed milk powder (SMP) was open, 17,150 tonnes were bought into store in the UK. However, total stocks fell to 64,765 tonnes at the year-end as 15,000 tonnes were sent as food aid to Russia. 17,400 tonnes were sold for animal feed and 3,800 tonnes sent as aid to Spain and Greece.

Hen Eggs

(Table 5.19)

UK egg production
million dozen



34. The overall value of production of hen eggs in 1999 was 10 per cent down on 1998. The production of eggs for human consumption fell by 6.7 per cent, although production of eggs used for further processing rose, continuing a long-running gradual upward trend. However, eggs sold in shell, which accounted for 82 per cent of eggs sold for human consumption in 1999, fell by 8.9 per cent. Lack of demand, continuing oversupply and low feed costs meant that egg prices in 1999 fell a further 3.6 per cent from last year's low figure to the lowest level since 1988.

TABLE 5.17 Milk

Enquiries: Miss A Bromley on 01904 455092

Million litres (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996 (a)	1997	1998	1999 (provisional)
Production						
Dairy herd (annual average, '000 head) (b)	2,914	2,641	2,569	2,490	2,461	2,441
Average yield per dairy cow (litres per annum)	5,045	5,397	5,546	5,790	5,775	5,974
Production of milk from the dairy herd (c)	14,697	14,252	14,249	14,420	14,213	14,584
Production of milk from the beef herd (c)	11	7	7	7	7	7
less on farm waste and milk fed to stock	266	244	281	285	281	283
Volume for human consumption	14,442	14,015	13,975	14,141	13,939	14,308
Value of production (£ million)	2,693	3,508	3,504	3,161	2,718	2,673
of which:						
milk (d)	2,654	3,434	3,440	3,081	2,664	2,599
milk products (e)	88	121	114	94	85	83
less levies	50	47	49	14	32	9
Prices (pence per litre) (f)						
Farmgate price of milk excluding bonus payments	..	24.47	24.87	21.95	19.26	18.32
Farmgate price of milk including bonus payments	..	24.94	25.02	22.09	19.36	18.40
Supply and Use (g)						
Production	14,708	14,259	14,256	14,427	14,220	14,591
Imports	..	181	111	122	129	118
Exports	60	185	173	279	353	276
Total domestic use	14,648	14,255	14,194	14,270	13,996	14,412
of which:						
for liquid consumption	6,738	6,922	6,838	6,758	6,754	6,899
for manufacture	7,274	6,918	6,934	7,061	6,828	7,117
of which:						
butter (h)	299	273	266	284	281	296
cheese	3,179	3,182	3,348	3,372	3,263	3,372
cream (h)	222	279	276	263	263	275
condensed milk (i)	781	661	719	692	643	619
milk powder - full cream	508	623	558	814	798	830
milk powder - skimmed	1,861	1,422	1,322	1,154	1,112	1,166
other	423	480	445	482	468	560
Dairy wastage and stock change	..	114	86	112	80	61
Other uses (j)	..	301	336	339	333	335

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) 366 days.

(b) 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.

(c) Excludes suckled milk.

(d) Value of milk sold from farms in the UK. Excludes direct sales milk.

(e) Value of milk products manufactured on farm from direct sales milk.

(f) The farm gate price is the average price received by producers, net of delivery charges. No deduction is made for superlevy. In 1998 estimated bonuses for April to December have been included.

(g) Aggregated data from surveys run by MAFF, SERAD and DARD 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 plus production of machine skimmed milk.

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

TABLE 5.18 Milk products

Enquiries: Miss A Bromley on 01904 455092

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Butter (a) (b)						
Production (c)	146	133	130	139	137	144
Imports from: the Fourteen	52	49	49	66	57	64
the rest of the world	67	65	65	45	48	48
Exports to: the Fourteen (d)	70	47	47	46	50	51
the rest of the world	4	6	4	28	15	5
Total new supply (d)	191	194	192	175	176	200
Increase in stocks (e)	-49	-8	3	-7	4	7
Total domestic uses (d) (e)	239	201	189	182	172	193
Production as % of total new supply for use in UK	78%	69%	68%	79%	78%	72%
Closing stocks (e)	70	11	14	7	11	18
Cheese						
Production (c)	304	362	377	377	366	378
Imports from: the Fourteen	176	187	215	210	225	221
the rest of the world	17	23	24	30	32	41
Exports to: the Fourteen	20	39	40	43	45	46
the rest of the world	14	16	19	10	10	13
Total new supply	462	517	557	564	568	579
Increase in stocks	4	-5	-1	2	-10	1
Total domestic uses	458	522	557	561	577	578
Production as % of total new supply for use in UK	66%	70%	68%	67%	64%	65%
Closing stocks (f)	27	17	16	19	9	10
Cream - fresh, frozen, sterilized						
Production (b) (c)	206	281	281	268	267	277
Imports from: the Fourteen	3	4	6	11	11	9
the rest of the world	-	-	-	-	-	-
Exports to: the Fourteen	6	77	95	91	100	85
the rest of the world	3	2	1	1	1	1
Total new supply	199	207	191	187	177	201
Increase in stocks	..	..	..	..	..	..
Total domestic uses	199	207	191	187	177	201
Production as % of total new supply for use in UK	103%	136%	147%	144%	151%	138%
Closing stocks	..	..	..	..	..	..

source: MAFF Statistics website, www.maff.gov.uk/esg

TABLE 5.18 Milk products (continued)

Enquiries: Miss A Bromley on 01904 455092

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Condensed milk (g)						
Production	198	181	206	214	192	178
Imports from: the Fourteen	10	12	10	13	13	13
the rest of the world	-	-	-	-	-	-
Exports to: the Fourteen	28	24	20	33	43	40
the rest of the world	33	41	38	30	21	16
Total new supply	147	129	158	164	141	135
Increase in stocks	1	-2	-2	-1	-1	-1
Total domestic uses	146	130	160	166	141	136
Production as % of total new supply for use in UK	136%	141%	130%	130%	136%	132%
Closing stocks	12	10	9	7	7	6
Milk powder - full cream						
Production	90	90	83	96	97	103
Imports from: the Fourteen	2	8	10	10	10	9
the rest of the world	-	-	-	-	-	-
Exports to: the Fourteen	18	27	18	18	26	30
the rest of the world	46	50	57	88	80	62
Total new supply	28	21	17	1	1	21
Increase in stocks	-	1	-1	1	-	-1
Total domestic uses	28	20	19	-	1	22
Production as % of total new supply for use in UK	336%	428%	476%	12435%	18555%	497%
Closing stocks	5	3	2	3	3	2

source: MAFF Statistics website, www.maff.gov.uk/esg

TABLE 5.18 Milk products (continued)

Enquiries: Miss A Bromley on 01904 455092

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Skimmed milk powder						
Production	145	117	108	109	107	102
Imports from: the Fourteen	10	14	13	13	11	9
the rest of the world	-	-	-	-	-	-
Exports to: the Fourteen (d)	55	40	12	12	21	23
the rest of the world	34	16	8	33	13	38
Total new supply (d)	66	74	100	77	85	49
Increase in stocks	1	-7	26	18	27	-21
Total domestic uses (d)	65	82	75	59	58	71
Production as % of total new supply for use in UK	219%	157%	107%	141%	127%	207%
Closing stocks	22	11	36	55	82	60

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Includes butter other than natural (i.e. butterfat and oil, dehydrated butter and ghee).

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

(c) Includes farmhouse manufacture.

(d) These figures include the use of these products for animal feed.

(e) In addition to stocks in public cold stores surveyed by MAFF, 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.

(f) Cheese stocks held in public cold stores. Public coldstores make their storage space available to the public or to the Intervention Board. The ownership of the store whether public or private is irrelevant.

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

TABLE 5.19 Hen Eggs

Enquiries: Mr A Roberts on 01904 455074

Calendar years

	Average of 1988-90	1995	1996	1997	1998 (a)	1999 (provisional)
Production						
Volume of production of eggs (million dozen)	900	872	876	901	901	845
of which:						
eggs for human consumption	817	774	775	794	792	740
eggs for hatching	72	86	90	94	93	92
hatching eggs for export	3	4	3	4	7	6
waste	8	9	8	8	9	8
Production for Human Consumption:						
Number of Fowls laying eggs for eating (millions) (b)	36.8	33.1	32.8	33.3	32.9	30.6
Average yield per layer (number of eggs per bird per year)	266	281	283	286	289	290
Value of production (£ million) (c)	405	399	467	428	400	359
of which:						
eggs for human consumption	395	383	453	415	381	343
hatching eggs for export	10	16	14	14	19	16
Prices						
Average price (p per dozen)	48.5	49.5	58.4	52.2	48.1	46.4
Supply and use (million dozen)						
UK production of eggs for human consumption	817	774	775	794	792	740
of which:						
eggs sold in shell	741	663	659	669	662	603
eggs processed	76	112	116	126	130	136
Imports from (d):						
the Fourteen	52	64	70	69	63	64
the rest of the world	-	1	2	2	1	2
Exports to (d):						
the Fourteen	22	20	12	20	30	11
the rest of the world	1	2	2	6	7	8
Total new supply	847	818	833	838	819	787
Production of eggs for human consumption as % of total new supply for use in UK	96%	95%	93%	95%	97%	94%

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) For comparability with other years, the figures for 1998 have been adjusted from a 53 week to a 52 week basis.

(b) Population is implied from Gross production and Average yield and hence differs from census figures in table 2.2.

(c) Excludes value of eggs for hatching.

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

TABLE 5.20 Feedingstuffs (including direct inter-farm and intra-farm transfer)

Enquiries: Mr T Marsh on 01904 455061

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Compounds: (a)						
cattle	..	4,356	4,314	3,809	3,732	4,177
calves	..	306	274	227	202	193
pigs	..	2,411	2,519	2,673	2,751	2,482
poultry (b)	..	3,205	3,225	3,273	3,129	2,989
other	..	729	796	703	725	869
Total (c)	..	10,948	11,063	10,594	10,412	10,581
Straight concentrates (i.e. cereals, cereal offals, proteins and other high energy feeds)	..	7,013	6,426	6,042	6,120	6,629
Non-concentrates (low-energy bulk feeds expressed as concentrate equivalent) (d)	..	537	534	535	527	526
Inter/intra farm sales	2,635	2,509	2,694	3,352	3,484	3,252
Total all purchased feedingstuffs	19,217	21,007	20,717	20,523	20,542	20,988
Cost of purchased feedingstuffs (£ million) (e)	2,877	3,046	3,201	2,860	2,480	2,385

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) In July 1995 MAFF extended the compound production survey to include "Blenders". Production from these companies has only been included in the above table from 1995. Prior to 1995, production from these companies was accounted for under the "Straights" or "Non-Concentrates" part of the table.

(b) This item includes poultry feed produced by 'retail' compounders, but excludes production from IPUs which are included within the straight concentrate data.

(c) Including imports, less exports

(d) Brewers and distillers grains, hay, milk by-products and other low-energy bulk feeds expressed in terms of equivalent tonnage of high energy feeds.

(e) See Table 6.1 for a breakdown of this total.

TABLE 5.21 Purchased seeds

Enquiries: Mr C M Porteus on 01904 455066

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Cereals (a)	552.1	465.3	486.0	442.7	404.6	403.2
Grass and clover	15.5	13.0	12.8	12.9	11.9	11.3
Root and fodder crops	47.3	41.9	38.2	40.7	43.4	43.0
Potatoes (b)	499.7	492.5	514.6	419.6	404.8	427.6
Vegetable and other horticultural seeds (c)	20.9	18.0	18.1	18.4	19.0	17.3
Total purchased seeds	906.4	1,030.7	1,069.7	934.4	883.7	902.4
Total cost of all purchased seeds (£ million)	310	385	379	328	322	333

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Restricted to the purchase of certified seed only.

(b) Includes farm-saved seed.

(c) Includes mushroom spawn, bulbs and seeds for hardy nursery stock, flowers, sugar beet and oilseed rape.

Chapter 6 Agricultural Incomes

Introduction

1. Total Income From Farming (TIFF) in 1999 in the UK, which represents the income to farmers, partners, directors, their spouses and most other family workers, is estimated to be broadly unchanged compared to its 1998 level. The estimates show that in real terms it is £28 million or 1.2 per cent lower. However, this masks greater sectoral and regional variation. A fall in the number of farmers resulted in a slight increase in income per person of 1.6 per cent in real terms. In real terms Total Income From Farming doubled between 1990 and 1995 before falling back by over 60 per cent between 1995 and 1999.

2. TIFF 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.

Aggregate Agricultural Account

(Tables 6.1, 6.2 and 6.3)

3. The Aggregate Agricultural Account provides details of the industry's outputs, inputs and generation of income. It conforms to internationally agreed accounting principles, required by both UK national accounts and by Eurostat.

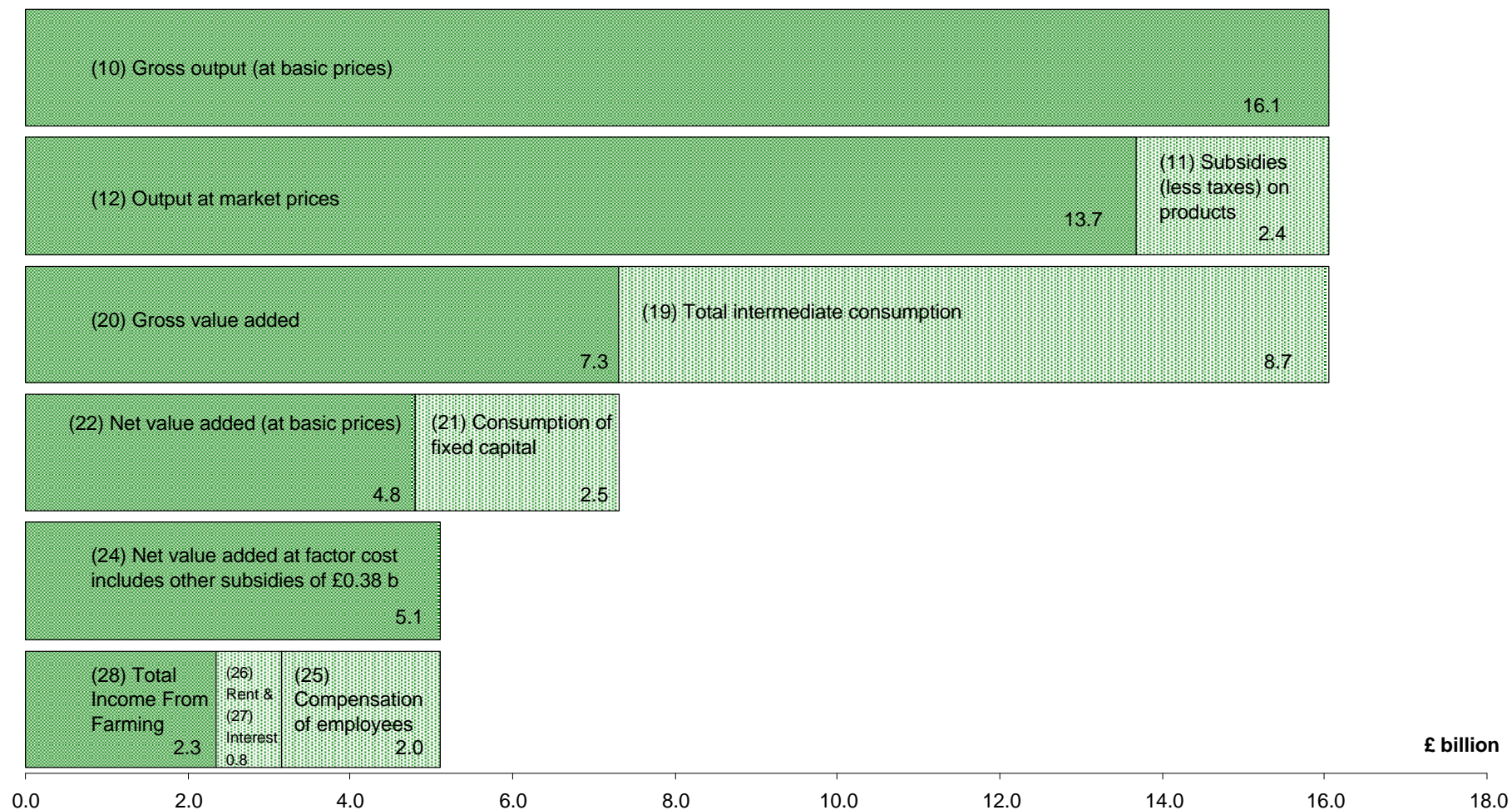
4. Table 6.1 shows the full account at current prices with Chart 6.1 showing how the main aggregates in the account are related. Table 6.2 shows volume indices whilst table 6.3 shows the value, price and volume changes between 1998 and 1999. Changes in value are portrayed graphically in Chart 6.2.

