



Agriculture in the United Kingdom 1996



STP
Quarto
HD1925
.A37x
1996*

Agriculture in the United Kingdom 1996

Produced by:

Ministry of Agriculture, Fisheries and Food

Scottish Office Agriculture, Environment and Fisheries Department

Northern Ireland Department of Agriculture

Welsh Office

LONDON: THE STATIONERY OFFICE

© Crown copyright 1997. Published for the Ministry of Agriculture, Fisheries and Food under licence from the Controller of Her Majesty's Stationery Office.

Applications for reproduction should be made in writing to The Copyright Unit, Her Majesty's Stationery Office, St. Clements House, 2-16 Colegate, Norwich NR3 1BQ

ISBN 0 11 243 0236

cover photograph: Sheep on hillside: Discoed nr Presteigne, Wales

Contents

Preface	<i>page vii</i>
1 Summary of the year	1
2 The structure of the industry	6
3 Policy developments in 1996	16
4 Output prices and input costs	35
5 Commodities	37
- cereals	38
- other crops	44
- horticulture	53
- livestock	58
- livestock products	65
6 Agricultural incomes	71
7 Farm rents, land prices and balance sheets	89
8 Farm business data	93
9 Public expenditure on agriculture	100

Index to Section Three - Policy Developments in 1996

European Community Developments

1996 price fixing	16
CAP reform	16
Enlargement of the EU	17
Europe agreements	17
GATT	17
Agrimoney	17
Set-aside	17
Oilseeds	18
Beef intervention	18
Farm Animal Welfare	18
Deregulation	19

United Kingdom Developments

Arable Area Payments	19
Set-aside	20
Alternative crops	20
Livestock Quotas	20
Hill Livestock Compensatory Allowances	20
Sheep Annual Premium Scheme	21
Wool	21
Beef Special Premium and Suckler Cow Premium Schemes	21
Beef Marketing Payment Schemes	22
Milk	22
Potato Marketing	22
Deregulation	22
Marketing and Competitiveness	23
Agricultural tenancies	24
Objective 1 of the EC Structural funds	24
Objective 5b of the EC Structural funds	24
Rural England 1996	25
People, Prosperity and Partnership	25
A Working Countryside for Wales	25
Scottish Affairs Committee	25
BSE	25

Environmental developments

Key developments	30
Agri-Environment	30
Environmentally Sensitive Areas	31
The Countryside Stewardship Scheme	31
Nitrate Sensitive Areas	31
Habitat Scheme	31
Organic Aid Scheme	31
Moorland Scheme	32
Countryside Access	32
Farm Woodland Premium Scheme	33
Nitrate Vulnerable Zones	33
Free pollution advice and plans	34
Free conservation advice	34
Hedgerows	34
Flood Defence and Coast Protection	34

Statistical tables and charts

List of tables

1.1	Agriculture and food in the national economy	<i>page 5</i>
2.1	Agricultural land use	8
2.2	Crop areas and livestock numbers	9
2.3	Numbers and sizes of holdings	11
2.4	Numbers and sizes of enterprises	12
2.5	Labour force in agriculture	15
2.6	Fixed capital stock of agriculture	15
4.1	Price indices for products and inputs	35
5.1	Wheat	39
5.2	Barley	40
5.3	Oats	41
5.4	Rye, mixed corn and triticale	42
5.5	Maize	42
5.6	Total cereals	43
5.7	Oilseed rape	46
5.8	Linseed	47
5.9	Sugar beet and sugar	48
5.10	Hops	48
5.11	Peas and beans for stockfeed	49
5.12	Purchased feedingstuffs	49
5.13	Production of herbage and legume seeds	50
5.14	Purchased seeds	50
5.15	Potatoes	51
5.16	Horticulture	55
5.17	Selected horticultural crops	56
5.18	Cattle and calves; beef and veal	60
5.19	Sheep and lambs; mutton and lamb	62
5.20	Pigs and pigmeat	63
5.21	Poultry and poultrymeat	64
5.22	Milk	66
5.23	Milk products	67
5.24	Eggs	69
5.25	Wool	70
6.1	Outputs, inputs and income at current prices	76
6.2	Outputs, inputs and income at constant (1990) prices	79

6.3	Changes in outputs and inputs	<i>page</i> 81
6.4	Output volume and productivity	81
6.5	Summary measures from the aggregate agricultural account	83
6.6	Eurostat income indicators	83
6.7	Subsidies and levies included in the aggregate agricultural account	85
6.8	Gross capital formation	86
6.9	Stocks and work in progress	87
6.10	Costs and earnings of hired labour engaged in agricultural work	87
6.11	Interest	88
7.1	Farm rents	90
7.2	Agricultural land prices	90
7.3	Aggregate balance sheets for agriculture	91
8.1	Net farm income by country and farm type	96
8.2	Net farm income by farm type, country and size	97
8.3	Occupier's net income by farm type, country and tenure	98
8.4	Assets and liabilities of farm businesses by country and tenure, 1995/96	99
9.1	Public expenditure under the CAP and on national grants and subsidies	102
9.2	Public expenditure under the CAP by the Intervention Board and the Agriculture Departments - major commodities	104
9.3	Commodity intervention in the United Kingdom	106

List of charts

2.1	Agricultural land use: 1996	6
2.2	Changes in crop areas and livestock numbers	10
4.1	Price indices for products and inputs	36
6.1	Outputs, inputs and the resulting incomes	72
6.2	Changes in outputs and inputs	82
6.3	Numerators of Eurostat income indicators 1, 2 and 3	84
6.4	Eurostat income indicators 1, 2 and 3	84
7.1	Prices of agricultural land with vacant possession: England	92
7.2	United Kingdom agricultural assets, liabilities and net worth in real terms	92
9.1	Public expenditure under the CAP by the Intervention Board and the Agriculture Departments	100

Preface

1. *Agriculture in the United Kingdom 1996* 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 1997/98.

2. The tables in this edition are similar to those in *Agriculture in the United Kingdom 1995*, 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. A guide to the content and structure of the commodity tables is provided in the introduction to Section 5.

**Statistical tables -
general note**

3. Most of the data are on a calendar year basis. The figures for 1996 are provisional; they reflect the position as seen in January 1997 when information for 1996 was still incomplete and an element of forecasting was therefore required. The figures in the tables in sections 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 Community 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'.

1 Summary of the year

Summary of the year

1. The major farming issue in 1996 was Bovine Spongiform Encephalopathy (BSE). In March, the National CJD Surveillance Unit described a new variant of Creutzfeldt Jakob Disease (CJD) and drew attention to the possibility that BSE might be transmissible to humans. The Spongiform Encephalopathy Advisory Committee (SEAC) considered this new development and concluded that the most likely explanation for the new variant was exposure to BSE infection prior to November 1989. Public concern at this news led to a sharp fall in the consumption of beef and the collapse of UK beef prices. Similar reactions throughout the EU resulted in the European Commission's decision on 27 March to impose a world-wide ban on the export of UK beef and beef products. The Government responded quickly and, following the advice of the SEAC, introduced a number of additional measures to assure the protection of human health. Following intensive efforts, a framework for lifting the export ban was agreed at the June European Council. The framework defined five pre-conditions before the Commission would consider the UK case. On 16 December, the Government announced that steps would be taken to meet the last of the preconditions, implementation of the selective cull of animals judged to be most at risk from BSE.