5. These tables show estimates of:

- (a) Output at basic prices by product and the total at market prices after deducting subsidies.
- (b) Transactions that take place wholly within the agricultural industry.
- (c) Inputs – intermediate consumption, consumption of fixed capital (ie the reduction in value of capital assets due to depreciation), compensation of employees, rent and interest payments.

6. The value of output (including subsidies directly related to products) was 3.1 per cent or £518 million lower at current prices in 1999, despite a

Chart 6.1 Main components of the aggregate account



0.9 per cent increase in the volume of output. The revenue from most commodities was lower due to lower prices brought about by the continued strength of sterling and oversupply in the commodity markets.

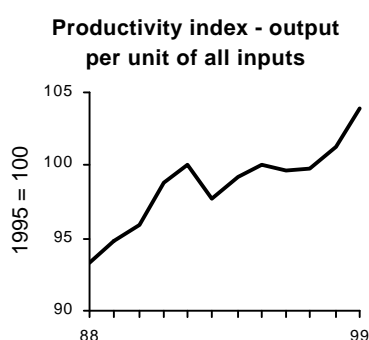
7. The output value of sheep and lambs was 11 per cent or £126 million lower than in 1998, despite increased production. Both market prices and subsidies were lower than the previous year. The output value of pigs was 11 per cent or £99 million down on 1998, due to a fall in production following the reduction in the breeding herd and lower prices. The output value of potatoes increased by £131 million or 21 per cent in 1999. This reflects a balance of the high prices in the first half of the year and low prices in the second half. The fall in the value of cereals output was partly offset by an £84 million increase in set-aside payments.

8. The fall in the value of output was offset by other factors. Subsidies less levies not included in output increased by £119 million. Costs of animal feed were £94 million lower, interest payments were £87 million lower and costs of fertilisers & pesticides were £71 million lower.

9. Net Value Added at factor cost is the best measure of value added by the industry because it includes all subsidies on production (some are not included in output e.g. set-aside and agri-environment). It makes no allowance for interest, rent or labour costs. It shows a fall of 1.9 per cent.

10. TIFF is derived by deducting interest, rent and paid labour costs from Net Value Added at factor cost. Because interest payments were 13 per cent lower and both rent and labour costs were slightly lower TIFF showed a small increase at current prices.

Productivity (Table 6.4)



11. Productivity measures, which are based on volumes of outputs and inputs, are shown in Table 6.4. Final output (output leaving the industry) has remained relatively static throughout the nineties, although it dropped in 1993 with the introduction of set-aside. Labour productivity, represented by the index of net value added per annual work unit of all labour, increased by 8.2 per cent in 1999 reflecting a drop in annual work units and an increase in net value added. Total factor productivity, represented by final output per unit of all inputs (including fixed capital and labour), increased by 2.6 per cent in 1999 as farmers reduced their consumption of inputs but maintained their level of outputs. In particular hired labour was reduced.

Summary Measures including Total Income from Farming (Table 6.5)

12. Table 6.5 shows movements over the last twelve years at both current prices and in real terms for some important accounts aggregates and some additional (derived) indicators. In addition to the points in paragraph 1, Cash flow from farming fell by 1.6 per cent in real terms. Cash flow reflects sales rather than production and expenditure on gross fixed capital

formation rather than depreciation of capital assets.

Geographic comparisons

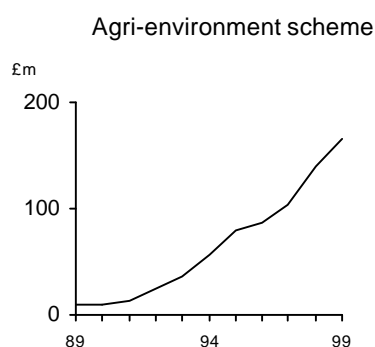
(Chart 6.4 and Table 6.6)

13. Chart 6.4 shows changes in income from agricultural activity across the Member States of the European Union, as measured by Eurostat's indicator A. It is based on Net Value Added at factor cost (deflated by the GDP price index) per annual work unit. The estimates show that 12 of the 15 Member States recorded a fall in income in 1999. These figures are highly provisional given the changes in methodology being introduced across the Member States.

14. Table 6.6 shows how the UK agricultural industry divides between England, Northern Ireland, Scotland and Wales. Agriculture's share of total economy gross value added at basic prices is gradually declining. It is lowest in England at 0.9 per cent and highest in Northern Ireland at 2.4 per cent. Agriculture's share of regional employment is highest in Northern Ireland at about 1 in 12 whereas in England it is less than 1 in 50.

Subsidies and levies

(Table 6.7)



15. Table 6.7 gives details of the values of the subsidies less levies paid directly to farmers that are included in the Aggregate Agricultural Account. Subsidies paid to farmers to support capital improvements or to compensate for the loss of capital assets are excluded from the account and are not shown. (An account of all public expenditure on agriculture is provided in Chapter 9.) The provisional figures show that in 1999 the agricultural industry as a whole received nearly £2.7 billion in direct subsidies less levies, 1.6 per cent more than in 1998. There were increased payments on linseed of £54 million, due to a greater area of production, and increased payments on agri-environment schemes of £25 million.

Capital formation and stock appreciation

(Tables 6.8 and 6.9)

16. Table 6.8 shows estimates of investment in productive assets by the UK agricultural sector. At current prices, total gross fixed capital formation in buildings, works, plant, machinery and vehicles is estimated to have been £1.5 billion in 1998. This is 19 per cent lower than in 1997 and is due to the drops in income since 1996. The volume index of buildings and works investment showed a decrease in 1998 and plant, machinery and vehicles also fell quite sharply.

17. Capital formation and capital consumption in livestock measure the output value and depreciation of breeding animals (mainly dairy cows, beef cows, ewes, sows and egg laying poultry). The difference between the two is the effect on income. In 1999 depreciation outweighed production and the prices of both dairy and beef cows were lower.

18. Table 6.9 shows estimates of stock appreciation in the industry. Stock appreciation (holding gains) measures the change in the value between the time of production and the end of the accounting period due to changes in price. It is not included in the Aggregate Agricultural Account and does

not contribute to income. For potatoes the prices dropped sharply half way through 1999 at the start of the 1999/2000 crop year. Therefore stock appreciation for potatoes was minus £64 million. Overall stock appreciation was minus £34 million.

Hired labour
(Table 6.10)

19. Table 6.10 shows the cost and volume of paid labour relating to agricultural work only, excluding time spent on the construction of farm buildings. The total cost of paid labour decreased by 0.6 per cent in 1999, arising from a decrease in the volume of paid labour input of 4.3 per cent and an average salary increase of 4.3 per cent. The total volume of labour decreased by approximately 3.3 per cent during 1999. The increase in the statutory minimum wage agreed by the Agricultural Wages Board was approximately 3.25 per cent in June 1998 and 2.5 per cent in June 1999. The statutory minimum wage for casual workers was also increased by 5 per cent in April 1999.

Interest
(Table 6.11)

20. Table 6.11 shows details of interest charges payable on farmers' borrowings for agricultural purposes (including land purchases). These payments, net of interest on short-term deposits, are estimated to have decreased by £87 million between 1998 and 1999 to £598 million. This reflects a reduction in interest rates over the year as a whole but also an increase in farmer's borrowings.

TABLE 6.1 Production and income account at current prices

Enquiries: Mr S J Holding on 01904 455080

£ million

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Outputs (a)						
Cereals:						
wheat	1,313	2,079	2,315	1,851	1,652	1,545
barley	814	1,110	1,184	977	781	739
oats	50	89	86	71	60	57
rye, mixed corn & triticale	3	9	9	9	8	8
1. Total production of cereals	2,180	3,287	3,594	2,907	2,502	2,349
Other crops:						
oilseed rape	264	379	421	406	407	356
linseed	11	41	40	51	67	129
sugar beet	254	355	358	329	295	291
hops	16	18	21	21	15	14
peas and beans for stockfeed	125	135	129	129	112	115
hay and dried grass	17	21	21	19	14	14
grass and clover seed	17	15	21	23	20	19
straw	173	321	222	169	184	185
unspecified crops (b)	41	56	61	52	51	49
2. Total production of other crops	917	1,340	1,293	1,199	1,166	1,173
3. Total production of potatoes	496	1,088	634	387	624	755
Horticulture:						
vegetables	947	1,065	1,082	962	984	963
fruit	252	241	268	202	242	246
ornamentals	466	615	658	680	659	682
fruit, vegetable and tomato seeds	6	8	8	7	8	8
4. Total production of horticulture	1,672	1,928	2,016	1,851	1,893	1,899
Livestock:						
finished cattle and calves	2,046	2,583	2,550	2,278	1,990	1,996
finished sheep and lambs	985	1,345	1,300	1,200	1,133	1,007
finished pigs	1,015	1,169	1,366	1,195	881	782
poultry	1,014	1,333	1,501	1,482	1,347	1,247
other livestock	116	143	149	156	153	153
5. Total production of livestock	5,175	6,572	6,866	6,311	5,503	5,184
Livestock products:						
milk	2,693	3,508	3,504	3,161	2,718	2,673
eggs (c)	405	399	467	428	400	359
clip wool	50	46	40	35	24	21
unspecified livestock products	22	24	23	25	21	25
6. Total production of livestock products	3,169	3,977	4,034	3,649	3,162	3,078
Capital formation in livestock:						
cattle	327	359	229	394	302	198
sheep	185	142	134	213	149	120
pigs	12	11	23	18	1	5
poultry	100	122	130	131	135	126
7. Total capital formation in livestock	623	634	515	756	586	449
Other agricultural activities:						
contract work	350	544	596	569	565	590
leasing out milk quota	32	136	169	120	99	70
leasing out ewe premium	-	7	5	4	4	5
leasing out suckler cow premium	-	1	1	1	6	6
8. Total other agricultural activities	381	688	770	694	674	671
9. Total inseparable non-agricultural activities	214	344	382	399	461	494
10. Gross output at basic prices	14,828	19,857	20,105	18,154	16,571	16,053

source: MAFF Statistics website, www.maff.gov.uk/esg

TABLE 6.1 Production and income account at current prices (continued)

Enquiries: Mr S J Holding on 01904 455080

£ million		Calendar years				
	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
11. Total subsidies (less taxes) on product	416	2,107	2,782	2,588	2,438	2,362
12. Output at market prices (10-11)	14,412	17,750	17,323	15,566	14,133	13,691
of which:						
transactions within the agricultural industry:						
feed wheat	61	55	67	79	80	68
feed barley	212	199	206	193	164	154
feed oats	18	16	16	12	10	12
seed potatoes	19	41	34	10	15	32
straw	164	308	212	160	173	173
contract work	350	544	596	569	565	590
leasing of quota	32	144	175	125	109	81
capital formation in livestock	623	634	515	756	586	449
Intermediate Consumption (Expenditure net of reclaimed VAT)						
Feedingstuffs:						
compounds (d)	1,790	1,806	1,960	1,772	1,524	1,422
straights (d)	796	885	873	734	635	661
feed purchased from other farms	291	271	289	284	254	233
other costs	..	84	80	71	68	69
13. Total feedingstuffs	2,877	3,046	3,201	2,860	2,480	2,385
Seeds:						
cereals	124	121	124	103	88	87
other	186	264	255	225	234	246
14. Total seeds	309	385	379	328	322	333
15. Total fertilisers and lime	866	931	1,022	990	822	775
16. Pesticides	499	589	648	672	652	628
Farm maintenance (e)						
occupier	196	308	295	301	263	249
landlord	64	64	69	72	71	70
17. Total farm maintenance	260	373	364	373	334	319
Miscellaneous expenditure:						
machinery repairs	562	722	746	724	702	686
machinery fuel and oil	299	355	400	398	367	391
veterinary expenses and medicines	196	289	297	308	286	271
power and fuel (mainly electricity)	202	242	250	234	224	229
imported livestock	47	25	19	23	14	18
straw for bedding	164	308	212	160	173	173
contract work	350	544	596	569	565	590
leasing of quota	32	144	175	125	109	81
other farming costs (e) (f)	1,174	1,684	1,856	1,920	1,903	1,858
18. Total miscellaneous expenditure	3,024	4,312	4,550	4,460	4,342	4,297
19. Total intermediate consumption	7,836	9,636	10,164	9,684	8,952	8,737
20. Gross value added at basic prices (10-19)	6,992	10,221	9,941	8,469	7,619	7,316
Consumption of fixed capital:						
buildings and works:						
landlord (e)	114	120	128	139	113	115
other	526	520	553	532	570	583
plant, machinery and vehicles	1,017	1,230	1,295	1,327	1,332	1,321
cattle	292	416	315	395	321	216
sheep	137	174	189	155	106	132
pigs	13	17	18	15	9	9
poultry	101	121	130	123	147	137
21. Total consumption of fixed capital	2,202	2,598	2,629	2,687	2,598	2,513
22. Net value added at basic prices (20-21)	4,790	7,624	7,313	5,782	5,021	4,803

source: MAFF Statistics website, www.maff.gov.uk/esg

TABLE 6.1 Production and income account at current prices (continued)

Enquiries: Mr S J Holding on 01904 455080

£ million		Calendar years				
	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Other subsidies						
animal disease compensation	6	7	6	16	10	19
set-aside	9	206	163	90	87	171
agri-environment schemes (g)	8	80	86	103	140	165
other (h)	9	8	9	9	9	10
vehicle licences	27	46	54	56	59	59
23. Total other subsidies less taxes	5	256	210	162	187	307
24. Net value added at factor cost (22+23)	4,796	7,879	7,523	5,945	5,208	5,110
25. Total compensation of employees (i)	1,606	1,839	1,877	1,929	1,975	1,963
26. Interest (j)	868	586	552	621	685	598
Rent						
net rent paid (k)	161	176	271	281	297	286
net rent received (l)	..	..	74	79	79	76
27. Net rent expenditure (m)	161	176	197	202	218	210
28. Total income from farming (24-25-26-27)	2,160	5,279	4,897	3,193	2,330	2,339

source: MAFF Statistics website, www.maff.gov.uk/esg

- (a) Output is net of VAT collected on the sale of non-edible products. Figures for total output include subsidies on products, but not other subsidies.
- (b) Includes turf, other minor crops and arable area payments for fodder maize.
- (c) Includes the value of duck eggs and exports of eggs for hatching.
- (d) For years prior to 1992 the split between compounds and straights has been estimated based on the split present in later years.
- (e) Landlords' expenses are included within farm maintenance, miscellaneous expenditure and depreciation of buildings and works.
- (f) Includes livestock and crop costs, water costs, insurance premia, bank charges, professional fees, rates, vehicle licence costs and other farming costs.
- (g) Includes Environmentally and Nitrate Sensitive Areas, Countryside Stewardship, Countryside Premium, Tir Cymen, Tir Gofal, Moorland, Habitat, Farm Woodland and Organic Farming Schemes.
- (h) Includes guidance premium for beef and sheepmeat production, Pilot Beef and Sheep Extensification Scheme, non-agricultural horse grazing and farm accounts grant as well as historic data for fertiliser and lime grant and payments to small scale cereal producers.
- (i) Excludes the value of work done by farm labour on own account capital formation in buildings and works.
- (j) Interest charges on loans for current farming purposes and buildings & works less interest on money held on short term deposit.
- (k) Rent paid (after deductions) is the rent paid on all tenanted land including 'conacre' land in Northern Ireland, less landlords' expenses and the benefit value of dwellings on that land.
- (l) Rent received (after deductions) is the rent received by farming landowners from renting of land to other farmers less landlords' expenses and the benefit value of dwellings on that land. (This series starts in 1996 following a revision to the methodology of calculating net rent).
- (m) Total net rent is the net rent flowing out of the agricultural sector paid to non farming landowners, including that part of tenanted land in Northern Ireland. (Although there has been some updating of the technical procedures for calculating this figure, it corresponds with the previous net rent variable).