2. Additional measures were also taken to ensure the survival of essential links in the meat supply chain and to protect beef farmers' incomes. At the June Agriculture Council, it was agreed to allocate 850 million ecu (just over £725 million) to the beef sector throughout the EU, of which the UK received some £110 million. The October Council agreed to modifications to the beef regime to deal with the short-term impact of the BSE crisis and to the allocation of a further 500 million ecu to EU beef farmers whose incomes have fallen as a result of problems on the beef market. The UK's share of this sum will be some £52 million. In addition, the Government made available some £29 million of national funds to assist UK beef producers.

3. The UK Government continued to develop and press the case with the European Commission and other Member States for further CAP reform to deal with anticipated pressures resulting from existing EU commitments under the GATT Uruguay round, the next round of negotiations within the World Trade Organisation beginning in 1999 and further EU enlargement. Reflecting these efforts, the Commission has given increasing recognition to the need for reform and has undertaken to present a further report to the Council highlighting the agricultural issues raised by enlargement immediately after the conclusion of the Intergovernmental Conference. For

its part, the Council has called for proposals on the future of the dairy and beef régimes during the first half of 1997.

4. The UK participated fully in the European Conference on Rural Development, organised by the European Commission and held in Cork in November 1996, alongside representatives of the other Member States, applicants for EU membership, and interested organisations. The ensuing "Cork Declaration" identified the guiding principles for an integrated rural policy which could evolve as part of a reformed CAP.

5. At the July Agriculture Council, agreement was reached on a package of measures, including agricultural support prices for 1996/97 and major reform of the fresh and processed fruit and vegetables regimes. The Council also abolished the distinction between rotational and non-rotational (flexible) set-aside as a simplification measure and set the set-aside rate for 1997 at 5 per cent.

6. The Government has continued its commitment to encourage environmentally sensitive farming. The Countryside Stewardship Scheme was re-launched in an expanded form in April. The first Rural White Paper Progress Report, *Rural England 1996*, was published in October. This included commitments to develop indicators of agriculture's impact on the environment. *A Working Countryside for Wales* was published in March and a progress report on it is expected towards the end of March 1997. Other environmental initiatives are outlined in Section 3.

7. A further significant step forward on farm animal welfare was achieved in December, when the Council of Agriculture Ministers reached agreement that the close confinement veal crate should be phased out across the Community by 2006. This new measure, brought forward by the Commission in response to UK pressure, brings the statutory protection given to veal calves throughout Europe up to the level already applied in the UK.

8. The autumn of 1995 was notable for mild weather across much of the UK. This encouraged late season grass growth, enabling late cuts of silage to boost fodder stocks. Parts of Grampian and arable areas further north experienced very heavy rainfall in September which restricted autumn sowing, but dry conditions in Central and Eastern England enabled autumn sown crops to be established in good conditions and laid the foundations for the high yields which followed. The 1995/96 winter brought periods of very cold weather but crops generally wintered well with the exception of winter oats in Scotland, where around 15% of the crop was damaged by severe frosts and cold winds. Many upland areas were covered with snow throughout much of the winter and supplementary feeding of stock was common. Winter weather extended well into March with further snow in the uplands. The cold Spring delayed grass growth and led to increased feed requirements. After a fairly mild April, unusually cold weather returned in May. Summer finally started in June when warm daytime temperatures and above average amounts of sunshine led to rapid crop growth and lifted the yield potential of many crops. Periods of settled sunny weather continued in

July and, for the second summer running, grass growth was restricted in some areas because it was too dry. Unsettled weather in August led to some interruptions to harvest but a return to settled dry weather in September enabled the harvest to catch up. Dry weather in October and early November in Southern and Eastern areas meant it was another good autumn to establish autumn cereals. In late November there were bouts of cold wintry weather across much of the country, with occasional heavy snow falls in upland areas, particularly in the North.

9. The provisional estimates of output, productivity and income of UK agriculture in 1996 show the following comparisons with 1995:

- The areas sown to cereals and the yields were higher, leading to a 9 per cent increase in output. Higher market prices in the first half of the year were outweighed by lower prices in the second half. The overall value of output was up by 4 per cent;
- Oilseeds yields, being 21 per cent higher than in 1995, were largely responsible for an increase of 15 per cent in the value of output, despite a slight decline in area;
- The value of sugar beet increased by 11 per cent, mainly because of increased yields;
- Prices for potatoes were almost half the exceptional levels seen in 1995. As a result, the value of output was down by over 40 per cent;
- The value of output of horticulture products was largely unchanged (1 per cent higher than in 1995). In general slight increases in production were balanced by reductions in some prices. However, the value of the tomato crop was 41 per cent higher;
- The beef market was seriously affected by concerns about a link between BSE and CJD. The quantity of beef production for human consumption fell by 29 per cent between 1995 and 1996, as the carcasses of 1.1 million cattle and 0.4 million calves were removed from the food chain. Average realised return for cattle and calves was 13 per cent lower than last year, and this led to a drop of £806 million (38 per cent) in the total realised return. However, cattle farmers' incomes were protected to some extent by subsidies and other payments. Decreases in market prices were offset by a £153 million increase in subsidies on production and the slaughter of cattle for non food use was compensated by £572 million from the Over Thirty Month Scheme and the Calf Processing Aid Scheme.
- The volume of output of sheep and lambs was 7 per cent lower than last year but this was outweighed by a 20 per cent increase in market prices, due to a switch from beef. The value of output was 9 per cent higher;
- There was an increase of 17 per cent in pig prices, despite the falls seen in November and December, which led to a 14 per cent rise in the value of output;

- Both poultry slaughterings and prices were up, leading to an increase in value to the farmers of 13 per cent;
- The average realised return of milk was 0.6 per cent higher than last year;
- The average realised return of eggs was up by 12 per cent;
- Overall Gross Output increased by just over 2 per cent whereas input costs were 7 per cent higher, largely due to higher prices for feedingstuffs, leaving Gross Product down by 2 per cent;
- The industry's interest payments fell by 7 per cent;
- The total cost of hired labour increased by 1 per cent as the increase in average earnings more than offset the decline in the number of hired workers;
- *Total Income From Farming*, representing the income from agriculture to farmers, partners, directors, spouses and family workers, is provisionally estimated to have fallen by 5.4 per cent at current prices (7.7 per cent in real terms). The provisional figure for *farming income*, which covers only farmers and their spouses, has fallen by 7.3 per cent at current prices.

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

10. These developments are described in more detail in the following sections. Table 1.1 provides a very broad picture of agriculture and food in the national economy.

11. Self-sufficiency in food and feed fell markedly in 1996. This was mainly due to lower levels of both output and exports of beef and higher levels of imports of meat and meat preparations, other than beef. Higher imports of a range of other commodities also contributed to the fall.

TABLE 1.1 Agriculture and food in the national economy

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Agriculture's contribution to Gross Domestic product (a)						
at current prices (£ million)	5,351	7,156	7,993	8,049	9,091	8,888
at constant 1990 prices (£ million)	6,192	7,284	6,612	6,546	6,456	6,361
% of national GDP (current prices)	1.7	1.4	1.5	1.4	1.5	1.4
Workforce in agriculture						
('000 persons)	602	548	544	536	533	529
% of total workforce in employment	2.4	2.1	2.2	2.1	2.1	2.0
Gross fixed capital formation in agriculture						
at current prices (£ million)	1,242	1,361	1,657	1,923	1,987	..
at constant 1990 prices (£ million)	1,589	1,376	1,595	1,850	1,789	..
% of national GFCF (current prices)	1.9	1.5	1.8	1.9	1.9	..
Imports of food, feed and drink						
(£ million) (b) (c)	9,942	13,406	14,024	14,968	16,527	(Jan-Nov) 15,991
of which: food, feed and non alcoholic drinks	9,003	11,934	12,417	13,212	14,677	14,160
alcoholic drinks	940	1,472	1,607	1,755	1,850	1,830
Volume index (1990=100)	87.4	107.3	104.6	110.4	115.1	120.6
Unit value (price) index (1990=100)	86.7	102.1	110.7	112.7	122.8	120.0
% of total UK imports	11.3	10.7	10.3	10.1	9.8	9.6
Exports of food, feed and drink						
(£ million) (b) (c)	4,878	7,521	8,238	9,101	9,848	(Jan-Nov) 9,162
of which: food, feed and non alcoholic drinks	3,569	5,138	5,702	6,353	6,996	6,445
alcoholic drinks	1,309	2,383	2,537	2,748	2,853	2,716
Volume index (1990=100)	88.6	108.9	111.2	126.4	133.7	128.6
Unit value (price) index (1990=100)	89.8	110.0	121.8	119.5	127.6	125.2
% of total UK exports	6.3	6.9	6.8	6.8	6.4	6.0
UK self-sufficiency in food and feed as a % of:						
all food and feed	57.0	56.8	57.3	58.3	58.4	53.4
indigenous type food and feed	74.4	71.9	72.4	74.7	75.1	69.4
Consumers' expenditure on household food and alcoholic drinks at current prices (£ million)						
	49,046	68,724	70,543	72,525	75,397	79,400
of which: household food	32,544	45,243	46,234	47,048	48,973	51,800
alcoholic drinks	16,502	23,481	24,309	25,477	26,424	27,600
at constant 1990 prices (£ million)	60,536	62,091	62,445	63,493	63,843	65,400
of which: household food	39,544	42,384	42,801	43,366	43,614	44,700
alcoholic drinks	20,992	19,707	19,644	20,127	20,229	20,700
% of total consumers' expenditure	20.3	17.9	17.4	17.0	16.9	16.8
of which: household food	13.5	11.8	11.4	11.0	11.0	11.0
alcoholic drinks	6.8	6.1	6.0	6.0	5.9	5.8
Retail price indices (1990=100)						
food	82.1	107.5	109.4	110.5	114.7	118.5
alcoholic drinks	78.8	119.6	125.0	128.0	132.8	136.7
all items	77.8	109.8	111.6	114.3	118.2	121.1

(a) Agriculture is here defined as in the national accounts, that is net of gross rent and the produce of gardens and allotments.

(b) This aggregate covers SITC divisions 01-09, 11, 22 and section 4.

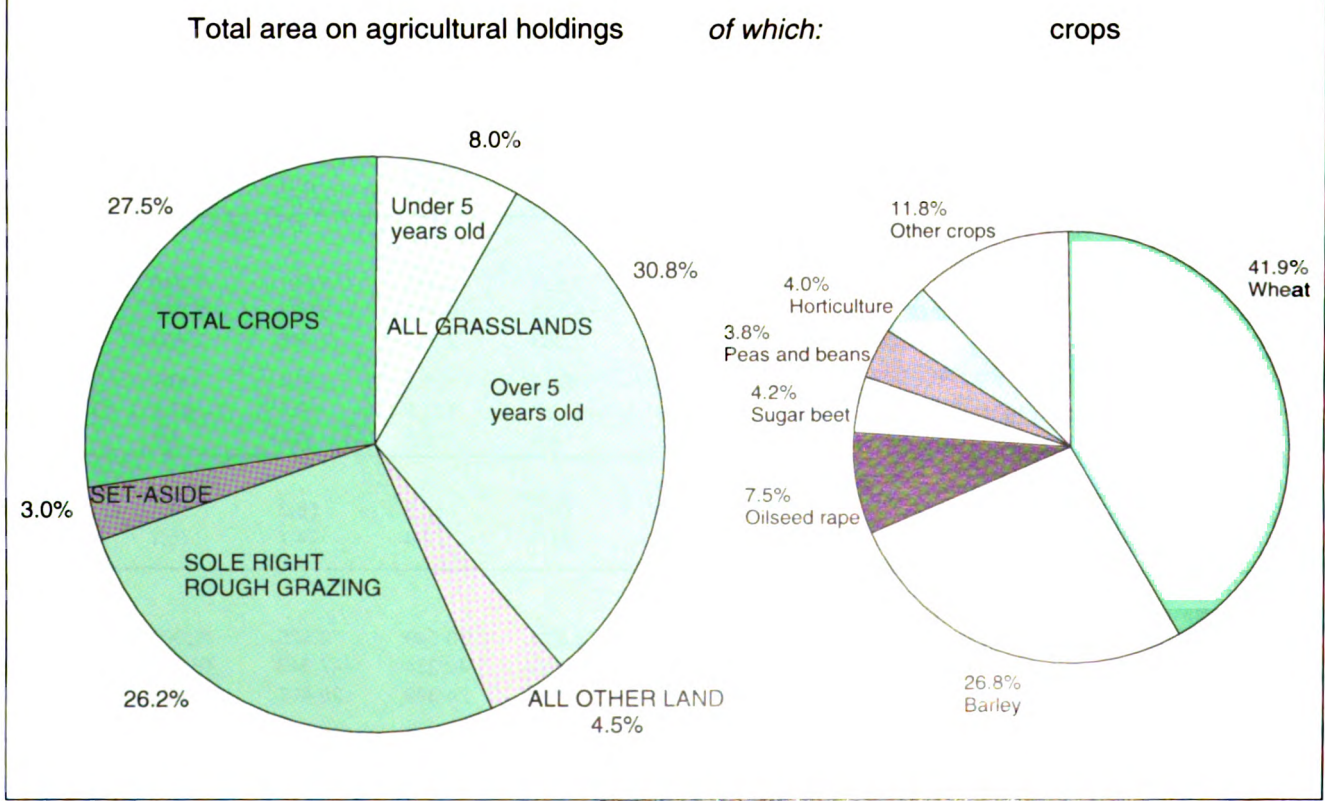
(c) The figures for 1993 onwards are based on INTRASTAT data and include estimates of non-response and of traders below the threshold for which detailed trade data are not collected.

2 The structure of the industry

Introduction

1. The tables in this section portray the size and structure of the UK agricultural industry in 1996 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 stock of fixed capital.

CHART 2.1 Agricultural land use: 1996



Crop areas and livestock numbers (Tables 2.1 and 2.2)

2. At June 1996 the total area of agricultural land was 18.4 million hectares, some 76 per cent of the total land area in the UK. Following the reduction in the proportion of land required to be set-aside, the June 1996 Census showed an increase of 4 per cent in the area of crops in the UK. With buoyant world prices for wheat and malting barley in late 1995 and early in the year, combined with the reduction in set-aside, the total cereals area increased by 6 per cent in 1996. The increases were in area planted to wheat and barley, partly at the expense of the less profitable oats, beans and linseed. The area planted to potatoes also increased, by 4 per cent, in 1996.

3. The 2 per cent increase in total cattle and calves in June 1996 was due to an 11 per cent increase in cattle over two years old, excluding females in the breeding herd. The largest contributions to the increase were beef herd replacements and females intended for slaughter. The sheep breeding flock has continued to decline, so that the total numbers of sheep and lambs dropped by 3 per cent in 1996. As pig prices have continued to be favourable during 1996 following their recovery through 1995, numbers in the pig breeding herd have now stabilised following the 5 per cent fall which occurred between June 1994 and June 1995. The pattern of the use of land on agricultural holdings in 1996 is shown in Chart 2.1 and the changes in crop areas and livestock numbers between 1995 and 1996 are shown in Chart 2.2.