TABLE 6.2 Output and input volume indices

Enquiries: Mr S J Holding on 01904 455080

1995=100

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Outputs (a)						
Cereals:						
wheat	90.5	100.0	111.4	105.2	108.5	105.7
barley	114.7	100.0	115.5	112.3	101.6	97.8
oats	76.5	100.0	93.7	92.7	90.9	81.7
rye, mixed corn & triticale	81.6	100.0	97.0	95.8	89.6	105.8
1. Total production of cereals	97.8	100.0	112.3	107.2	105.8	102.6
Other crops:						
oilseed rape	81.4	100.0	112.7	122.0	126.5	135.9
linseed	50.8	100.0	107.3	131.7	177.6	365.6
sugar beet	95.5	100.0	123.6	131.5	118.6	122.5
hops	114.2	100.0	126.2	119.6	82.0	68.7
peas and beans for stockfeed	141.2	100.0	101.5	123.0	116.2	124.5
hay and dried grass	120.1	100.0	102.4	97.1	82.0	84.5
grass and clover seed	164.2	100.0	98.0	107.1	96.7	105.4
straw	76.1	100.0	85.2	74.4	70.8	63.1
unspecified crops (b)	59.7	100.0	104.1	103.0	101.6	101.0
2. Total production of other crops	91.4	100.0	107.2	112.6	110.0	119.3
3. Total production of potatoes	100.3	100.0	107.6	101.8	89.8	106.9
Horticulture:						
vegetables	108.4	100.0	105.8	101.4	98.5	104.7
fruit	113.0	100.0	103.9	76.9	93.7	97.1
ornamentals	93.0	100.0	94.7	89.1	86.6	83.7
fruit, vegetable and tomato seeds	112.9	100.0	98.2	95.6	96.9	98.2
4. Total production of horticulture	103.5	100.0	102.0	94.2	94.1	96.5
Livestock:						
finished cattle and calves	99.4	100.0	74.6	74.7	76.5	77.4
finished sheep and lambs	94.6	100.0	94.6	91.7	98.0	99.8
finished pigs	98.2	100.0	100.9	109.9	112.3	102.8
poultry	79.8	100.0	103.6	107.2	107.9	105.5
other livestock	95.4	100.0	100.6	103.0	102.7	102.0
5. Total production of livestock	93.2	100.0	89.8	91.7	94.2	93.1
Livestock products:						
milk	102.4	100.0	99.6	100.6	99.1	101.7
eggs (c)	103.0	100.0	99.8	103.0	104.8	97.3
clip wool	107.4	100.0	95.1	96.9	103.2	96.4
unspecified livestock products	111.4	100.0	85.4	89.9	79.8	91.7
6. Total production of livestock products	102.5	100.0	99.5	100.7	99.7	101.0
Capital formation in livestock:						
cattle	100.5	100.0	94.2	104.2	101.2	103.9
sheep	124.6	100.0	83.9	131.0	141.3	104.9
pigs	126.6	100.0	182.1	191.4	30.5	122.4
poultry	94.9	100.0	101.5	108.5	99.9	95.3
7. Total capital formation in livestock	107.9	100.0	94.9	115.1	112.0	105.5
Other agricultural activities:						
contract work	94.4	100.0	105.2	108.0	113.9	118.9
leasing out milk quota	44.8	100.0	102.8	111.7	119.8	98.9
leasing out ewe premium	87.4	100.0	72.3	51.4	60.5	65.2
leasing out suckler cow premium	52.0	100.0	75.6	62.0	417.2	376.4
8. Total other agricultural activities	86.4	100.0	104.4	108.3	115.3	116.6
9. Total inseparable non-agricultural activities	78.9	100.0	108.3	110.2	123.4	124.2
10. Gross output at basic prices	96.7	100.0	99.8	100.0	100.5	101.5

source: MAFF Statistics website, www.maff.gov.uk/esg

TABLE 6.2 Output and input volume indices (continued)

Enquiries: Mr S J Holding on 01904 455080

1995=100

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
11. Total subsidies (less taxes) on product	91.6	100.0	104.3	102.1	105.5	109.3
12. Output at market prices (10-11)	96.7	100.0	99.2	99.9	99.9	100.3
of which:						
transactions within the agricultural industry						
feed wheat	110.2	100.0	121.5	179.9	212.2	184.3
feed barley	104.3	100.0	105.2	125.8	123.6	118.0
feed oats	97.7	100.0	89.2	81.7	89.2	94.4
seed potatoes	120.7	100.0	119.1	93.4	95.9	91.6
straw	75.0	100.0	84.5	73.3	69.5	61.6
contract work	94.4	100.0	105.2	108.0	113.9	118.9
leasing of quota	44.9	100.0	101.2	108.7	121.0	101.6
capital formation in livestock	107.9	100.0	94.9	115.1	112.0	105.5
Intermediate Consumption (Expenditure net of reclaimed VAT)						
Feedingstuffs:						
compounds (d)	95.6	100.0	101.1	96.8	95.1	96.7
straights (d)	87.2	100.0	91.6	86.2	87.3	94.5
feed purchased from other farms	104.9	100.0	107.6	134.1	139.7	130.2
other costs	97.8	100.0	97.8	96.6	96.0	95.8
13. Total feedingstuffs	94.2	100.0	98.8	96.8	96.5	98.8
Seeds:						
cereals	118.7	100.0	104.5	95.2	87.0	86.7
other	96.5	100.0	101.4	95.5	94.2	92.6
14. Total seeds	104.5	100.0	102.4	95.4	91.9	90.7
15. Total fertilisers and lime	98.2	100.0	99.1	110.8	108.4	106.6
16. Pesticides	105.6	100.0	103.3	106.4	110.5	109.7
Farm maintenance: (e)						
occupier	78.8	100.0	95.1	95.6	82.9	79.4
landlord	106.7	100.0	96.9	96.7	95.0	94.0
17. Total farm maintenance	83.8	100.0	95.4	95.8	85.2	82.2
Miscellaneous expenditure:						
machinery repairs	106.7	100.0	97.7	94.2	91.6	87.6
machinery fuel and oil	102.0	100.0	100.4	100.6	98.7	95.8
veterinary expenses and medicines	76.4	100.0	101.3	103.1	93.7	91.8
power and fuel (mainly electricity)	97.5	100.0	99.4	97.6	102.9	103.9
imported livestock	270.9	100.0	83.5	114.6	72.1	89.0
straw for bedding	75.0	100.0	84.5	73.3	69.5	61.6
contract work	94.4	100.0	105.2	108.0	113.9	118.9
leasing of quota	44.9	100.0	101.2	108.7	121.0	101.6
other farming costs (e) (f)	92.8	100.0	106.7	108.0	106.9	104.7
18. Total miscellaneous expenses	93.6	100.0	101.8	101.9	101.1	99.0
19. Total intermediate consumption	94.9	100.0	100.5	101.0	100.0	99.3
20. Gross value added at basic prices (10-19)	98.5	100.0	99.1	99.1	101.3	104.1
buildings and works:						
landlord (e)	105.4	100.0	97.4	101.8	79.2	79.5
other	97.7	100.0	100.0	98.0	102.5	100.6
plant, machinery and vehicles	105.2	100.0	101.5	101.9	100.5	98.6
cattle	81.9	100.0	104.7	93.7	89.3	92.7
sheep	76.7	100.0	96.8	79.3	81.1	92.2
pigs	96.2	100.0	92.1	101.1	111.1	114.3
poultry	98.5	100.0	102.7	102.9	109.8	104.4
21. Total consumption of fixed capital	96.3	100.0	101.2	98.7	97.6	97.0
22. Net value added at basic prices (20-21)	99.0	100.0	98.4	99.3	103.0	107.7

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Output is net of VAT collected on the sale of non-edible products. Figures for total output include subsidies on products, but not other subsidies.

(b) Includes turf, other minor crops and arable area payments for fodder maize.

(c) Includes the value of duck eggs and exports of eggs for hatching.

(d) For years prior to 1992 the split between compounds and straights has been estimated based on the split present in later years.

(e) Landlords' expenses are included within farm maintenance, miscellaneous expenditure and depreciation of buildings and works.

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

Chart 6.2 Changes in outputs and inputs

Changes in value of outputs and inputs between 1998 and 1999 (provisional)

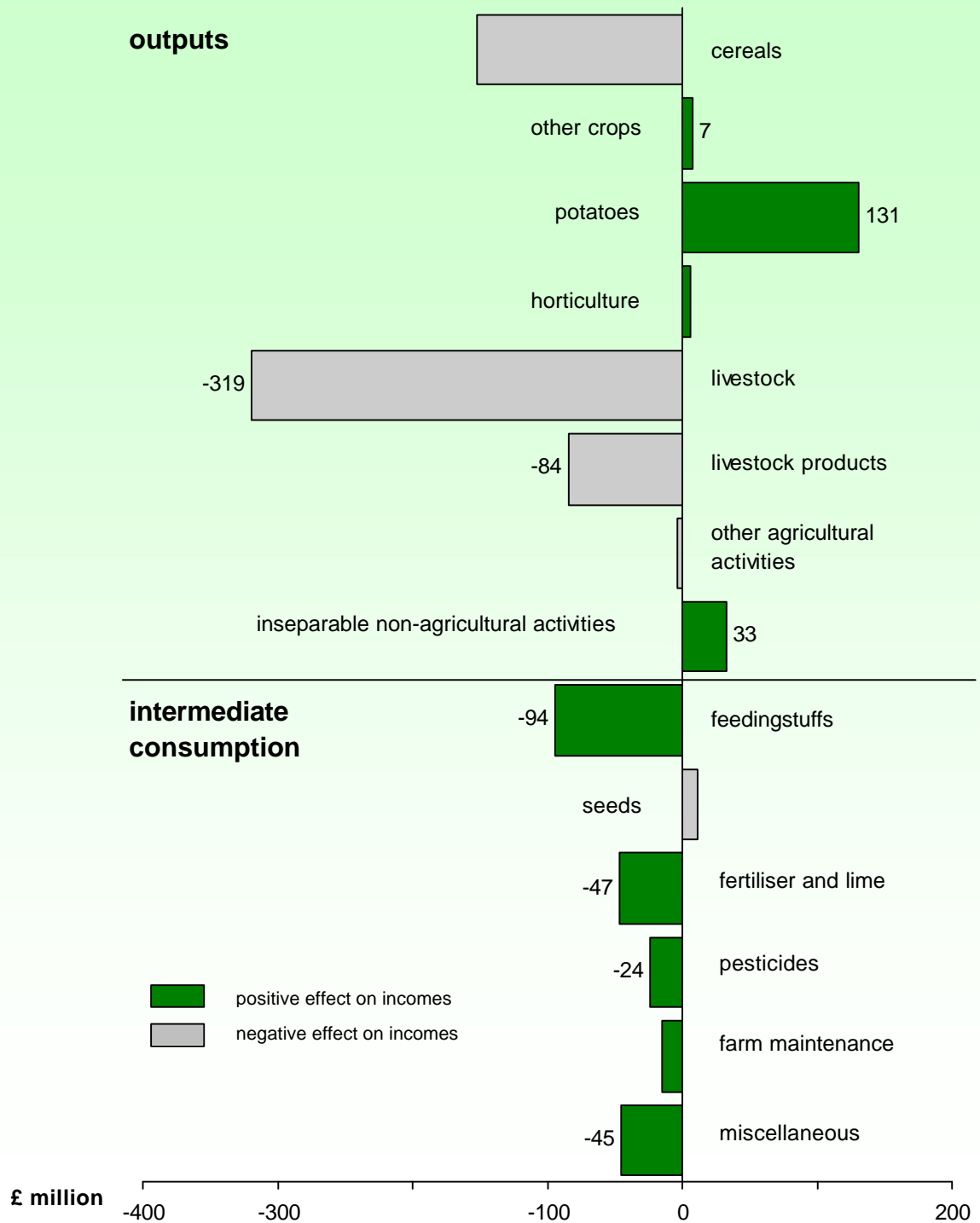


TABLE 6.3 Changes in outputs and inputs

Enquiries: Mr S J Holding on 01904 455080

£ million

	Current price value			Changes %	
	1998	1999	value	volume	price
Outputs (a)					
Cereals:					
wheat	1,652	1,545	-6	-3	-4
barley	781	739	-5	-4	-2
oats	60	57	-6	-10	5
rye, mixed corn & triticale	8	8	-5	18	-20
1. Total production of cereals	2,502	2,349	-6	-3	-3
Other crops:					
oilseed rape	407	356	-13	7	-19
linseed	67	129	94	106	-6
sugar beet	295	291	-1	3	-4
hops	15	14	-9	-16	8
peas and beans for stockfeed	112	115	2	7	-5
hay and dried grass	14	14	-1	3	-4
grass and clover seed	20	19	-3	9	-11
straw	184	185	1	-11	13
unspecified crops (b)	51	49	-4	-1	-4
2. Total production of other crops	1,166	1,173	1	8	-7
3. Total production of potatoes	624	755	21	19	2
Horticulture:					
vegetables	984	963	-2	6	-8
fruit	242	246	2	4	-2
ornamentals	659	682	4	-3	7
fruit, vegetable and tomato seeds	8	8	1	1	-1
4. Total production of horticulture	1,893	1,899	-	3	-2
Livestock:					
finished cattle and calves	1,990	1,996	-	1	-1
finished sheep and lambs	1,133	1,007	-11	2	-13
finished pigs	881	782	-11	-8	-3
poultry	1,347	1,247	-7	-2	-5
other livestock	153	153	-	-1	1
5. Total production of livestock	5,503	5,184	-6	-1	-5
Livestock products:					
milk	2,718	2,673	-2	3	-4
eggs (c)	400	359	-10	-7	-3
clip wool	24	21	-12	-7	-6
unspecified livestock products	21	25	20	15	4
6. Total production of livestock products	3,162	3,078	-3	1	-4
Capital formation in livestock:					
cattle	302	198	-34	3	-36
sheep	149	120	-20	-26	8
pigs	1	5	654	301	88
poultry	135	126	-6	-5	-2
7. Total capital formation in livestock	586	449	-23	-6	-19
Other agricultural activities:					
contract work	565	590	4	4	-
leasing out milk quota	99	70	-29	-17	-14
leasing out ewe premium	4	5	8	8	-
leasing out suckler cow premium	6	6	8	-10	20
8. Total other agricultural activities	674	671	-	1	-2
9. Total inseparable non-agricultural activities	461	494	7	1	6
10. Gross output at basic prices	16,571	16,053	-3	1	-4

source: MAFF Statistics website, www.maff.gov.uk/esg

TABLE 6.3 Changes in outputs and inputs (continued)