Sizes of holdings and enterprises
(Tables 2.3 and 2.4)

4. Table 2.3 shows the continuing shift towards larger holdings, particularly in terms of economic activity (ESUs). Whilst holdings of 200 ESUs and over comprise only 6 per cent of all holdings, they account for about a quarter of all agricultural activity (measured by total ESUs).

5. 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. Generally, the size of enterprise in terms of crop areas and livestock numbers is increasing, but this is now less apparent for crop areas. This is noticeable, for instance, in the pig sector where around 83 per cent of the breeding herd at June 1996 was in herds of 100 pigs and over, compared to 73 per cent in 1991.

Labour
(Table 2.5)

6. The total labour force at June fell by 1 per cent between 1995 and 1996, roughly the same rate as in the previous 4 years. The fall in 1996 was largely due to the continuing decline in the numbers of whole-time farmers, partners and directors, and of regular whole-time workers, but the numbers of part-time female workers and of seasonal or casual labour also declined. There has however been a steady increase in the numbers of part-time farmers, partners and directors over the past five years, reflecting a trend towards share and contract farming and the increasing importance of farm diversification.

Fixed capital stock
(Table 2.6)

7. Table 2.6 provides information on the gross stock of fixed capital (excluding land) available to the agricultural industry. The figures are shown at constant 1990 prices to give an indication of how the industry's productive capacity has changed over the years. Agriculture's fixed capital stock, valued at 1990 prices, is estimated to have been £33,480 million at the end of 1995. This represents a very slight decrease on the previous year. The total capital stock in 1995 was around 1.0 per cent below the 1985-87 average level. This was the result of reductions in the stocks of plant and machinery and, to a lesser extent, vehicles, partly offset by a modest increase in the stock of buildings and works.

TABLE 2.1 Agricultural land use

The data in this table cover all holdings (including minor holdings) in England, Wales and Northern Ireland but exclude minor holdings in Scotland.

'000 hectares

	At June of each year					
	Average of 1985-87	1992	1993	1994	1995	1996
Total agricultural area (total area on agricultural holdings plus common rough grazing)	18,680	18,511	18,530	18,503	18,406	18,401
This comprises:						
Crops	5,246	4,981	4,519	4,469	4,544	4,721
Bare fallow	43	53	47	44	40	35
Total tillage	5,289	5,033	4,566	4,513	4,584	4,756
All grass under five years old	1,734	1,562	1,561	1,436	1,387	1,376
Total arable land	7,023	6,595	6,127	5,949	5,971	6,133
All grass five years old and over (excluding rough grazing)	5,066	5,213	5,209	5,322	5,309	5,289
Total tillage and grass (a)	12,089	11,808	11,335	11,271	11,280	11,421
Sole right rough grazing	4,829	4,680	4,611	4,551	4,516	4,489
Set-aside (c)	-	160	677	728	633	509
All other land (b) and woodland	545	632	678	708	729	745
Total area on agricultural holdings	17,464	17,281	17,301	17,258	17,158	17,164
Common rough grazing (estimated)	1,216	1,230	1,229	1,246	1,248	1,237

(a) Includes bare fallow.

(b) 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.

(c) Great Britain only in 1992.

TABLE 2.2 Crop areas and livestock numbers

The data in this table cover all holdings (including minor holdings) in England, Wales and Northern Ireland but exclude minor holdings in Scotland. (a)

At June of each year

	Average of 1985-87	1992	1993	1994	1995	1996
Crop areas ('000 hectares)						
Total	5,246	4,981	4,519	4,469	4,544	4,721
This comprises:						
Total cereals	3,992	3,487	3,031	3,042	3,180	3,357
of which: wheat	1,964	2,067	1,759	1,811	1,859	1,976
barley	1,905	1,297	1,164	1,106	1,192	1,267
oats	110	100	92	109	112	96
rye and mixed corn	14	12	9	10	11	11
triticale	..	11	7	6	7	7
Other arable crops (excluding potatoes)	863	1,117	1,130	1,076	1,005	1,003
of which: oilseed rape	327	421	377	404	354	356
sugar beet not for stockfeeding	204	197	197	195	196	199
hops	4	4	3	3	3	3
peas for harvesting	..	..	..	..	..	..
dry and field beans	165	208	244	228	195	178
linseed (b)	..	144	150	58	54	49
other crops	161	143	159	187	204	213
Potatoes	182	180	170	164	171	177
Horticulture	208	197	187	189	187	189
of which: vegetables grown in the open	140	135	126	127	130	132
orchard fruit (c)	38	33	32	32	28	28
soft fruit (d)	15	14	13	13	12	12
ornamentals (e)	12	14	14	14	15	14
glasshouse crops	2	2	2	2	2	2
Livestock numbers ('000 head)						
Total cattle and calves	12,559	11,804	11,729	11,834	11,733	11,913
of which: dairy cows	3,110	2,682	2,667	2,715	2,602	2,587
beef cows	1,332	1,699	1,751	1,775	1,805	1,829
heifers in calf	843	762	797	771	771	813
Total sheep and lambs	37,149	43,998	43,901	43,295	42,771	41,530
of which: ewes and shearlings	17,474	20,385	20,563	20,544	20,507	20,277
lambs under one year old	18,447	22,341	22,132	21,510	21,093	20,168
Total pigs	7,917	7,609	7,754	7,797	7,534	7,496
of which: sows in pig and other sows for breeding	716	672	687	680	644	639
gilts in pig	109	108	115	104	100	105
Total fowls (f)	123,020	124,013	130,175	125,718	125,981	..
of which: table fowls including broilers	65,329	73,298	79,451	75,205	76,621	..
laying fowls (g)	38,742	33,206	32,824	32,543	31,692	..
growing pullets	12,415	10,764	10,653	10,293	10,098	..

(a) For various reasons, the crop area figures shown in this table may differ slightly from those shown in Section 5. In particular, the 1996 area figures in this table include the final results from all countries, whereas the 1996 area figures in Tables 5.1 to 5.11 include the final results from England, Wales and Northern Ireland, but provisional results for Scotland.

(b) England and Wales only prior to 1992.

(c) Includes non-commercial orchards.

(d) Includes wine grapes.

(e) Hardy nursery stock, bulbs and flowers.

(f) 1996 figures for poultry will be available later in the year.

(g) Excludes fowls laying eggs for hatching.