Enquiries: Mr S J Holding on 01904 455080

£ million

	Current price value		Changes %		
	1998	1999	value	volume	price
11. Total subsidies (less taxes) on product	2,438	2,362	-3	4	-7
12. Output at market prices (10-11)	14,133	13,691	-3	-	-4
of which:					
transactions within the agricultural industry:					
feed wheat	80	68	-15	-13	-2
feed barley	164	154	-6	-4	-2
feed oats	10	12	12	6	6
seed potatoes	15	32	115	-4	126
straw	173	173	-	-11	13
contract work	565	590	4	4	-
leasing of quota	109	81	-26	-16	-12
capital formation in livestock	586	449	-23	-6	-19
Intermediate consumption (Expenditure net of reclaimed VAT)					
Feedingstuffs:					
compounds (d)	1,524	1,422	-7	2	-8
straights (d)	635	661	4	8	-4
feed purchased from other farms	254	233	-8	-7	-1
other costs	68	69	2	-	2
13. Total feedingstuffs	2,480	2,385	-4	2	-6
Seeds:					
cereals	88	87	-1	-	-
other	234	246	5	-2	7
14. Total seeds	322	333	3	-1	5
15. Total fertilisers and lime	822	775	-6	-2	-4
16. Pesticides	652	628	-4	-1	-3
Farm maintenance (e)					
occupier	263	249	-5	-4	-1
landlord	71	70	-2	-1	-1
17. Total farm maintenance	334	319	-5	-4	-1
Miscellaneous expenditure:					
machinery repairs	702	686	-2	-4	2
machinery fuel and oil	367	391	7	-3	10
veterinary expenses and medicines	286	271	-5	-2	-3
power and fuel (mainly electricity)	224	229	2	1	1
imported livestock	14	18	27	23	3
straw for bedding	173	173	-	-11	13
contract work	565	590	4	4	-
leasing of quota	109	81	-26	-16	-12
other farming costs (e) (f)	1,903	1,858	-2	-2	-
18. Total miscellaneous expenditure	4,342	4,297	-1	-2	1
19. Total intermediate consumption	8,952	8,737	-2	-1	-2
20. Gross value added at basic prices (10-19)	7,619	7,316	-4	3	-7
Consumption of fixed capital:					
buildings and works:					
landlord (e)	113	115	1	-	1
other	570	583	2	-2	4
plant, machinery and vehicles	1,332	1,321	-1	-2	1
cattle	321	216	-33	4	-35
sheep	106	132	24	14	9
pigs	9	9	-3	3	-5
poultry	147	137	-7	-5	-2
21. Total Consumption of Fixed Capital	2,598	2,513	-3	-1	-3
22. Net value added at basic prices (20-21)	5,021	4,803	-4	5	-9

source: MAFF Statistics website, www.maff.gov.uk/esg

TABLE 6.3 Changes in outputs and inputs (continued)

Enquiries: Mr S J Holding on 01904 455080

£ million

	Current price value		Changes %		
	1998	1999	value	volume	price
Other subsidies					
animal disease compensation	10	19	94	..	..
set-aside	87	171	97	..	..
agri-environment scheme (g)	140	165	18	..	..
other (h)	9	10	7	..	..
vehicle licences	59	59	-	..	..
23. Total other subsidies less taxes	187	307	64	..	..
24. Net value added at factor cost (22+23)	5,208	5,110	-2	-	-2
25. Total compensation of employees (i)	1,975	1,963	-1	-4	4
26. Interest (j)	685	598	-13	..	..
Rent					
net rent paid (k)	297	286	-4	..	..
net rent received (l)	79	76	-3	..	..
27. Net Rent Expenditure (m)	218	210	-4	..	..
28. Total income from farming (24-25-26-27)	2,330	2,339	-	..	..

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Output is net of VAT collected on the sale of non-edible products. Figures for total output include subsidies on products, but not other subsidies.

(b) Includes turf, other minor crops and arable area payments for fodder maize.

(c) Includes the value of duck eggs and exports of eggs for hatching.

(d) For years prior to 1992 the split between compounds and straights has been estimated based on the split present in later years.

(e) Landlords' expenses are included within farm maintenance, miscellaneous expenditure and depreciation of buildings and works.

(f) Includes livestock and crop costs, water costs, insurance premia, bank charges, professional fees, rates, vehicle licence costs and other farming costs.

(g) Includes Environmentally and Nitrate Sensitive Areas, Countryside Stewardship, Countryside Premium, Tir Cymen, Tir Gofal, Moorland, Habitat, Farm Woodland and Organic Farming Schemes. Also includes guidance premium for beef and sheepmeat production, pilot beef and sheep extensification scheme.

(h) Includes guidance premium for beef and sheepmeat production, Pilot Beef and Sheep Extensification Scheme, non-agricultural horse grazing and farm accounts grant as well as historic data for fertiliser and lime grant and payments to small scale cereal producers.

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

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

(k) Rent paid (after deductions) is the rent paid on all tenanted land including 'conacre' land in Northern Ireland, less landlords' expenses and the benefit value of dwellings on that land.

(l) Rent received (after deductions) is the rent received by farming landowners from renting of land to other farmers less landlords' expenses and the benefit value of dwellings on that land. (This series starts in 1996 following a revision to the methodology of calculating net rent).

(m) Total net rent is the net rent flowing out of the agricultural sector paid to non farming landowners, including that part of tenanted land in Northern Ireland. (Although there has been some updating of the technical procedures for calculating this figure, it corresponds with the previous net rent variable).

TABLE 6.4 Productivity

Enquiries: Mr S J Holding on 01904 455080

volume indices 1995=100

Calendar years

Year	Final output (gross output less transactions within the agricultural industry)	Net value added per AWU of all labour (a)	Final output per unit of all inputs (including fixed capital and labour)
1988	96.1	82.7	93.2
1989	97.3	88.8	94.9
1990	97.2	91.4	95.9
1991	99.1	96.7	98.8
1992	99.9	104.5	100.0
1993	97.3	96.9	97.7
1994	99.5	100.1	99.2
1995	100.0	100.0	100.0
1996 (b)	99.3	100.3	99.7
1997	98.9	102.4	99.8
1998	98.7	108.2	101.3
1999 (provisional)	99.7	117.1	103.9

source: MAFF Statistics website, www.maff.gov.uk/esg

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

(b) Cattle destroyed and calves removed from the food chain are not treated as production and therefore are not included.

TABLE 6.5 Summary measures from the aggregate agricultural account

Enquiries: Mr S J Holding on 01904 455080

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		
£ million		(£)				
1988	4,379	2,005	1,525	3,530	7,562	2,239
1989	4,960	2,298	1,581	3,879	8,811	2,541
1990	5,048	2,178	1,713	3,891	8,521	2,448
1991	5,079	2,303	1,780	4,083	9,161	2,876
1992	5,711	3,037	1,786	4,823	12,122	3,167
1993	6,729	4,239	1,789	6,028	16,970	4,177
1994	6,993	4,445	1,831	6,276	18,092	4,304
1995	7,879	5,279	1,839	7,118	21,859	5,082
1996	7,523	4,897	1,877	6,774	20,558	4,809
1997	5,945	3,193	1,929	5,122	13,531	3,148
1998	5,208	2,330	1,975	4,305	10,009	2,842
1999 (provisional)	5,110	2,339	1,963	4,302	10,330	2,840
In real terms, 1999 prices, £ million						
1988	6,779	3,105	2,361	5,466	11,708	3,466
1989	7,123	3,300	2,271	5,571	12,654	3,650
1990	6,623	2,857	2,247	5,104	11,179	3,211
1991	6,295	2,855	2,206	5,060	11,354	3,565
1992	6,823	3,628	2,134	5,762	14,483	3,784
1993	7,916	4,986	2,104	7,090	19,962	4,914
1994	8,028	5,102	2,102	7,204	20,768	4,941
1995	8,746	5,860	2,041	7,901	24,264	5,641
1996	8,151	5,306	2,034	7,340	22,275	5,210
1997	6,246	3,355	2,027	5,381	14,216	3,307
1998	5,291	2,367	2,006	4,373	10,168	2,887
1999 (provisional)	5,110	2,339	1,963	4,302	10,330	2,840

source: MAFF Statistics website, www.maff.gov.uk/esg

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

Chart 6.3 UK income trends in real terms at 1999 prices

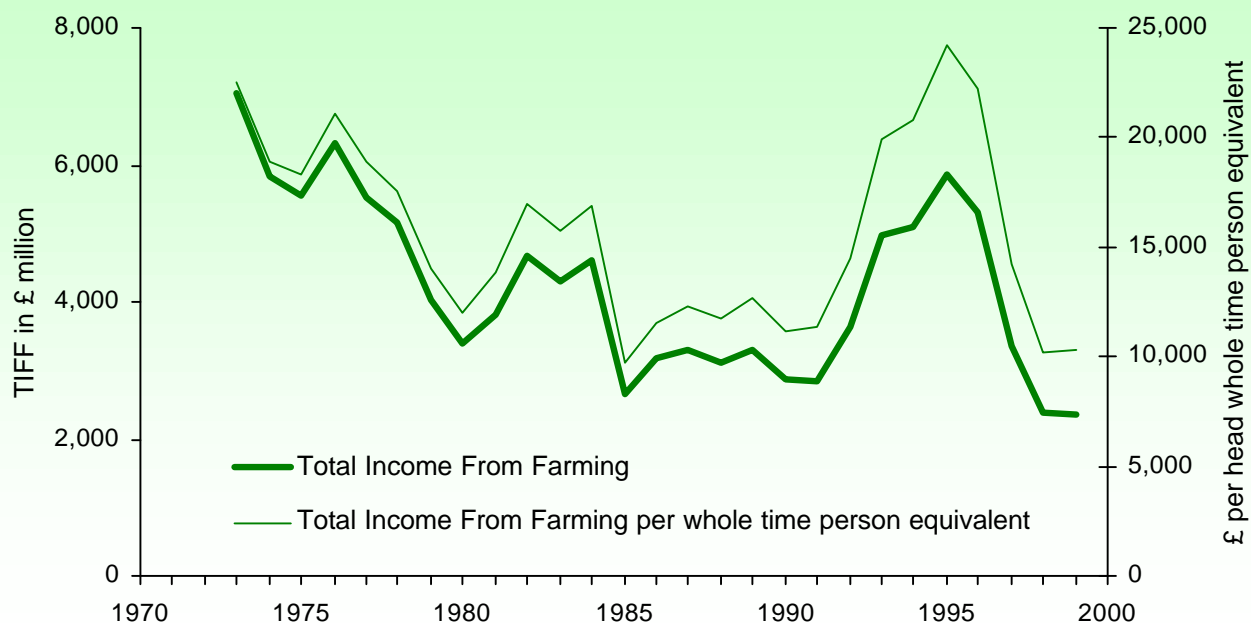
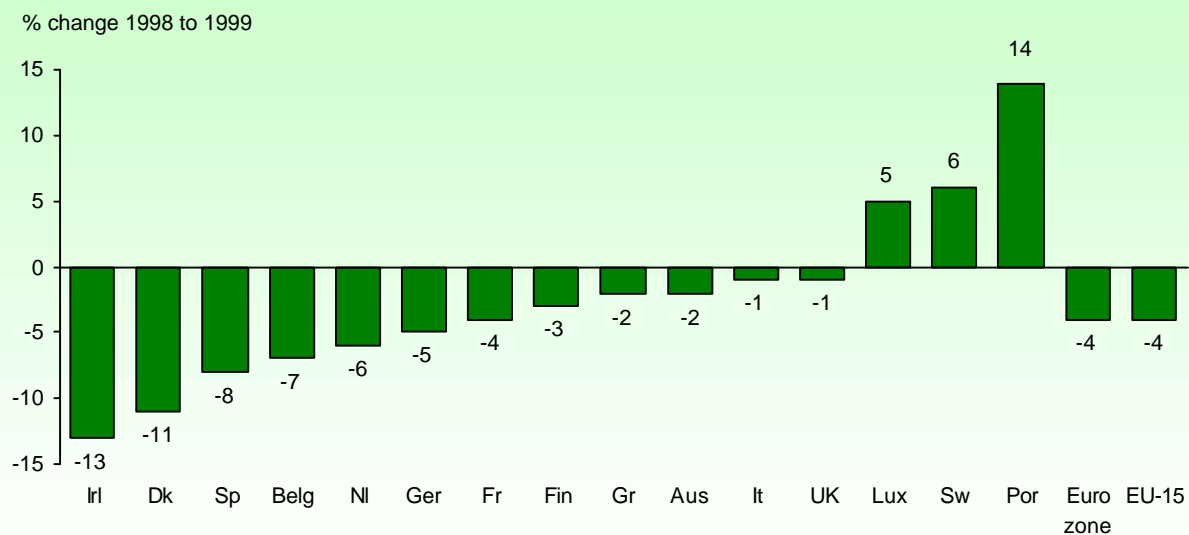


Chart 6.4 Changes in income across the European Union

(provisional figures)



Source: Eurostat - Statistics : Statistics in focus, December 1999

The change in income from agricultural activity as measured by Eurostat, Indicator A, which is based on net value added per whole time person equivalent.

Table 6.6 Summary measures by country in 1999 (a)

Enquiries: Mr S J Holding on 01904 455080

	Gross output	Intermediate consumption	Gross value added at basic prices	Total Income From Farming	Agriculture's share of total regional gross value added at basic prices (b)	Agriculture's share of total regional employment (c)(d)
	£ million	£ million	£ million	£ million	%	%
United Kingdom	16,053	8,737	7,316	2,339	0.9	2.1
England	12,128	6,434	5,694	1,989	0.9	1.8
Wales	1,031	675	356	40	1.1	5.2
Scotland	1,917	1,076	841	239	1.3	3.1
Northern Ireland	1,085	660	425	71	2.4	8.5

source: MAFF Statistics website, www.maff.gov.uk/esg

- (a) At country level the figures include the sales and purchases of store cattle and sheep.
- (b) In order to estimate the total GVA at basic prices for the entire economy, the fourth quarter has been estimated using the trend of the previous three quarters. This has been apportioned to the countries using the 1997 proportions to give an estimated country GVA at basic prices.
- (c) The total workforce in employment consists of employees in employment, the self-employed and 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 and directors and spouses of farmers from persons engaged in agriculture.
- (d) The agriculture industry includes a high proportion of part-time workers. A comparison on the basis of full-time equivalents would show lower percentages.

TABLE 6.7 Subsidies and levies included in the aggregate agricultural account

Enquiries: Mr S J Holding on 01904 455080

£ million

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Subsidies and levies on product (a)						
Crop subsidies						
arable area payments on:						
wheat	..	480	507	493	466	422
barley	..	299	314	316	277	256
other cereal crops (b)	..	33	28	28	27	26
oilseed rape	..	164	162	167	155	175
linseed	..	29	25	37	48	102
peas and beans - stockfeed and human consumption	..	75	67	70	73	69
forage maize	..	7	13	3	6	6
Other crop subsidies (c)	10	18	19	19	16	14
Livestock subsidies:						
beef special premium (d)	23	232	295	271	256	257
beef marketing payment scheme	..	..	58	..	..	..
suckler cow premium	54	228	286	374	294	260
calf subsidy	2	..	..	..	..	..
calf processing aid scheme	..	..	38	54	52	19
over thirty month scheme	..	..	524	362	239	267
cattle hill livestock compensatory allowance	52	54	111	55	85	87
annual ewe premium	158	481	329	300	394	326
sheep hill livestock compensatory allowance	68	54	55	54	84	86
other livestock subsidies prior to 1993 (e)	198	..	..	..	..	..
Levies (f)						
milk superlevy	9	47	49	14	32	9
other levies prior to 1993 (g)	140	..	..	..	..	..
Total subsidies (less levies) on products	416	2,107	2,782	2,588	2,438	2,362
Other subsidies and levies (h)						
set-aside (i)	9	206	163	90	87	171
other animal disease compensation (j)	6	7	6	16	10	19
agri-environment schemes:	8	80	86	103	140	165
Countryside Stewardship (k)	..	16	13	15	22	30
Countryside Premium (Scotland)	..	..	..	..	8	10
Tir Cymen & Tir Gofal	..	4	6	7	7	7
Organic Farming (l)	..	..	..	1	1	7
Environmentally Sensitive Areas	8	33	38	46	53	62
Nitrate Sensitive Areas	..	3	4	5	5	6
Woodland schemes	1	14	13	16	28	25
Non-MAFF schemes (m)	..	8	11	12	12	13
other (n)	..	1	2	3	4	6
vehicle licences	27	46	54	56	59	59
other (o)	9	8	9	9	9	10
Total other subsidies less levies	5	256	210	162	187	307
Total subsidies less levies	421	2,363	2,992	2,750	2,625	2,669

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Contributes to basic prices and are included in output in table 6.1.

(b) Oats, rye, mixed corn and triticale.

(c) CAP hops and herbage seeds support, hemp and flax aid, oilseed rape and linseed support and British Potato Council compensation payments.

(d) Includes extensification premium and Northern Ireland deseasonalisation premium.

(e) Beef and sheep variable premiums, hill cow, beef cow, hill sheep and pig subsidies.

(f) Excludes levies paid to non-governmental organisations. These are included in the aggregate accounts (table 6.1) under 'other miscellaneous expenditure'.

(g) Wheat, barley, oats, rye, mixed corn and milk co-responsibility levies.

(h) Not included in output but contribute to net value added at factor cost in table 6.1.

(i) Arable Area Payment and former 5 and 1 year Schemes.

(j) Tuberculosis, brucellosis, salmonella, Chernobyl, Newcastle and Aujeszky's disease, swinefever and avian influenza compensation and EIC egg scheme.

(k) Also includes Arable Stewardship.

(l) Includes Organic Aid and Organic Farming schemes.

(m) Including English Nature, Scottish Natural Heritage and Countryside Council for Wales payments for land management, including Sites of Special Scientific Interest.

(n) Includes Moorland, Habitat and Countryside Access Farming schemes.

(o) Guidance premium for beef and sheepmeat production, Pilot Beef and Sheep Extensification Scheme, non-agricultural horse grazing and farm accounts grant. Also includes historic data for fertiliser and lime grant and payments to small scale cereal producers.

TABLE 6.8 Gross capital formation

Enquiries: Mr R G Young on 020 7270 8612

£ million

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Gross capital formation at current prices						
Gross fixed capital formation:						
buildings and works	490	517	551	551	505	..
plant and machinery	720	1,197	1,250	1,020	775	..
vehicles	148	273	241	217	170	..
total	1,359	1,987	2,042	1,788	1,451	..
Livestock capital formation:						
cattle	327	359	229	394	302	198
sheep	185	142	134	213	149	120
pigs	12	11	23	18	1	5
poultry	100	122	130	131	135	126
total	623	634	515	756	586	449
Total gross fixed capital formation	1,982	2,620	2,557	2,544	2,037	..
Total volume of gross capital formation 1995=100						
Gross fixed capital formation:						
buildings and works	93.3	100.0	99.7	100.4	89.6	..
plant and machinery	76.7	100.0	100.4	80.0	59.6	..
vehicles	66.8	100.0	85.8	76.3	58.9	..
total	78.7	100.0	98.2	84.9	67.4	..
Livestock capital formation	107.9	100.0	94.9	115.1	112.0	105.5
Total gross fixed capital formation	86.7	100.0	97.4	91.0	77.1	..

source: MAFF Statistics website, www.maff.gov.uk/esg

TABLE 6.9 Stock appreciation

Enquiries: Mr S J Holding on 01904 455080

£million

Calendar years

	1995	1996	1997	1998	1999 (provisional)
Livestock Production work-in-progress (non-breeders)					
cattle	60	-166	-279	-158	90
sheep	-1	48	-90	-85	35
pigs	38	-21	-77	-58	40
poultry (a)	-5	33	-34	-3	-22
total	91	-106	-480	-304	144
Replacement animals for breeding herds					
cattle	95	-70	-266	-120	-24
sheep	-	22	-41	-35	15
pigs	-	-	-1	-1	1
total	96	-48	-309	-156	-8
Crop production work-in-progress					
wheat	96	-182	-135	-36	-64
barley	30	-60	-66	4	-17
potatoes	56	-407	85	316	-362
other crops (b)	-2	2	-1	-14	-22
total	180	-647	-116	270	-465
Total stock appreciation	367	-800	-905	-190	-329

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Broilers, ducks, geese and turkeys

(b) Oats, oilseed, apples and pears

TABLE 6.10 Costs and volumes of paid labour engaged in agricultural work

Enquiries: Mr R D S Price on 020 7270 8620

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Paid labour costs (£ million) (a)	1,606	1,839	1,877	1,929	1,975	1,963
Annual Work Unit ('000) (b)						
Entrepreneurial Labour	261	242	238	236	233	226
Paid Labour	178	147	143	140	137	131
Total Labour Force	439	388	381	376	369	357

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) 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

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

TABLE 6.11 Interest

Enquiries: Mr R G Young on 020 7270 8612

£ million (unless otherwise specified)

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
Interest rates						
average bank base lending rate in the UK (percentage)	12.9	6.7	6.0	6.6	7.2	5.3
average rate of interest on bank advances to agriculture (percentage)	15.4	9.3	8.5	9.1	9.7	7.7
Interest charges (all lending to the farm business) on:						
bank advances	706	394	363	410	482	..
AMC loans	96	105	103	112	114	..
instalment credit	11	56	63	71	68	..
leased assets	42	24	20	21	19	..
other credit (a)	45	38	42	50	49	..
less interest on deposits (b)	32	31	39	44	47	..
Total	868	586	552	621	685	598

source: MAFF Statistics website, www.maff.gov.uk/esg

(a) Interest paid on other institutional credit and that from private sources.

(b) Interest earned on money held on short term deposit.

Chapter 7 Farm rents, land prices and balance sheets

Introduction

1. This section reports developments in average farm rents and land prices per hectare and the aggregate balance sheet for agriculture.

Farm rents (Table 7.1)

2. Table 7.1 shows indices of average rents per hectare. In England and Wales average rent estimates for the Full Agricultural Tenancies (FATs) series were based on results of the former annual Rent Enquiry for years up to and including 1995 and thereafter on the Annual Survey of Tenanted Land. In order to be consistent with previous years, a transitional smoothing is applied between 1995 and 1997. In addition to the series based on FATs, a new rent series using a weighted average over all agreements of more than 12 months duration is presented. For Scotland, up to 1995 rent estimates were based on the results of continuing Field Enquiries; after its demise that year, they were based on the Farm Accounts Survey and from 1998 they are based on a new Survey of Tenanted Land in Scotland. The Northern Ireland series shows average rent per hectare in respect of land let in “conacre”, i.e. nominally short-term lettings (for 11 months or 364 days), although in practice some can be extended beyond this. These estimates are based on results from the Farm Business Survey.

3. Overall, provisional results for 1999 suggest decreases in average rents in England and Wales of about 1.7 and 1.9 per cent respectively and no change in Scotland. For Great Britain as a whole, average rent per hectare decreased by about 0.7 per cent. The rents in this table refer to the calendar year, whilst the surveys on which they are based are conducted in October. Because of the duration of periods for rent settings, the values applying to the calendar year are deemed to be mainly (approximately 75 per cent) a carry over from those recorded in the preceding October. Therefore the derivation of the changes (noted above) are driven primarily by developments in 1998 and only to lesser extent (approx. 25 per cent) by conditions in 1999. The 1999 provisional results for Northern Ireland indicate a drop of 2.4 per cent.

Agricultural land prices (Table 7.2)

4. The average land prices shown in table 7.2 are obtained from data on land transfers collected by the Valuation Office Agency, which are analysed and published by MAFF. Only a very small proportion of the total area of farmland in the UK is sold in a 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. See footnote for

information on some technical changes.

5. The average price of land sold with vacant possession in 1998 showed contrasting patterns between the four countries of the UK, declining in England, but rising in Scotland and Northern Ireland. Chart 7.1 plots the average all sales price of land and buildings (including dwelling house) sold in England over the last ten years in both current and real terms.

Balance sheet
(Table 7.3)

6. Estimates of the aggregate balance sheet for United Kingdom Agriculture are shown in Table 7.3. The total value of assets at current prices (net of depreciation but excluding the value of quotas) declined by 3.5 per cent during 1998. The value of breeding livestock continued to decline and is estimated to be on average 26 per cent below the level in 1997. The total value of liabilities is estimated to have risen by 6.3 per cent with increases in short term credit from trade sources, hire purchase and bank overdraft, offsetting reductions in long term credit. Net worth decreased by 4.6 per cent in current price terms and 8.1 per cent in real terms. Chart 7.2 shows the development (in real terms) of the main balance sheet aggregates.

TABLE 7.1 Farm rents

Enquiries: Dr J J Walsh on 020 7270 8795

Average per hectare: indices, 1995=100

Calendar years

	Average of 1988-90	1995	1996	1997	1998	1999 (provisional)
England: FATs (a)	92.9	100.0	104.0	110.1	113.5	112.6
Average (b)	..	100.0	110.8	118.2	120.5	118.4
Wales: FATs (a)	82.6	100.0	116.0	115.1	121.0	118.1
Average (b)	..	100.0	131.2	130.3	134.9	132.3
Scotland (c)	..	100.0	113.6	121.0	124.3	124.3
Great Britain	88.4	100.0	111.0	118.1	120.3	119.4
Northern Ireland (d)	80.0	100.0	111.3	107.7	105.1	102.6

Source:MAFF Statistics

(a) 1999 average rents in England and Wales are provisional estimates

The Annual Survey of Tenanted Land (ASTL) which was conducted for the first time in 1996, covers all types of agricultural tenancy agreements.

To ensure consistency with the earlier Rent Enquiry series a weighted average of the RE and FAT rents derived from the ASTL is taken for 1995 to 1997 (with an increasing incremental weighting on the ASTL). From 1998 the series is derived exclusively from the ASTL.

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

(c) The Scottish figures relate to crops and grassland only. NB 1998 onwards Crops & Grass is replaced by Non-LFA classifications.

(d) Virtually all land in Northern Ireland 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 figures are based on the Northern Ireland Farm Business Survey.

TABLE 7.2 Agricultural land prices

Enquiries: Mr P. Holmes on 020 7270 8371

£ per hectare

Calendar years

	Average of 1988-90	1995	1996	1997	1998
England (a) (b)					
With vacant possession	4,537	4,946	6,132	6,587	6,148
Tenanted	2,489	2,566	3,227	3,526	4,105
Wales (a) (b)					
With vacant possession	3,486	3,697	4,505	4,445	..
Scotland (a)					
With vacant possession	1,599	2,569	2,919	2,354	2,659
Tenanted	712	1,459	1,436	1,273	1,644
Northern Ireland (a)					
With vacant possession	3,158	5,950	5,419	7,858	9,618

Source: MAFF Statistics

(a) These series, based on Inland Revenue data, exclude land sold for non-agricultural purposes. In Great Britain sales of less than 5 hectares and in Northern Ireland of less than 2 hectares are also excluded. In Scotland the series refers to sales of equipped farms only and excludes sales of whole estates and inter-family sales. For Northern Ireland there is a delay, thought to average about 3 months, between the date on which a sale is agreed and the date on which it is included in the analysis. The data is subject to retrospective revision. Reliable prices for tenanted land in Wales are not available due to insufficient sales and virtually all land in Northern Ireland is owner-occupied or let on an annual basis.

(b) From 1995, figures for England and Wales are not directly comparable with those estimated in previous years, because some observations influenced by non-market considerations are now excluded.

TABLE 7.3 Aggregate balance sheets for United Kingdom agriculture

Enquiries: Dr J J Walsh on 020 7270 8795

£ million

As at December each year

	Average of 1988-90	1995	1996	1997	1998 (provisional)
At current prices					
Assets					
Fixed (a):					
Land and buildings (b) (f)	43,145 (g)	77,401	86,238	71,826	69,888
Plant, machinery and vehicles	6,325	7,876	8,353	8,481	8,262
Breeding livestock	3,809	4,853	5,065	4,524	3,327
Total fixed	53,279	90,129	99,655	84,831	81,478
Current:					
Trading livestock	2,882	3,425	3,210	2,716	2,143
Crops and stores	2,271	3,418	2,833	2,671	2,145
Debtors, cash deposits	1,765	3,986	4,059	3,768	4,890
Total current	6,918	10,829	10,103	9,155	9,178
Total Assets	60,197 (g)	100,958	109,758	93,986	90,656
Liabilities (c) (d)					
Long and medium term:					
AMC, SASC, and LIC (e)	650	1,174	1,214	1,287	1,320
Building Societies and Institutions	91	252	308	304	321
Bank loans	1,138	1,584	1,808	1,882	1,680
Family Loans	202	322	347	326	406
Other	163	155	163	185	193
Total long and medium term	2,243	3,487	3,840	3,985	3,919
Short term:					
Hire purchase	74	648	724	662	809
Leasing	638	265	195	179	178
Trade Credit	998	1,268	1,340	1,175	1,555
Bank overdrafts	3,548	2,561	2,343	2,598	2,710
Other	66	135	148	166	148
Total short term	5,324	4,878	4,749	4,780	5,399
Total Liabilities	7,567	8,365	8,589	8,765	9,319
Net worth	52,630	92,593	101,169	85,221	81,337
In real terms (as deflated by the RPI):					
indices, 1995 = 100					
Total assets	77	100	106	88	84
Total liabilities	116	100	100	99	105
Net worth	73	100	107	87	80

Source: MAFF Statistics

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

(b) Includes the value of owner-occupied and tenanted land.

(c) Financial estimates are derived in part from a year-end analysis of farms in the Farm Business Survey. In practice, year-ends vary from December through to April, with concentrations of year-ends at end-December and end-March.

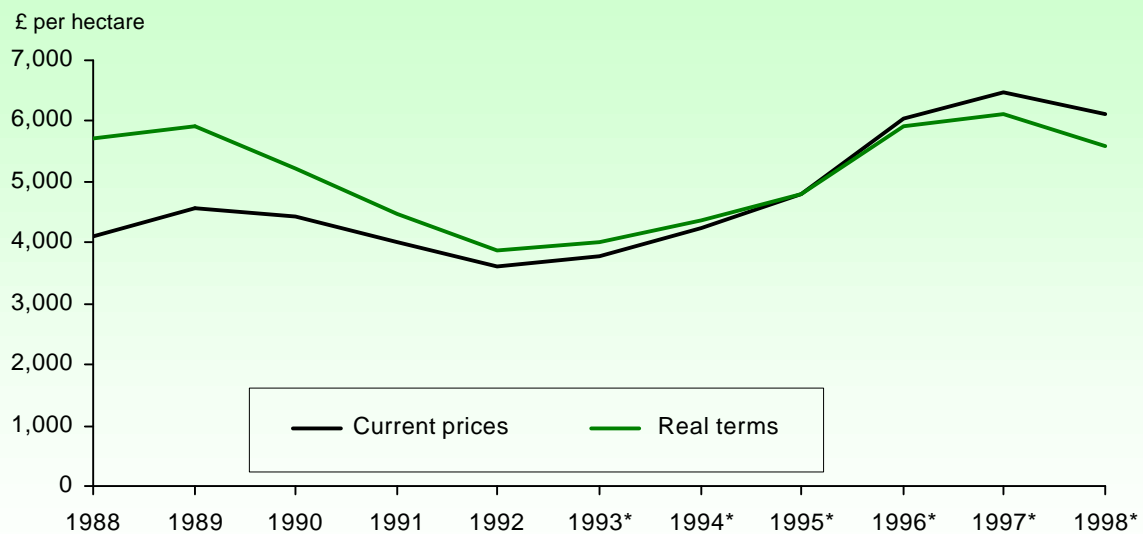
(d) The value for some of the liabilities are not strictly comparable with corresponding data prior to 1991, from which year certain revisions were incorporated in the series published in 'Agriculture in the UK 1995' and in subsequent issues. The overall effect of these adjustments on Net Worth in 1991 and 1992 is estimated to be an increase of 8-9 per cent.