CHART 2.2 Changes in crop areas and livestock numbers

Percentage change from 1995 to 1996

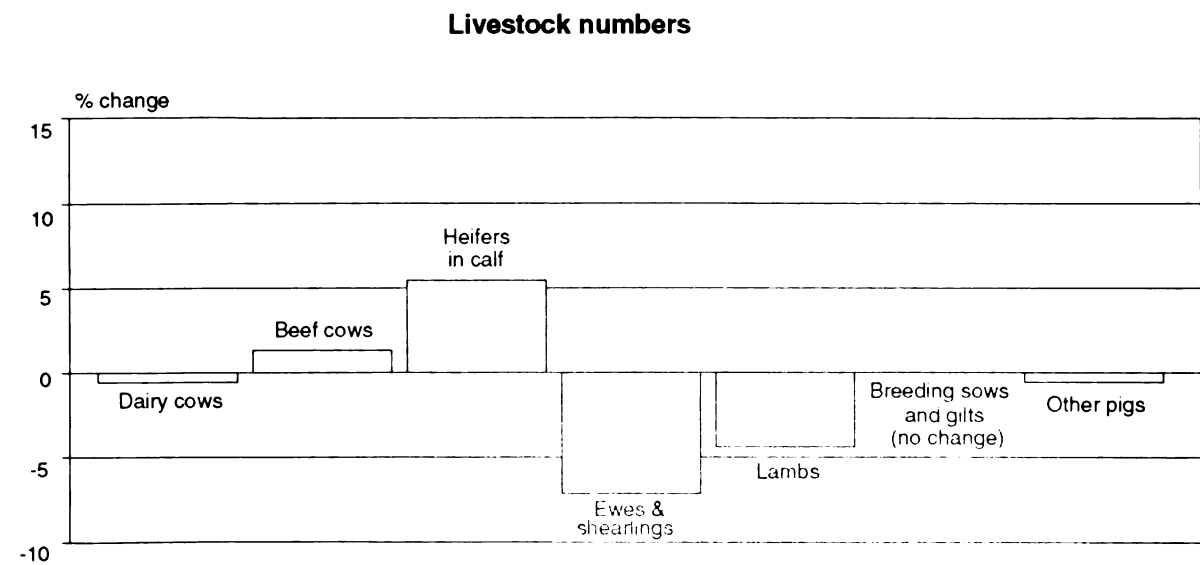
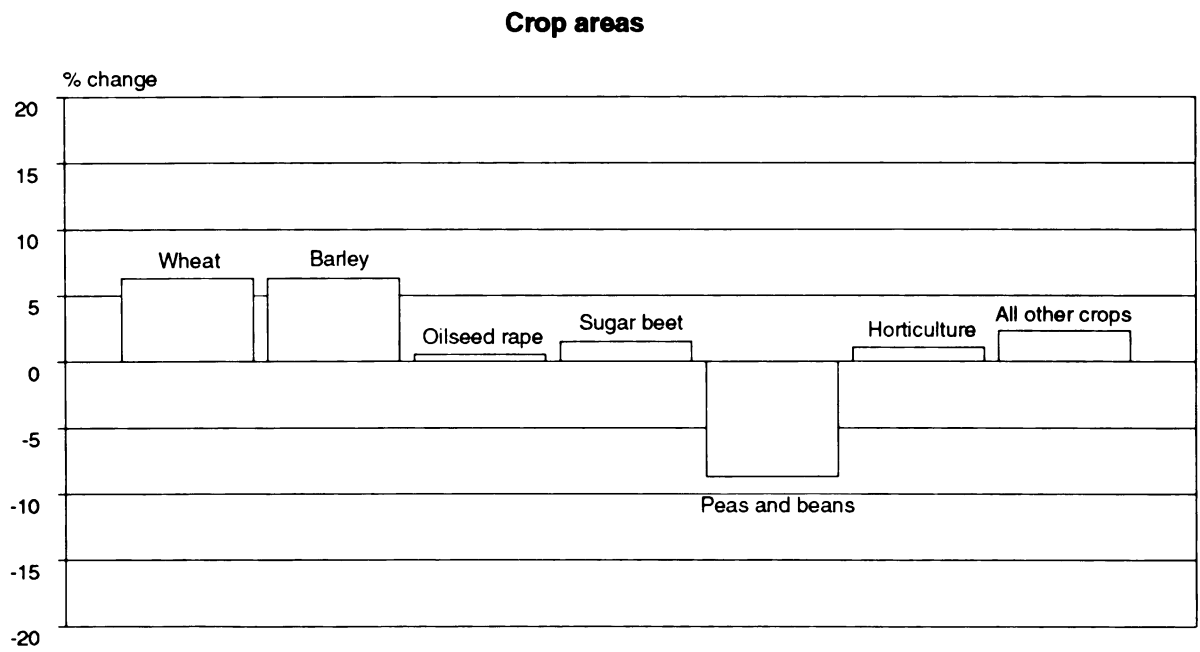


TABLE 2.3 Numbers and sizes of holdings

The data in this table exclude minor holdings

At June of each year

		1991		1996	
		Number of holdings ('000)	Percent of total ESU	Number of holdings ('000)	Percent of total ESU
Size of holding (ESU) (a) (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 8.0 ESU	102.7	2.7	103.1	2.9
	8.0 to under 40.0 ESU	73.1	17.6	67.4	16.0
	40.0 to under 100.0 ESU	44.3	32.2	41.9	30.7
	100.0 to under 200.0 ESU	15.1	23.5	16.0	24.9
	200.0 ESU and over	5.7	24.0	6.0	25.7
	Total	240.9	100.0	234.3	100.0
	Average size (ESUs):				
	All holdings	..	35.6	..	37.3
	Holdings 8 ESU and over	..	61.1	..	64.7
		Number of holdings ('000)	Hectares ('000)	Number of holdings ('000)	Hectares ('000)
Total area on holdings (a)	Under 20.0 hectares	97.9	826	96.6	811
	20.0 to under 50.0 hectares	60.4	2,011	56.3	1,863
	50.0 to under 100.0 hectares	42.5	3,023	40.9	2,909
	100.0 hectares and over	40.2	11,278	40.4	11,391
	Total	240.9	17,139	234.3	16,975
	Average area (ha):				
	All holdings	..	69.8	..	72.6
	Holdings 8 ESU and over	..	106.9	..	111.5
	% of total area on holdings with 100 hectares and over	..	65.8	..	67.1
		Number of holdings ('000)	Hectares ('000)	Number of holdings ('000)	Hectares ('000)
Tillage and grass area (a) (b) (c)	0.1 to under 20.0 hectares	96.5	807	95.7	790
	20.0 to under 50.0 hectares	60.1	1,994	56.5	1,867
	50.0 to under 100.0 hectares	40.5	2,866	39.8	2,811
	100.0 hectares and over	31.1	6,105	30.2	5,806
	Total	228.2	11,772	222.2	11,274
	Average crops and grass area per holding (hectares)	..	51.6	..	50.7
	% of total crops and grass area on holdings with 100 hectares and over	..	51.9	..	51.5

(a) 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 1991 and 1996 figures in the table, affects both the number of holdings and their average size.

(b) 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.

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

Enquiries: Mrs S J Hutchings on 01904 455100

TABLE 2.4 Numbers and sizes of enterprises

The data in this table exclude minor holdings

		At June of each year			
		1991		1996	
		Number of holdings ('000)	Hectares ('000)	Number of holdings ('000)	Hectares ('000)
Cereals (excluding maize)	0.1 to under 20.0 hectares	37.2	301	33.7	299
	20.0 to under 50.0 hectares	19.2	626	18.2	596
	50.0 hectares and over	21.6	2,568	20.9	2,458
	Total	78.0	3,496	72.8	3,353
	Average area (hectares)	..	44.8	..	46.1
	% of total cereals area on holdings with 50.0 hectares and over	..	73.5	..	73.3
Oilseed rape	0.1 to under 20.0 hectares	8.6	96	8.2	88
	20.0 to under 50.0 hectares	5.9	182	4.8	147
	50.0 hectares and over	2.0	162	1.5	121
	Total	16.5	440	14.5	356
	Average area (hectares)	..	26.7	..	24.5
	% of total oilseed rape area on holdings with 50.0 hectares and over	..	36.8	..	33.9
Sugar beet (England and Wales only)	0.1 to under 10.0 hectares	4.6	25	3.8	21
	10.0 to under 20.0 hectares	2.7	38	2.7	38
	20.0 hectares and over	3.1	133	3.1	140
	Total	10.3	195	9.5	199
	Average area (hectares)	..	18.9	..	20.8
	% of total sugar beet area on holdings with 20.0 hectares and over	..	67.9	..	70.3
Potatoes	0.1 to under 10.0 hectares	21.5	60	14.8	51
	10.0 to under 20.0 hectares	2.8	42	2.7	42
	20.0 hectares and over	2.0	74	2.1	84
	Total	26.2	176	19.6	177
	Average area (hectares)	..	6.7	..	9.0
	% of total potato area on holdings with 20.0 hectares and over	..	41.9	..	47.5

TABLE 2.4 Numbers and sizes of enterprises (continued)

The data in this table exclude minor holdings

		At June of each year			
		1991		1996	
		Number of holdings ('000)	Number of livestock ('000)	Number of holdings ('000)	Number of livestock ('000)
Dairy cows	1 to 49 dairy cows	21.0	552	16.3	439
	50 to 99	15.2	1,073	13.5	959
	100 and over	7.7	1,143	7.9	1,186
	Total	43.9	2,768	37.7	2,584
	Average size of herd	..	63.0	..	68.6
	% of total dairy cows in herds of 100 and over	..	41.3	..	45.9
Beef cows	1 to 19 beef cows	48.6	347	41.8	323
	20 to 49	17.2	531	18.2	566
	50 and over	8.8	778	10.2	919
	Total	74.7	1,655	70.2	1,809
	Average size of herd	..	22.2	..	25.8
	% of total beef cows in herds of 50 and over	..	47.0	..	50.8
Sheep breeding flock	1 to 99 breeding sheep	42.2	1,738	36.5	1,542
	100 to 499	37.5	8,608	34.1	7,903
	500 and over	10.8	9,839	10.9	10,079
	Total	90.5	20,185	81.4	19,523
	Average size of flock	..	223.1	..	239.9
	% of total breeding sheep in flocks of 500 and over	..	48.7	..	51.6
Pig breeding herd	1 to 49 breeding pigs	8.8	91	6.3	61
	50 to 99	1.3	94	0.9	63
	100 and over	2.3	571	2.1	618
	Total	12.4	783	9.3	742
	Average size of herd	..	63.0	..	79.8
	% of total breeding pigs in herds of 100 and over	..	72.9	..	83.3
Fattening pigs (Fattening pigs of over 20kg liveweight excluding barren sows except in Northern Ireland)	1 to 199 fattening pigs	8.5	370	5.7	232
	200 to 999	3.2	1,568	2.7	1,368
	1,000 and over	1.3	2,799	1.3	2,979
	Total	13.0	4,736	9.8	4,579
	Average size of herd	..	364.9	..	468.7
	% of total fattening pigs in herds of 1,000 and over	..	59.1	..	65.1

TABLE 2.4 Numbers and sizes of enterprises (continued)

The data in this table exclude minor holdings

		At June of each year			
		1991		1995(a)	
		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	1.7	1,373	1.2	921
	10,000 to 99,999	0.9	32,612	0.8	33,457
	100,000 and over	0.2	41,697	0.2	42,199
	Total	2.8	75,682	2.3	76,577
	Average size of flock	..	27,185	..	33,869
	% of total broilers in flock of 100,000 and over	..	55.1	..	55.1
Laying fowls	1 to 4,999 laying fowls	32.6	3,083	27.0	2,395
	5,000 to 19,999	0.6	6,227	0.5	5,301
	20,000 and over	0.3	23,741	0.3	23,810
	Total	33.5	33,050	27.8	31,507
	Average size of flock	..	985	..	1,134
	% of total laying fowls in flocks of 20,000 and over	..	71.8	..	76.0

(a) At the time of print, June Census results for poultry in 1996 were not available. These will be included in next year's publication.

TABLE 2.5 Labour force in agriculture

The data cover all holdings (including minor holdings) in England and Wales and Northern Ireland but exclude minor holdings in Scotland.

'000 persons		At June of each year				
	Average of 1985-87	1992	1993	1994	1995	1996
Workers						
Regular whole-time:						
hired: male	103	76	74	72	70	69
female	10	11	11	10	10	10
family: male	31	23	22	21	20	20
female	5	4	3	3	3	3
Total	149	114	110	107	103	102
Regular part-time: (a)						
hired: male	19	18	19	19	19	19
female	22	19	19	18	18	17
family: male	14	13	13	13	13	14
female	7	7	7	7	7	7
Total	62	57	57	56	56	57
Seasonal or casual:						
male	57	55	55	54	57	56
female	38	32	30	28	27	26
Salaried managers (b)	8	8	8	8	8	8
Total workers	315	266	261	253	251	248
Farmers, partners and directors						
whole-time	197	177	176	173	170	166
part-time (a)	93	105	108	111	112	114
Total farmers, partners and directors	290	282	284	283	282	281
Total farmers, partners, directors and workers (c)	604	548	544	536	533	529
Spouses of farmers, partners and directors (engaged in farm work)	77	76	78	78	75	75
Total labour force (including farmers and their spouses) (d)	681	624	622	614	608	603

(a) Part-time is defined as 39 hours or less per week
(b) The figures for salaried managers relate to Great Britain only.
(c) This is the series referred to as 'Workforce in agriculture' in Table 1.1.
(d) Figures exclude schoolchildren and most trainees.

TABLE 2.6 Fixed capital stock of agriculture

		At end year				
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Gross capital stock (£ million, 1990 prices)						
Buildings and works	20,320	20,850	20,860	21,030	20,870	..
Plant and machinery	11,660	10,840	10,800	10,820	10,870	..
Vehicles	1,860	1,600	1,620	1,660	1,740	..
Total	33,840	33,290	33,280	33,510	33,480	..

3 Policy developments in 1996

European Community developments

1996 price fixing

1. The European Commission's proposals on support prices and a number of related issues were agreed by the Council in July. Most prices and aid levels were maintained at the current levels and the main price fixing package was agreed within the budgetary guidelines. There were small reductions in cereals monthly intervention increments and sugar storage payments. Aid rates for flax were cut by 7.5 per cent for 1996/97. Agreement was given to the UK request for an extension of the deadline for carry over of its C sugar quota. The Commission gave assurances on the flexible operation of milk quota leasing up to the end of the quota year (31 March 1997) for UK dairy farmers affected by the accelerated slaughter scheme. It was agreed that there should be a number of changes to the set-aside arrangements (see paragraph 10 below) and that, if the steer deseasonalisation premium were triggered in Northern Ireland or the Republic, it would apply in both areas.

CAP reform

2. The UK continued to press the case for radical CAP reform to deal with anticipated pressures stemming from existing EU commitments under the GATT Uruguay round, the next World Trade Organisation (WTO) round negotiations beginning in 1999 and EU enlargement to include Central European Countries. In November, the Commission held a conference in Cork on Rural Development involving not only Government representatives from EU Member States and applicant countries, but also industry and voluntary organisations. The main outcome of the Conference was reflected in the Cork Declaration. Pushing forward the CAP reform agenda will be an important task in the coming year.

3. As agreed in December 1995, reforms to the rice régime commenced from the beginning of the 1996/97 marketing year (1 September 1996). Proposals for the reform of the fresh and processed fruit and vegetables régimes were agreed at the July Agriculture Council. The new basic regulations entered into force on 1 January 1997 and discussion on detailed rules is well under way. The principal outcome of the reform is to reduce reliance on intervention both by reducing the level of financial compensation available and by imposing strict volume ceilings on the amount of produce which may be withdrawn. Concurrently an increased emphasis is placed on the role of Producer Organisations which will be expected to undertake operational programmes, with some EC financial assistance, to improve marketing, product quality and the environmental aspects of the business. In response to Council requests, the Commission

declared its intention to table options for reforms of the beef and dairy régimes in the first half of 1997.