(e) Agricultural Mortgage Company, Scottish Agricultural Securities Corporation, Land Improvement Company.

(f) The value of land and buildings is not directly comparable with those estimated in previous years. Because of changes in the processing of agricultural land prices, some observations influenced by non-market considerations are now excluded. The new price series may not necessarily represent purely competitive conditions, however in general it tends to be higher than the old series. Hence land and buildings assets (and consequently total assets) would tend to have a higher valuation than previously.

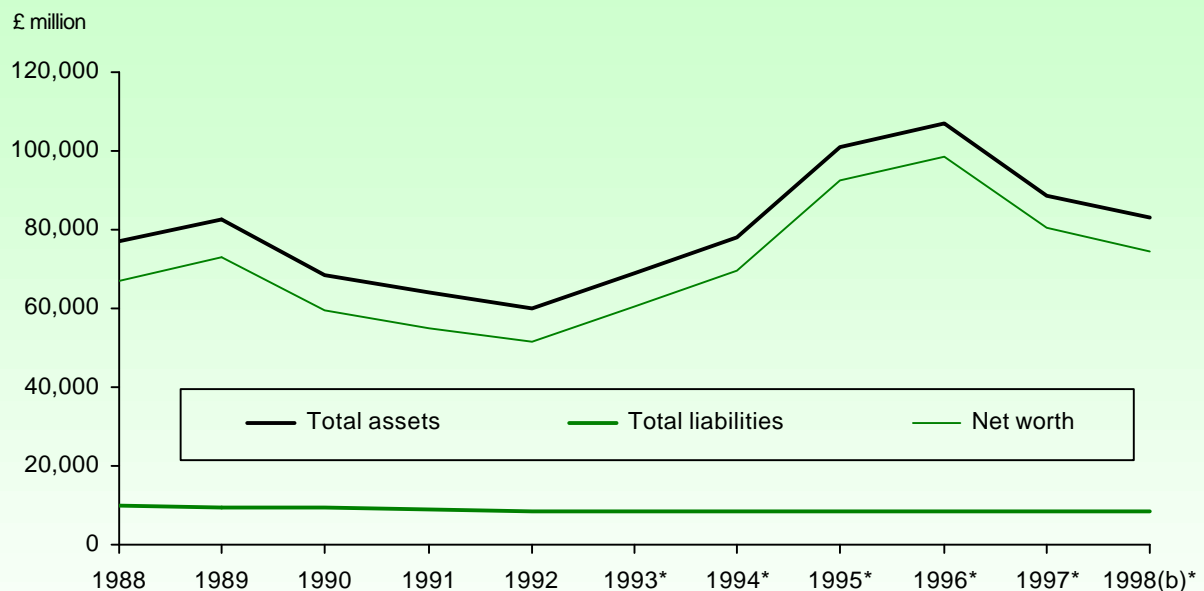
(g) For the reasons outlined in (f) regarding changes in the land price series, the average for 1988-90 is not comparable with the corresponding figures for later years in the table.

Chart 7.1 Prices of agricultural land and buildings (including dwelling houses) sold in England (all properties)



*From 1993, figures are not directly comparable with those estimated in previous years, because some observations influenced by non-market considerations are now excluded.

Chart 7.2 United Kingdom agricultural assets, liabilities and net worth in real terms (a)



*The value of land and buildings, and therefore of assets, is not directly comparable with those estimated for dates before 1993, because of changes in the processing of agricultural land prices, some observations influenced by non-market considerations are now excluded. The new series may not necessarily represent purely competitive conditions. However, in general it tends to be higher than the old series. Hence land and buildings (and consequently total assets) would tend to have a higher valuation than previously.

(a) Real terms as deflated by RPI

(b) Provisional

Chapter 8 Farm business data

Introduction

1. Information on incomes, assets and liabilities of full-time farm businesses in the United Kingdom is provided by the annual Farm Business Surveys, conducted by universities and an agricultural college in England and Wales, the Department of Agriculture and Rural Development in Northern Ireland and the Farm Accounts Scheme in Scotland, carried out by the Scottish Agricultural College. Summary results of these sample surveys (weighted according to the distribution of holdings by region, farm type, size and tenure recorded in the 1998 June Census) are presented and described in this section, together with provisional estimates of net farm income for 1999/00.

2. It should be noted that some of the accounting practices and concepts adopted in the Farm Business Surveys differ from those employed in compiling the aggregate account as reported in Chapter 6. The main difference is that the Farm Business Surveys' accounting years run from March to February on average, while the aggregate account is prepared on a calendar year basis. Moreover, the definitions of the income measures deriving from the two sources are not directly comparable. The measures in this section are presented as averages per full-time farm.

3. Movements in *net farm income* over the last decade for each country and for the major farm types (excluding horticulture) are shown by the index numbers presented in Table 8.1. This income measure is a long-standing indicator of the economic performance of farm businesses and, to achieve comparability among farms of different types of tenure, it is based on the assumption that all land is tenanted. It represents the return to the farmer and spouse for their manual and managerial labour and on the tenant-type capital of the business such as permanent crops, livestock and machinery (but not land or buildings).

Farm incomes (Tables 8.1 – 8.3)

4. Average net farm income across the UK as a whole fell for all farm types in 1998/99, except for general cropping farms, which saw a significant increase due to higher potato prices. The fall in income for other farm types was attributable mainly to the continued low level of commodity prices and the impact of the strength of sterling on the relative competitiveness of UK products both at home and abroad. Most headage and area payments also declined in sterling terms, the main exceptions being Hill Livestock Compensatory Allowances and Sheep Annual Premium, which both increased.

5. Pigs and poultry farms recorded the largest proportional fall in net farm income in 1998/99, in part because of the reduction in pig prices and the continued competition from overseas meat due to the strength of sterling. Incomes of milk producers declined after further falls in milk prices, despite increased yields. Incomes on lowland and hill cattle and sheep farms also fell as prices turned downwards. Lower prices of cereals and other combinable crops (field peas, beans, oilseed rape and linseed) led to falling incomes on cereal farms.

6. In 1999/00, incomes are likely to have fallen further in all four countries of the United Kingdom and across the average of all farm types. Provisional estimates of net farm income for 1999/00 are included as indices in Table 8.1. These are based on data from 1998/99 accounts projected forwards to 1999/00 on the basis of recent information on 1999/00 prices, direct subsidy rates and scheme requirements, animal populations and marketings, and crop areas and yields. The estimates should be regarded as broad indicators only of the overall effects on income of expected changes in output values and input costs. Estimates of net farm income for 1999/00 take account of the aid package of extra support announced in September 1999.

7. The picture for individual farm types in 1999/00 is more complex. The biggest fall in net farm income is expected to have occurred on general cropping farms, reflecting much lower potato prices for the 1999 crop. Incomes for dairy and hill cattle and sheep farms are expected to have fallen further for the UK as a whole. This is mainly because lower prices in 1999/00 for most of the major commodities have been only partially offset by lower input costs, principally for feed, fertiliser and pesticides. However, net farm incomes on lowland cattle and sheep, cereals and mixed farms are expected to increase in 1999/00 due to the expected absence of the large negative valuation change for trading livestock that depressed incomes in 1998/99. Average net farm income for pigs and poultry farms are expected to be negative in 1999/00, but by a lower amount than in 1998/99.

8. Estimates of actual levels of net farm income in 1997/98 and 1998/99 are shown in Table 8.2 for each of the main farm types and economic size groups in each country. Economic size is measured in financial terms, based on standard gross margins per hectare of crops and per head of livestock. In England, the farm type recording the highest net farm income in 1998/99 was general cropping, averaging nearly £30,000 per farm followed by dairy, averaging £10,300 per farm. Lowest were incomes for pigs and poultry farms, averaging -£14,700 per farm. In Scotland and Northern Ireland the highest average levels were also recorded on general cropping farms, whilst in Wales dairy farms had the highest incomes.

9. *Occupier's net income* is an alternative measure of farm performance which represents the return to the farmer and spouse for their manual and

managerial labour and on all assets invested in the farm business, including land and buildings. It takes account of the actual expenditure associated with owning or renting land. By measuring farm income after the payment of rent and interest charges it more realistically reflects changes in income as perceived by farmers. Table 8.3 shows estimates of occupier's net income by farm type, country and tenure basis in 1997/98 and 1998/99. The picture is similar to that shown in Table 8.2, with all farms except general cropping experiencing further declines.

Assets and liabilities
(Table 8.4)

10. Table 8.4 provides information on the assets, liabilities and net worth of farm businesses at the beginning and end of 1998/99 according to country and type of tenure. Average net worth fell by 4 per cent in Northern Ireland, 3 per cent in England, 2 per cent in Wales and 1 per cent in Scotland. These declines were largely driven by reductions in asset values rather than increases in liabilities.

11. External liabilities expressed as a percentage of total assets give an indicator of indebtedness of farm businesses. This measure was stable for each of the four countries when looking at all types of tenure. The overall level of indebtedness in Northern Ireland is much lower than for the other countries.

TABLE 8.1 Net Farm Income by Country and Type of Farm

Enquiries: Mr R D S Price on 020 7270 8620

Average net farm income per farm: Indices, 1989/90 - 1991/92 = 100

Accounting years ending on average in February

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00 (provisional)
At current prices									
England (a):									
Dairy	98	129	144	123	139	114	74	46	40
Cattle and sheep (LFA)	121	178	209	172	226	228	141	75	50
Cattle and sheep (lowland)	153	258	319	246	256	226	26	10	45
Cereals	117	157	155	205	321	284	109	58	75
General cropping	91	97	121	195	241	129	62	97	50
Pigs and poultry	67	75	24	52	112	101	34	-26	-5
Mixed	104	133	126	161	243	186	42	8	20
Wales (a):									
Dairy	97	120	124	81	137	121	87	49	30
Cattle and sheep (LFA)	114	140	162	97	198	155	93	45	40
Cattle and sheep (lowland)	100	92	95	76	118	85	22	-16	-10
Scotland (a):									
Dairy	88	109	118	106	127	109	48	16	15
Cattle and sheep (LFA)	95	118	136	111	127	160	69	41	30
Cereals	74	214	164	263	453	449	9	-	-
General cropping	44	65	81	244	220	97	-	-2	-
Mixed	79	175	173	149	197	164	-24	10	20
Northern Ireland (a):									
Dairy	95	141	141	145	200	130	69	47	30
Cattle and sheep (LFA)	103	162	185	145	172	176	92	5	-5
Mixed	68	120	87	135	138	75	-22	-10	-20
United Kingdom (a):									
Dairy	97	127	139	117	143	116	74	44	35
Cattle and sheep (LFA)	108	142	165	122	174	173	93	45	35
Cattle and sheep (lowland)	123	177	211	162	172	141	13	-5	15
Cereals	112	159	153	206	326	290	99	50	65
General cropping	86	94	118	209	244	126	55	96	50
Pigs and poultry	68	80	25	51	108	98	33	-32	-15
Mixed	97	136	128	153	224	170	27	6	15
In real terms (as deflated by the RPI)									
United Kingdom (a):									
Dairy	91	116	124	102	121	95	59	34	25
Cattle and sheep (LFA)	101	129	147	106	147	143	74	35	25
Cattle and sheep (lowland)	115	161	189	141	145	116	11	-4	10
Cereals	105	144	136	180	275	239	79	39	50
General cropping	81	85	106	182	206	104	44	74	40
Pigs and poultry	64	73	22	44	91	80	27	-25	-10
Mixed	91	124	114	133	189	140	21	4	10

Source: MAFF Statistics

(a) For England, Wales and Northern Ireland, indices up to 1993/94 measure changes in income with livestock subsidies recorded in the year received. For Scotland in all years and for other countries from 1993/94, livestock subsidies were accounted for in the year which contained the start of the subsidy scheme year under which subsidies were due.

TABLE 8.2 Net farm income by farm type, country and size

Enquiries: Mr R D S Price on 020 7270 8620

With comparative data on average farm area and number of holdings

Accounting years ending on average in February

Farm type and country	Farm Business Survey data (a) (b)											Census data (c)		
	Net farm income (£'000 per farm)								Average farm area including rough grazing (hectares per farm)			Number of holdings at June 1998		
									1997/98	1998/99				
	Small 1997/98	1998/99	Medium 1997/98	1998/99	Large 1997/98	1998/99	All size groups 1997/98	1998/99	Small	Medium	Large	Small	Medium	Large
Dairy:														
England	4.7	1.7	14.4	8.2	37.6	25.2	19.1	11.7	36	66	127	3,359	8,930	4,350
Wales	9.3	3.4	23.7	13.2	46.2	29.6	23.2	13.0	37	65	136	1,179	1,962	566
Scotland	..	..	5.0	-2.9	29.4	17.6	13.6	4.4	..	81	150	124	988	667
N. Ireland	3.1	-0.7	13.3	12.0	..	..	8.1	5.5	33	61	..	2,319	2,241	440
Cattle and sheep (LFA):														
England	5.7	2.5	17.9	10.2	..	..	10.8	5.7	86	287	..	4,161	1,778	309
Wales	6.0	2.1	15.5	9.7	34.9	14.2	9.2	4.4	75	212	559	5,641	2,007	224
Scotland	4.0	1.9	11.4	7.2	15.7	10.9	7.2	4.3	232	399	894	4,438	2,474	497
N. Ireland	2.3	0.4	12.8	-1.9	..	..	3.1	0.2	73	246	..	5,959	526	39
Cattle and sheep (lowland):														
England	0.6	0.7	3.4	-1.3	23.6	8.5	2.0	0.7	61	114	282	9,223	1,874	549
Wales	-1.0	-4.5	2.9	3.4	61.0	48.0	1.7	-1.3	54	111	232	1,255	333	62
N. Ireland	-5.9	-7.3	..	..	..	..	-4.3	-6.0	48	..	..	1,469	117	9
Cereal:														
England	3.9	0.7	13.0	7.1	35.8	21.3	14.5	7.7	57	130	337	7,669	6,263	4,054
Scotland	-5.5	-6.6	..	..	..	..	5.8	0.2	65	..	..	1,360	871	431
General cropping:														
England	2.7	5.6	9.4	14.1	38.6	60.0	20.6	32.1	36	97	305	2,978	3,551	3,952
Scotland	..	..	9.7	6.8	..	..	1.5	18.4	..	101	..	333	746	884
Pigs and poultry:														
England	4.4	-2.2	15.8	-10.2	39.2	-34.5	17.5	-13.6	8	9	52	1,350	983	912
Mixed:														
England	2.0	-1.1	3.7	0.7	28.7	6.5	11.8	2.1	67	116	299	3,753	2,909	2,603
Scotland	-3.4	..	-3.5	0.5	..	..	-3.4	1.3	67	140	..	838	710	444
N. Ireland	..	..	..	..	..	..	-6.1	-2.8	..	..	..	718	194	38

Source: MAFF Statistics

(a) Figures are not shown separately where the sample contains fewer than 20 farms.

(b) In Northern Ireland the Farm Business Survey does not include large holdings, ie, over 100 ESU.

(c) Census data exclude holdings of under 8 ESU.