Enlargement of the EU

4. The Czech Republic and Slovenia applied for membership of the EU. Preparations continued, in an EU context and bilaterally, for the enlargement of the EU with the other associated countries of Central Europe (Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia) as well as Turkey, Cyprus and Malta.

Europe agreements

5. Negotiations continued to update the agricultural provisions of the Europe Agreements. These have now been concluded in respect of most agricultural products (for processed products discussions continue). The Europe Agreements exist to boost trade and to help the Central European countries' (CEs) economies prepare for EU accession. But in the farm sector, EU exports to the CEs have increased far more than CE exports to the EU, contrary to the original intention. The package which has now been agreed should help. It will ensure that the trade concessions on CE exports applied by Austria, Finland and Sweden before they joined the EU are built into the Agreements. Similarly, the GATT Uruguay Round conclusions will be taken into account so as to ensure that the CEs' access to the EU market is not disadvantaged.

6. Other measures include 5 per cent year-on-year increases over the next 5 years in current CE export quotas within which reduced tariff rates apply. The adaptation package includes an increase, to 500,000 head, in the quota for bovine animal exports, to meet WTO commitments. Pending implementation of the adaptation package, the autonomous (temporary, and limited) trade-concession measures have been extended for a further 6 month period to the end of June 1997.

GATT

7. In the second year of the Uruguay Round implementation period, it is apparent that the terms of the Agreement on Agriculture are beginning to put pressure on the EU's agriculture policies. The limits on subsidised exports, in particular, are tight and are proving difficult to manage within existing CAP support regimes for some commodities, notably beef and some dairy products. These limits will get tighter as phased implementation of the GATT Agreement continues up to 2000.

Agrimoney

8. There were no major changes to the EU agrimonetary system during the year. The second half of 1996 saw a strengthening of sterling and the Irish punt, coinciding with a weakening in the Deutschmark and other currencies in the ECU basket. This resulted in 11 devaluations of the German green rate and two revaluations of the UK green rate. These were the first UK green rate revaluations since 1 August 1993, ending the sustained trend, during 1994 and 1995, of green rate devaluations and consequent increases in CAP payments and amounts.

Set-aside

9. In May 1996, following the BSE crisis, the UK obtained a derogation from the Commission allowing farmers to graze cattle aged over 30 months on set-aside land. This concession was available from Friday 21 June until the end of the set-aside period on 31 August. Existing EC rules already

allow farmers to graze their set-aside land after that date either with their own cattle, or those of someone else provided there is no return in cash or kind to the farmer.

10. In July 1996 the Agriculture Council abolished the distinction between rotational and non-rotational set-aside and established a single set-aside default rate of 17.5 per cent. The Council is, however, able to set an alternative rate each year in the light of market conditions. Following pressure from the UK and other Member States for an early announcement of the set-aside rate in order to enable farmers to implement their cropping plans in good time, a reduced rate of 5 per cent was agreed for 1997, reflecting continuing high prices and depleted stocks. For 1996/97 only, the Council decided that penalty set-aside would be waived.

11. In July the UK obtained the agreement of the Commission that small scale local charitable fund raising events could be held on set-aside land. This reversed the position previously taken by the Commission which had resulted in charitable events previously held on set-aside being refused permission.

Oilseeds

12. The total area of oilseeds grown in the EU on which payments were made stayed below the Maximum Guaranteed Area in 1996, and no reduction in areas payments was necessary under the EC/US Oilseeds Agreement for the 1996 crop. Oilseeds area payments were reduced by 5 per cent to account for high oilseeds market prices. The Agreement also requires the EU to take corrective action if the quantity of meal produced from oilseeds grown primarily for non-food purposes exceeds one million tonnes of soya bean meal equivalent. Monitoring arrangements for these oilseeds were introduced in 1996 and the level was not exceeded. Discussions on the form of the corrective action continued in 1996 and a Commission proposal is awaited.

Beef intervention

13. In May, as a result of the BSE crisis, the European Commission extended intervention coverage, increasing the range of fat and conformation classes and allowing forequarters to be purchased separately. Maximum carcase weight rules were also temporarily relaxed. In the UK, for the first time ever, young bulls were included and also a temporary derogation was obtained for fat class 4. As a result of these measures intervention coverage now accounts for more than half of the UK saleable production. In the autumn, as a seasonal measure, store cattle intervention was also introduced. In view of the volume of beef being accepted for intervention, the Council of Ministers agreed to increase the 1996 ceiling for beef intervention from 400,000 tonnes to 550,000 tonnes. About 70,000 tonnes of UK beef were taken into store.

Farm Animal Welfare

14. Negotiations on the modification of Directive 91/629, which sets minimum standards for the welfare of calves, reached a successful conclusion with agreement to ban the close confinement veal crate throughout Europe from 2006. It is hoped that discussions on further proposals to introduce requirements for appropriate levels of iron and roughage in the diet will be completed early in 1997.

15. The Commission also responded positively to pressure from the UK (and other Member States) to complete its overdue review of Directive 88/166 on battery cages. The Scientific Veterinary Committee's report which was released at the end of November is expected to form the basis of proposals for amendment to the Directive which should be submitted early in 1997.

16. The UK's proposal that the Community's role on animal welfare issues should be reinforced by the addition of a protocol to the Treaty of Rome placing a formal, legal obligation on Community institutions to pay full regard to consideration of animal welfare in the exercise of their powers on agriculture, transport, research and the single market, was tabled in July and is being considered by the Intergovernmental Conference.

17. During 1996 the UK prepared the necessary legislation to implement the improved EU rules on journey times, feeding and watering intervals for the main livestock species. The draft statutory instrument, which repeals and rationalises 15 existing Orders covering the welfare of animals in transit dating back to 1927, was circulated for comment in December.

Deregulation

18. The Government continues to promote a deregulatory approach in Europe and President Santer's commitment to "fewer but better" regulations has resulted in new Legislative Policy Guidelines which the Commission have undertaken to follow. The Commission has also established "SLIM" Teams (Simpler Legislation for the Internal Market) which, in the pilot phase, have examined the rules for marketing ornamental plants. The Commission is to propose changes to these rules, reflecting the Team's discussions.

United Kingdom developments

Arable Area Payments

19. A total of 62,970 claims for arable area payments in respect of 4,474,297 hectares (including forage) were received in the United Kingdom. Final payments on oilseeds in respect of the 1995/96 marketing year and advance payments for the 1996/97 marketing year, as well as payments on other crops and set-aside for 1996/97 were made within the payment deadlines set by Community Regulations.

20. The maize base area in England was again overshoot in 1996. The undershoot in the other crops base area partially offset this overshoot, but the area on which maize and associated set-aside payments were made was reduced to 75.8 per cent of the area claimed. The Scottish non-LFA base area was also overshoot in 1996 and the area on which payments were made was scaled back to 95.8 per cent of the area claimed.

21. In July, the Commission brought forward a proposal to defer the date for advance payments on oilseeds to 16 October from 1997 onwards and to cut the payment rates under the Arable Area Payments Scheme. The aim of the proposal was to create savings in 1997 and subsequent years to allow for extra expenditure in connection with the BSE crisis. In October, the Agriculture Council agreed the deferment of the oilseeds advance payment

date. Further consideration is likely to be given by the Council to reducing arable aid payment rates in the light of the EU's 1998 Budget situation.