TABLE 8.3 Occupier's net income by farm type, country and tenure

Enquiries: Mr R D S Price on 020 7270 8620

With comparative data on average farm area and number of holdings

Accounting years ending on average in February

Farm type and country	Farm Business Survey data (a)											Census data (b)		
	Occupier's net income (£'000 per farm)								Average farm area including rough grazing (hectares per farm) 1998/99			Number of holdings at June 1998		
	Owner-occupied 1997/98 1998/99		Tenanted 1997/98 1998/99		Mixed Tenure 1997/98 1998/99		All types of tenure 1997/98 1998/99		Owner-occupied	Tenanted	Mixed tenure	Owner-occupied	Tenanted	Mixed tenure
Dairy:														
England	18.9	10.9	14.2	9.2	20.8	12.1	18.5	10.9	73	65	93	8,077	3,558	5,004
Wales	22.1	12.2	..	..	24.3	11.2	22.0	11.5	65	..	83	2,551	559	897
Scotland (c)	17.2	6.4	..	..	..	..	16.6	2.7	100	..	..	1,396	383	..
N. Ireland (d)	7.3	3.9	..	..	..	..	..	..	47	..	..	5,000	..	..
Cattle and sheep (LFA):														
England	9.6	5.8	14.9	8.2	17.1	10.5	12.6	7.5	116	232	234	3,143	1,340	1,765
Wales	10.3	6.5	8.1	6.3	13.9	5.5	11.0	6.3	115	92	157	5,123	855	1,894
Scotland (c)	10.2	5.8	4.4	3.1	..	..	8.1	4.8	272	410	..	4,659	2,750	..
N. Ireland (d)	2.8	-0.5	..	..	..	..	..	..	87	..	..	6,524	..	..
Cattle and sheep (lowland):														
England	4.1	2.7	-2.9	-0.9	8.7	4.3	4.2	2.6	71	69	100	6,930	1,879	2,837
Wales	4.4	1.8	..	..	..	..	4.2	1.3	69	..	..	981	268	401
N. Ireland (d)	-3.4	-5.3	..	..	..	..	..	..	49	..	..	1,595	..	..
Cereals:														
England	20.5	14.6	14.6	6.4	25.3	16.8	20.8	13.6	127	142	185	8,630	3,743	5,613
Scotland (c)	8.7	6.6	..	..	..	..	4.2	1.1	130	..	..	1,891	771	..
General cropping:														
England	28.7	36.5	16.2	17.4	26.8	44.1	25.6	36.6	163	178	182	4,168	2,122	4,191
Scotland (c)	16.6	31.8	..	..	..	..	14.3	22.1	139	..	..	1,326	637	..
Pigs and poultry:														
England	15.6	-13.5	..	..	-0.7	-56.3	15.7	-16.3	18	..	60	2,676	249	320
Mixed:														
England	15.0	6.7	8.0	1.2	19.8	6.1	15.5	5.5	124	157	219	4,373	1,799	3,093
Scotland (c)	0.8	-1.0	-0.9	7.6	..	..	0.4	1.4	159	155	..	1,436	556	..
N. Ireland (d)	-4.6	-1.5	..	..	..	..	..	..	59	..	..	950	..	..

Source: MAFF Statistics

(a) Figures are not shown separately where the sample contains fewer than 20 farms.

(b) Census data exclude holdings of under 8 ESU.

(c) All survey farms in Scotland are classified according to the main tenure category of land on the holding.

(d) Practically all farms in Northern Ireland are owner-occupied.

TABLE 8.4 Assets and liabilities of farm businesses by country and tenure : average for all farm types, 1998/99

Enquiries: Mr R D S Price on 020 7270 8620

£'000 per farm

Accounting years ending on average in February

	Owner-occupied		Tenanted		Mixed tenure		All types of tenure	
	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing
England								
Total assets	674.9	661.7	190.5	179.8	769.7	748.0	617.8	602.6
of which : fixed assets	606.5	593.6	122.6	115.1	671.8	653.6	540.7	527.2
current assets	68.4	68.2	67.9	64.7	97.9	94.4	77.1	75.4
Total external liabilities	71.5	72.2	51.8	53.5	102.6	101.5	77.3	77.7
of which : long and medium term loans	36.3	38.0	14.2	14.3	51.2	52.6	36.9	38.2
short-term loans	35.1	34.2	37.6	39.2	51.3	48.9	40.4	39.5
Net worth	603.5	589.5	138.7	126.4	667.1	646.5	540.6	524.9
Occupier's net income 1998/99 year	..	11.7	..	7.7	..	17.5	..	12.7
Wales								
Total assets	471.3	462.9	136.4	129.4	451.0	446.3	432.1	424.7
of which : fixed assets	436.1	429.8	108.3	104.9	407.0	404.0	395.5	390.3
current assets	35.2	33.1	28.1	24.5	44.0	42.3	36.6	34.4
Total external liabilities	42.6	42.1	26.7	27.0	54.8	56.8	43.9	44.1
of which : long and medium term loans	22.2	22.0	7.4	6.8	25.7	27.7	21.5	21.8
short-term loans	20.4	20.1	19.2	20.2	29.1	29.0	22.4	22.3
Net worth	428.7	420.8	109.8	102.3	396.2	389.6	388.2	380.7
Occupier's net income 1998/99 year	..	7.4	..	4.6	..	6.7	..	6.9
Scotland (a)								
Total assets	545.6	544.8	204.9	190.1	..	..	436.2	430.9
of which : fixed assets	430.2	439.1	105.9	97.0	..	..	326.1	329.2
current assets	115.4	105.7	99.0	93.1	..	..	110.1	101.7
Total external liabilities	82.8	81.9	41.0	41.0	..	..	69.4	68.8
of which : long and medium term loans	12.3	12.4	3.7	3.0	..	..	9.5	9.4
short-term loans	14.7	13.0	13.4	11.4	..	..	14.3	12.5
Net worth	462.8	462.8	163.9	149.1	..	..	366.8	362.1
Occupier's net income 1998/99 year	..	7.5	..	0.7	..	..	..	5.3
Northern Ireland (b)								
Total assets	370.1	356.1	..	..	..	..	..	..
of which : fixed assets	341.3	332.0	..	..	..	..	..	..
current assets	28.7	24.1	..	..	..	..	..	..
Total external liabilities	17.7	17.2	..	..	..	..	..	..
of which : long and medium term loans	7.3	7.3	..	..	..	..	..	..
short-term loans	10.4	9.9	..	..	..	..	..	..
Net worth	352.4	338.9	..	..	..	..	..	..
Occupier's net income 1998/99 year	..	..	..	..	..	..	..	..

Source: MAFF Statistics

(a) All survey farms in Scotland are classified according to the main tenure category of land on the holding.

(b) Practically all farms in Northern Ireland are owner-occupied.

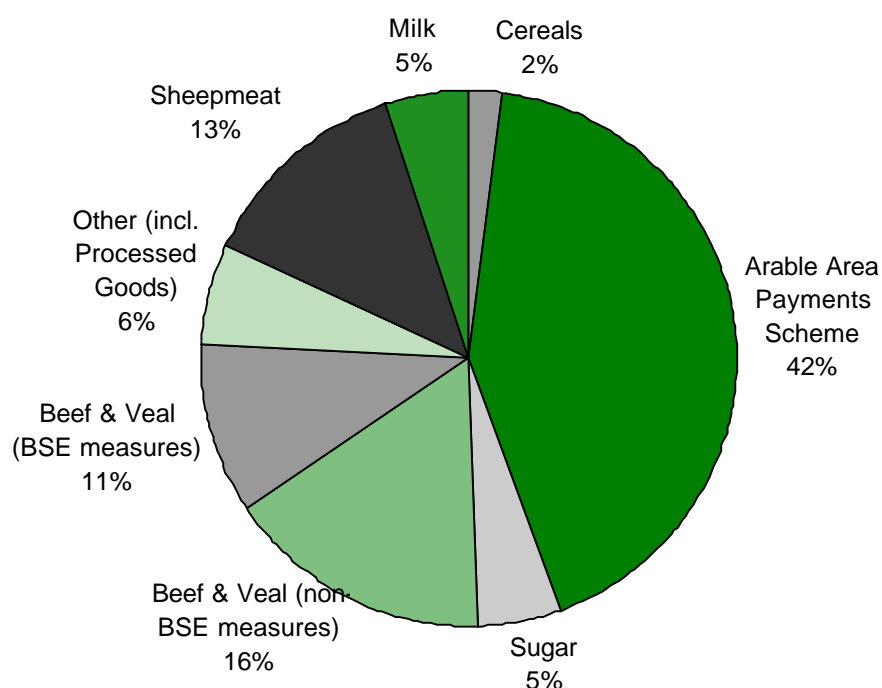
Chapter 9 Public expenditure on agriculture

Introduction

1. Table 9.1 shows public expenditure under the CAP and on national grants and subsidies, while Table 9.2 provides more detailed information on the costs of market regulation under the CAP. The tables exclude other expenditure that may benefit farmers (such as expenditure on animal health or on research, advice and education). They do, however, include some expenditure that benefits consumer and trade interests rather than producers directly. The figures for the financial years up to and including 1998/99 represent actual expenditure recorded in the Appropriation Accounts. The figures for 1999/00 are the latest estimates of expenditure.

Chart 9.1 Public expenditure under CAP by the Intervention Board and the Agricultural Departments

1999-2000 forecast



Public Expenditure (Tables 9.1 and 9.2)

2. Total UK expenditure in 1999/00 is forecast to decrease by some £310 million to £3,172 million compared with the previous year. Spending in the UK under the CAP is forecast to decrease from £3,193 million in 1998-99 to £2,924 million. Chart 9.1 illustrates the expenditure

breakdown by commodity sector, with more detail in Table 9.2.

3. The reduction occurs mainly in connection with BSE related expenditure as some schemes continue to stabilise and others such as the Calf Processing Aid Scheme end. A sharp increase in beef intervention sales activity during the last quarter of 1998/99 was sustained throughout 1999/00 resulting in a forecast of significantly higher receipts. Other decreases on non-BSE related expenditure are mainly attributable to higher receipts following the sale of intervention cereals and skimmed milk powder along with the early payment of Beef and Suckler Cow Premium advances during the final months of 1998/99. The continuing depreciation of the Euro on the foreign exchanges is also a major contributory factor to the reduction in support prices. For the agricultural measures administered by the devolved administrations and other Government Departments expenditure is expected to reduce slightly to £2,169 million. This includes additional agrimonetary support payments forecast in 1999/00.

4. Expenditure on other schemes in the UK is estimated to be £248.5 million in 1999/00 compared with £288.7 million in 1998/99. Part of this difference (£36.1 million) is accounted for by the transfer of HLCA payments from Guidance to Guarantee. This expenditure includes grants for conservation, exchequer funding of accompanying measures and assistance for agriculture in special areas.

Intervention stocks
(Table 9.3)

5. Table 9.3 shows the level of opening and closing stocks and purchases into, and sales out of, intervention in the years 1995/96 to 1999/00. The forecast of closing stocks at the end of the year indicates that intervention activity will continue to operate as a support measure.

TABLE 9.1 Public expenditure under the CAP and on national grants and subsidies

Enquiries: Intervention Board (Corporate Communications Unit) on 0118 953 1745

£ million

April/March (financial years)

	1995/96	1996/97	1997/98	1998/99	1999/00 (forecast)
I Market regulation and other agricultural support measures under the CAP					
A Expenditure funded via the Intervention Board					
(i) Expenditure by the Intervention Board (a):					
Cereals	12.2	49.0	34.6	156.4	58.2
Oilseeds	..	..	-	-	-
Sugar	115.6	104.7	111.2	161.8	132.8
Beef and veal (non-BSE)	69.9	0.5	0.7	2.0	2.4
Beef and veal (BSE)	..	1,144.0	849.0	446.6	313.2
Sheepmeat	-0.8	-	-	0.7	1.0
Pigmeat	2.1	1.4	0.5	2.4	2.2
Milk products	162.9	238.4	207.6	156.6	147.8
Processed goods	51.5	48.3	36.4	41.0	40.9
Other (b)	43.8	34.7	41.1	45.1	56.4
Sub-total	457.2	1,621.0	1,281.1	1,012.6	754.9
(ii) Expenditure by Agriculture and other Departments:					
Agricultural measures:					
Suckler Cow Premium Scheme (c)	199.3	278.2	284.3	339.5	219.9
Beef Special Premium Scheme (c)(d)	246.2	252.6	197.9	294.0	220.1
Beef Deseasonalisation Scheme (NI)	0.1	-	6.0	5.6	3.0
Annual Premium on Ewes	424.3	455.3	277.8	347.0	393.7
Payments to producers giving up some milk production (e)	..	..	..	0.2	0.6
Arable Area Payments Scheme - cereals	818.9	850.8	855.0	777.8	609.9
- oilseeds	164.6	161.7	168.2	156.4	147.9
- linseed	28.6	24.4	49.4	46.9	86.7
- protein	74.7	66.3	58.3	72.4	58.3
- set-aside	200.8	157.0	90.8	87.3	150.6
Agrimonetary Compensation	..	..	..	..	170.7
Orchard Grubbing Scheme	7.7	..	..	0.8	-
UK National Honey Programme	..	..	..	0.5	0.3
School milk (Northern Ireland)	0.6	0.6	0.5	0.4	0.5
Hill Livestock Compensatory Allowances:					
- cattle (k)	..	..	..	..	17.7
- sheep (k)	..	..	..	..	18.4
BSE emergency measures	..	178.0	9.9	1.4	0.3
Sub-total	2,165.8	2,424.9	1,998.1	2,130.2	2,098.6
Agri-environment and other measures:					
Environmentally Sensitive Areas	16.1	17.3	21.4	24.5	27.9
Nitrate Sensitive Areas	1.0	1.4	1.7	1.6	1.9
Pilot Beef and Sheep Extensification scheme	0.1	..	..	..	..
Organic farming	0.2	0.3	0.4	0.7	7.5
Countryside Stewardship	2.7	3.1	2.3	5.2	8.3
Tir Cymen	0.9	1.1	1.3	1.5	1.6
Moorland Scheme	..	0.1	0.2	0.1	0.2
Habitat Scheme	0.5	0.8	1.3	1.4	1.5
Countryside Premium Scheme	..	..	..	0.6	3.7
Farm woodlands and forestry	11.9	11.4	12.7	14.7	17.7
Other (unspecified saving)	..	..	..	..	..
Sub-total	33.4	35.5	41.3	50.3	70.2
Total	2,656.4	4,081.4	3,320.5	3,193.1	2,923.7

source: IBEA and MAFF

TABLE 9.1 Public expenditure under the CAP and on national grants and subsidies (continued)

Enquiries: Intervention Board (Corporate Communications Unit) on 0118 953 1745

£ million

April/March (financial years)

	1995/96	1996/97	1997/98	1998/99	1999/00 (forecast)
B UK expenditure by Agriculture and other Departments (f)					
Environmentally Sensitive Areas	20.3	21.0	27.1	30.5	35.9
Nitrate Sensitive Areas	2.6	2.7	3.0	3.2	3.8
Pilot Beef and Sheep Extensification Scheme	0.4	0.1	..	..	..
Organic farming	0.1	0.2	0.4	0.7	1.6
Countryside Stewardship	13.6	8.7	13.3	14.8	18.0
Tir Cymen	3.5	5.4	5.6	5.5	5.5
Tir Gofal	..	..	..	..	0.3
Moorland Scheme	0.0	0.1	0.2	0.2	0.3
Habitat Scheme	0.5	0.7	1.2	1.3	1.4
Countryside Premium Scheme (Scotland)	..	..	..	3.9	5.5
Countryside Access/Set-aside Access Schemes	..	..	..	..	..
Farm woodlands and forestry	36.0	32.9	40.3	45.0	49.2
Optional set-aside (5 and 1 year schemes) (g)	7.1	3.5	0.1	..	..
Total	84.1	75.3	91.0	105.1	121.5
TOTAL (A+B)	2,740.5	4,156.7	3,411.5	3,298.2	3,026.3
II Price guarantees (national)					
Potatoes and Assistance to Egg Industry	..	..	..	..	..
Wool (h)	..	..	..	..	..
Total	..	..	..	..	..
III Support for conservation and other improvements					
Farm Diversification :					
capital grants	0.1	..	..	..	..
marketing and feasibility grants	..	..	..	..	..
Farm and Conservation Grant Scheme (EC) (i)	6.0	3.7	2.9	1.5	1.8
Agricultural Improvement Scheme (EC) (i)	0.8	0.3	..	..	..
Agricultural and Horticulture Development Scheme (i) (j)	0.1	..	..	..	..
Farm structures	0.1	0.2	..	..	0.1
Agriculture Improvement Scheme (National) (i)	..	..	..	..	..
NIADP, NIADOP and SPARD (i) (j)	18.9	10.8	15.1	4.8	2.7
Public Access to ESAs	-	-	-	..	..
Rural Development Programme	1.1	1.7	3.2	6.4	13.9
Farm and Conservation Grant Scheme (National) (i)	14.0	9.3	0.8	0.6	0.3
Guidance Premiums	..	..	..	..	..
Farm accounts	..	..	..	..	..
Others (m)	..	..	..	..	..
Total	41.1	26.0	22.0	13.3	19.8
IV Support for agriculture in special areas					
Hill Livestock Compensatory Allowances :					
- cattle (k)	52.3	81.4	90.7	70.3	38.8
- sheep (k)	49.6	39.8	43.8	86.9	48.7
Additional benefit under AHDS, NIADP and NIADOP, AHGS, AIS (EC), AIS (Nat), FCGS (EC), FCGS (Nat)	3.0	3.1	1.1	1.7	0.8
Others (n)	6.7	8.6	9.8	10.1	15.8
Total	111.6	132.9	145.4	169.0	104.1

source: IBEA and MAFF

TABLE 9.1 Public expenditure under the CAP and on national grants and subsidies (continued)

Enquiries: Intervention Board (Corporate Communications Unit) on 0118 953 1745

£ million

April/March (financial years)

	1995/96	1996/97	1997/98	1998/99	1999/00 (forecast)
V Other payments					
Milk Outgoers Scheme (i)	-	-	-	-	-
Storm Damage 1987	-	-	-	-	-
Sheep Compensation Scheme 1986 (i)	0.7	0.6	0.8	0.7	0.8
Cooperation grants	..	..	..	..	..
Crofting building grants and loans (net) (o)	2.3	1.4	3	0.6	2.3
Others (p)	0.6	0.1	0.1	..	..
Total	3.6	2.2	3.9	1.3	3.1
Total I to V (q)	2,897	4,318	3,583	3,482	3,172

Source: IBEA and MAFF

- (a) The figures are net of receipts treated as negative expenditure. Receipts from levies on the production and storage of sugar and isoglucose and on third country exports, which are regarded as Community Own Resources, are excluded.
- (b) Includes eggs, poultrymeat, fruit and vegetables, hops, herbage seeds, dried fodder, peas and beans (to 1993/94), fisheries and flax. Also includes expenditure on products covered by the CAP but not produced to any significant extent in the United Kingdom (olive oil, rice, wine, grape must and hemp).
- (c) Extensification schemes are included from 1994-95.
- (d) Figures for years prior to 1993/94 are for Northern Ireland only, with the corresponding payments for Great Britain being made by the Intervention Board and included in beef and veal expenditure in section (i). As from 1993/94 the figures are for UK payments.
- (e) Compensation payments paid by the Intervention Board from 1994/95; includes SLOM Compensation payments from 1994/95 onwards.
- (f) Expenditure prior to 1993/94 is the total spend, thereafter the EC contribution is shown in section A (ii). In all cases the EC contribution is included in the figures shown at footnote (q).
- (g) Special arrangements apply for the EC funding of these schemes which is 60% for the 5-year scheme and 100% for the 1-year scheme (paid in 1992/93). The EC contribution towards the total expenditure shown is included in the figures at footnote (q).
- (h) Payments in respect of wool relate partly to clip of the year indicated and partly to the clip in the preceding year or years. For 1994-95 the outturn was for payments for the residue of the 1992 clip.
- (i) Farmers in special areas are also eligible for additional assistance. The estimated benefit is shown separately in Section IV of the table.
- (j) Includes the Farm and Horticulture Development Scheme.
- (k) HLCA funding switches from Guidance to Guarantee from 1 January 2000. Part of the 1999/2000 expenditure is shown in Section A.
- (l) Except for the Northern Ireland Agricultural Development Programme (NIADP), the Northern Ireland Agricultural Development Operational Programme (NIADOP), the Milk Outgoers, Woodland Grant and Sheep Compensation Schemes expenditure from Northern Ireland block is excluded.
- (m) Includes loan guarantees, grants for agricultural drainage in Scotland and farm structure loans.
- (n) Includes the Rural Enterprise Programme, the Highlands and Islands Agricultural Programme, the Rural Development Programme, the Agricultural Development Programme for the Scottish Islands and Grants for Crofting.
- (o) SERAD only
- (p) Includes producer organisations, forage groups and Shetland wool producers.
- (q) Most expenditure under the CAP and some expenditure on other schemes is reimbursed by the EC. EC receipts, set out in the table below, do not always relate to expenditure in the year in which they are received. CAP expenditure is normally reimbursed two months in arrears. Reimbursement of spending on structural measures (Section III) is normally a year in arrears.

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00 (forecast)
£ million	2,478.2	2,670.0	3,201.0	2,957.0	2,417.0	2,711.0

TABLE 9.2 Public expenditure under the CAP by the Intervention Board and Agriculture and other Departments - major commodities

Enquiries: Intervention Board (Corporate Communications Unit) on 0118 953 1745

£ million

April/March (financial years)

	1995/96	1996/97	1997/98	1998/99	1999/00 (forecast)
Cereals					
Intervention purchases/sales	-51.8	0.9	4.0	89.4	-9.8
Intervention storage costs	13.6	3.7	4.1	17.7	16.3
Export refunds	39.3	41.2	23.7	45.6	41.1
Internal market measures	11.1	3.2	2.8	3.7	10.6
Co-responsibility/additional levy	-	-	-	-	-
Total cereals	12.2	49.0	34.6	156.4	58.2
Oilseeds					
Export refunds	-	-	-	-	-
Internal market measures	-	-	-	-	-
Total oilseeds	-	-	-	-	-
Sugar					
Export refunds	71.3	58.0	61.4	112.6	84.6
Internal market measures	44.3	46.7	49.8	49.2	48.2
Total sugar	115.6	104.7	111.2	161.8	132.8
Beef and veal (non-BSE)					
Intervention purchases/sales	-26.7	..	..	..	..
Intervention storage costs	2.2	..	..	..	..
Internal market measures	0.7	0.5	0.7	2.0	2.4
Export refunds	93.9	..	..	..	..
Suckler cow premium	199.3	278.2	284.3	339.5	219.8
Special premium	246.2	252.6	197.9	294.0	220.1
Deseasonalisation premium	0.1	-	6.0	5.6	3.0
Hill Livestock Compensatory Allowances: Cattle	..	..	..	..	17.7
Hill Livestock Compensatory Allowances: Sheep	..	..	..	..	18.4
Total beef and veal (non-BSE)	515.7	531.3	488.9	641.1	481.4
Beef and veal (BSE)					
Intervention purchases/sales	..	135.9	130.4	-29.3	-85.8
Intervention storage costs	..	33.8	52.8	24.2	9.9
Export refunds	..	-0.3	-1.7	-1.9	0.6
Over thirty month scheme purchases	..	669.8	287.9	263.8	248.4
OTMS slaughter, disposal costs etc.	..	187.6	196.0	116.2	127.7
Clean beef top up	..	4.2	-	-	-
Calf processing aid scheme	..	51.4	53.3	51.0	10.0
Beef stocks transfer scheme	..	50.9	4.5	-	-
Beef and beef products (disposal service)	..	0.9	1.5	-	0.2
Animal feed disposal service	..	0.3	0.4	-	-
Selective cull	..	-	114.8	18.9	2.2
Suckler cow compensation	..	77.3	6.9	-	-
Special premium compensation	..	42.6	-6.6	-	-
Beef marketing payment scheme	..	58.2	0.1	-	-
Veal marketing payment scheme	..	-	-	-	-
Meat & Livestock Commission promotion	..	-	2.5	-	-
Other measures	..	9.4	16.2	5.2	0.3
Total beef and veal (BSE)	..	1,322.0	859.0	448.1	313.5
Sheepmeat					
Internal market measures	423.5	455.3	277.8	347.7	394.6
Pigmeat					
Internal market measures	0.2	0.3	-	-	0.7
Export refunds	1.9	1.1	0.5	2.4	1.5
Total pigmeat	2.1	1.4	0.5	2.4	2.2

source: IBEA

TABLE 9.2 Public expenditure under the CAP by the Intervention Board and Agriculture and other Departments - major commodities (continued)

Enquiries: Intervention Board (Corporate Communications Unit) on 0118 953 1745

£ million

April/March (financial years)

	1995/96	1996/97	1997/98	1998/99	1999/00 (forecast)
Milk products					
Intervention purchases/sales	-1.6	59.9	21.8	41.4	13.7
Intervention storage costs	0.2	0.6	1.2	1.9	2.1
Export refunds	94.4	97.6	132.3	87.4	83.1
Internal market measures	87.9	75.5	67.5	58.4	58.6
Co-responsibility/Supplementary levy	-43.6	-47.9	-15.1	-32.0	-9.2
Payments to those giving up milk production (a)	26.2	53.3	0.4	0.1	0.6
Total milk products	163.5	239	208.1	157.2	148.9
Processed goods					
Export refunds	51.5	46.4	36.0	39.8	40.3
Arable Area Payments Scheme					
Internal market measures	1,287.6	1,260.2	1,221.7	1,140.8	1,224.2
Others					
Export refunds	2.7	2.6	7.8	19.6	20.3
Internal market measures	82.6	70.8	77.6	84.2	108.9
Miscellaneous	-0.5	-1.3	-2.7	-6	-1.5
Total others	84.8	72.1	82.7	97.8	127.6
TOTAL	2,656.4	4,081.4	3,320.5	3,193.1	2,923.7

Source: IBEA

(a) Some paid by the Intervention Board from 1994/95.

TABLE 9.3 Commodity intervention in the United Kingdom

Enquiries: Intervention Board (Corporate Communications Unit) on 0118 953 1745

'000 tonnes

Commodity	1995/96			1996/97				1997/98			1998/99			1999/00 (forecast)		
	Closing/ opening stock (a)	Pur- chases	Sales	Closing/ opening stock (a)	Pur- chases	Sales	Closing/ opening stock(a)	Pur- chases	Sales	Closing/ opening stock (a)	Pur- chases	Sales	Closing/ opening stock (a)	Pur- chases	Sales	Closing stock (a)
Wheat: feed	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
bread	-	-	-	-	-	-	-	-	-	-	18	-	18	24	26	16
Barley	485	1	486	-	11	-	11	525	-	535	837	545	827	164	550	441
Rye	-	-	-	-	1	-	1	-	1	-	8	-	8	5	13	-
Beef: boneless	14	-	9	5	59	5	59	47	7	99	4	29	74	5	74	5
bone in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Butter	1	-	-	1	5	1	5	-	3	2	-	1	1	6	1	6
Skimmed milk powder	1	-	1	-	29	-	29	25	-	53	29	-	80	17	28	69

Source: IBEA

(a) These figures may not always equate to (closing stock = opening stock + purchases - sales) because of end of year stock adjustments arising from unfulfilled sales contracts etc, and because each figure is rounded.

ANNEX

GLOSSARY

Definitions of terms used in the aggregate agricultural account.

Term	Table 6.1 ref.	Former name (prior to 1998 publication) Not exactly the same in meaning	Definition
Agricultural Industry		National Farm	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	7	Own account capital formation in livestock	Production of animals that will be used as the means of production, e.g. breeding animals.
Other agricultural activities	8		Agricultural activities that do not result in sales of final product, e.g. quota leasing, contract work.
Inseparable non-agricultural activities	9		Non-agricultural activities which are included within the business level accounts and are inseparable, e.g. some cases of bed & breakfast and recreation facilities.
Gross output at basic prices	10	Gross output	Output including directly paid subsidies that are closely correlated with production of a specific product. 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 closely correlated with production of a specific product.
Subsidies (less taxes) on product	11		Subsidies and taxes on products are shown in detail in table 6.7; all subsidies are recorded on an as due basis.

Term	Table 6.1 ref.	Former name (prior to 1998 publication) Not exactly the same in meaning	Definition
Intermediate consumption	19 (13:18)	Gross input	Consumption of goods and services, e.g. feed, seeds, fertiliser, pesticides.
Gross value added (at basic prices)	20 (10-19)	Gross product	Gross Output at basic prices less Intermediate Consumption.
Consumption of fixed capital	21	Depreciation	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 at basic prices	22 (20-21)		Gross Value Added at basic prices less Consumption of fixed capital.
Other Subsidies (less taxes) on production	23	Other direct receipts	Subsidies and taxes not closely correlated with production of a specific product, e.g. agri-environment payments, set-aside, animal disease compensation.
Net value added at factor cost	24 (22+23)	Net product	Net Value Added at basic prices plus other subsidies (less taxes) on production
Compensation of employees	25	Total hired labour	The full costs of employees to the business including national insurance contributions.
Total Income From Farming (TIFF)	28		Income to those with an entrepreneurial interest in the agricultural industry, e.g. farmers, partners, spouses and most other family workers.

If you find the information in ‘Agriculture in the United Kingdom’ useful, you should be aware of these publications:

The Digest of Agricultural Census Statistics UK

The Digest of Agricultural Census Statistics UK brings together the main results of the Annual Agricultural and Horticultural Censuses which are held each June in England, Scotland, Wales and Northern Ireland. At country levels historical data is also shown for 10 years ago and each of the last five years, along with graphs to illustrate trends. In addition there are tables to illustrate the size patterns of main holdings in each country. County and regional data is available for all items of significance from MAFF Farming Statistics Section on 01904 455332.

It is available on the World Wide Web at www.maff.gov.uk under ‘Statistics’.

Farm Incomes in the United Kingdom 1998/99

‘Farm Incomes in the United Kingdom 1998/99’ provides an authoritative and detailed source of information on the incomes and financial structure of the agricultural industry in each of the four countries of the United Kingdom.

The fifteenth volume, in an annual series, gives detailed analyses of farm incomes (including some information on off-farm incomes), assets and liabilities and aggregate incomes for the agricultural industry for each of the four countries of the United Kingdom. Detailed farm accounts data, based on the Farm Business Survey (Farm Accounts Scheme in Scotland) are shown by farm type, business size and tenure. In addition, it contains estimates of the gross margins for a range of crop and livestock enterprises in England and Wales. In most tables the years covered are 1998 and 1999. The publication will only be available on the MAFF Web site [at www.maff.gov.uk/esg/pubs/pubs.htm] in mid-March 2000. Other enquiries about this World Wide Web publication should be directed to:

Mr R D S Price,
Ministry of Agriculture, Fisheries and Food,
Economics (Farm Business) Division,
Whitehall Place West (Room 702),
Whitehall,
London
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Tel. 020 7270 8620

Other information is available, including an index showing published MAFF Statistics and the dates on which they will be issued. This can be accessed on the World Wide Web at www.maff.gsi.gov.uk/esg and via ‘faxback’. To access faxback, dial 0870 444 0200 for commodity statistics or 0870 444 0201 for farming statistics and follow the voice instructions. Although our statistics notices continue to be free, you will incur a charge of approximately 50p per minute for the telephone call. Typically, a single sided document will take about one minute to transmit, with any subsequent sheets about 45 seconds each.

AGRICULTURE IN THE UNITED KINGDOM 1999

Agriculture in the United Kingdom 1999 is the twelfth in a series which succeeds the *Annual Review of Agriculture* White Paper. It provides, in an accessible format, information on the economic conditions of the United Kingdom agriculture industry. The Government will draw on this information when considering policy issues, including proposals by the European Commission for agricultural support in 2000/2001.