Set-aside

22. Following consultations in early 1996 the UK's national set-aside management rules have been amended to provide enhanced environmental benefits. From the 1997 set-aside year, in England and Wales, the cover may not be cut between 15 April and 1 July if non-selective herbicide is applied. In addition set-aside may not be cultivated before 1 July. Similar restrictions apply in Scotland. However, organic farmers are exempted from these restrictions and may continue to cut or cultivate their set-aside from 1 May in order to control weeds. In addition, from 1996 farmers may leave up to 25 per cent of each set-aside field uncut for up to three years to encourage a range of habitats to develop.

Alternative crops

23. The Alternative Crops Unit continued its work of encouraging the development of crops for industry and to produce energy, with the prospect of being economically viable in the medium term. This included setting up and running a conference to examine the opportunities for lubricants produced from oilseeds, a workshop on short rotation coppice for farmers and a presentation on existing non-food crop possibilities for farmers at Cereals '96. The Unit also helped with the organisation of conferences on crops for industry and the use of non-wood raw materials for papermaking and preparation of guidelines on good practice for short rotation coppice production and usage.

24. In April, the Government's National Biomass Strategy, co-ordinated by MAFF, was published. Regularly updated booklets on support for alternative crops and relevant R&D were also published, and databases on contacts and crops were developed. In June, a new LINK programme was launched, jointly funded by Government and industry, aimed at increasing the use of crop derived raw materials across a wide range of industrial sectors. MAFF funding of R&D across the whole range of alternative crops stood at £1.3 million in 1996/97.

Livestock Quotas

25. During the year, the Agriculture Departments re-assessed applications for 'developers' quota from producers who applied unsuccessfully or were deterred from applying to Category 3c of the 1993 national reserve. Those producers who proved their eligibility against new guidelines received quota and/or compensation. In England and Scotland a further group of producers who did not apply for re-assessment but who were adversely affected by the re-assessment exercise received compensation. Producers were informed of their allocations from the 1996 suckler cow quota national reserve in October and from the combined 1996/97 sheep quota national reserve at the turn of the year.

HLCAs

26. The basic headage rates for the 1996 Hill Livestock Compensatory Allowances (HLCA) Scheme were £47.50 per cow, £5.75 per hardy-breed ewe and £3.00 for other types of ewe in the Severely Disadvantaged Area and £23.75 per cow and £2.65 per ewe in the Disadvantaged Area. Various minor technical changes were made to simplify or clarify the operation of the Scheme. These covered such issues as the replacement of animals

during the retention period and the definition of “ewe”, “qualified flock” and “regular breeding herd”.

Sheep Annual Premium Scheme

27. Revised flock record-keeping requirements were introduced for the 1996 Sheep Annual Premium Scheme (SAPS) under the Sheep and Goats (Records, Identification and Movement) Order 1996. From 1997, SAPS claimants entitled to Less Favoured Area (LFA) supplement will be required under new EC rules to submit an Area Aid Application (under the Integrated Administration and Control System) giving land area and usage for sheep production. Supplement is payable to eligible producers with at least 50 per cent of their agricultural holding located in the LFA and used for sheep production.

Wool

28. Although the Agriculture Act 1993 terminated the Wool Guarantee with effect from 30 April 1993, the British Wool Marketing Board continued with its statutory monopoly to collect and sell virtually all UK fleece wool. These arrangements were reviewed in 1995 and the final report of the review was published on 7 February 1996. This recommended that the Board's statutory powers to collect and market wool should be retained but that the Government should review the position again in 3 years' time.

Beef Special Premium and Suckler Cow Premium Schemes

29. Eligibility for premium under these Schemes is restricted by stocking density limits, calculated as Livestock Units (LUs) per hectare of forage area. For the 1996 Schemes, the limit was reduced to 2.0 LUs from 2.5 LUs.

30. The UK's regional ceiling under the Beef Special Premium Scheme (BSPS) was exceeded in 1995 and payments, completed in Spring 1996, were therefore scaled back by around 2 per cent in England and Wales, 17 per cent in Scotland and 12 per cent in Northern Ireland. The ceiling will be exceeded again for the 1996 Scheme and payments are likely to be scaled back by similar amounts.

31. In June, the Council of Agriculture Ministers agreed measures to assist producers who suffered as a result of the disruption of the beef market. Approximately £81 million was allocated to the UK in order to make one off supplementary payments to producers who received premium under the 1995 schemes. The supplements were worth 27 ecu (£23.13) per head for Suckler Cow Premium and 23 ecu (£19.70) per head for Beef Special Premium. Where a producer's number of eligible animals is greater or lesser in 1996 than in 1995, payments to that producer will be adjusted accordingly.

32. In September, Agriculture Ministers agreed that advance payments under both Schemes should be made at the rate of 80 per cent, rather than the usual 60 per cent in 1996. Payments began in late October.

33. A second, higher, level of Extensification Premium, for producers with a stocking density of less than 1.0 LU for the 1997 Schemes, was agreed by the Agriculture Council in October. It was also agreed to restrict premiums

for bulls to a single payment, at the rate of 135 ecu as opposed to 108.7 ecu, under the Beef Special Premium Scheme from 1997 onwards.

Beef Marketing Payment Schemes

34. The "BSE" package of measures agreed by Ministers at the June Agriculture Council included a discretionary element for Member States to support their industries. The Government chose to distribute the £29 million of EU funds allocated to the UK through the Beef Marketing Payment Scheme (BMPS). Under this Scheme, producers who sold adult clean cattle during the period 20 March to 30 June 1996 (inclusive) for slaughter for human consumption, received a flat rate payment of £66.76 for each eligible animal. This scheme has now closed and all the available money has been distributed.

35. A second tranche of the Beef Marketing Payment Scheme (BMPS No.2) opened on 2 December 1996, utilising £29 million of national funds. Flat rate payments will be made on each eligible animal marketed for slaughter for human consumption during the period 1 July to 9 November 1996 (inclusive). The detailed arrangements for this scheme are similar to the original BMPS, including the requirement that producers must have owned the animals on which they claim before 20 March 1996. Payments are expected to begin in late February 1997.

Milk

36. The Agriculture Select Committee concluded its inquiry into the UK dairy industry and the CAP dairy regime and published its report in July 1996. The report supported the broad thrust of the Government's approach to CAP reform in the dairy sector and concluded that, on the domestic front, deregulation of the milk market had been highly successful.

Potato Marketing

37. Anticipating the end of the GB Potato Marketing Scheme in June 1997, a poll of registered potato producers conducted by the Potato Marketing Board (PMB), voted overwhelmingly in favour of a successor, levy-funded body, and for the transfer of residual assets to it. Scottish seed producers also agreed to wind up the Scottish Seed Potato Development Council (SSPDC). In July, as required by the Industrial Organisation and Development Act 1947, the Agriculture Departments in Great Britain consulted all sectors of the potato industry and consumers about establishing a potato industry development council to succeed both the PMB and SSPDC. On 19 November, reflecting the overwhelming support shown by the industry, Ministers announced their intention to set up such a Council.

Deregulation

38. Deregulation remains a firmly established and integral part of Agriculture Departments' work. Each has a Deregulation Unit which monitors activity in all policy areas including agriculture and, specifically, advises on the preparation of Regulatory Appraisals. These appraisals are now applied to all proposed new legislation which will impose burdens on business. They set out both the compliance costs of the proposed measure, and apply risk assessment techniques to the different options.

39. Significant action was taken to simplify food laws and to deregulate the potato market from 1997. Orders under the Deregulation and Contracting Out Act 1994 removed unnecessary rules relating to

slaughterhouses and to simplify the Corn Returns Act 1882. Orders were also introduced under the 1994 Act to ensure that local authorities follow new, business-friendly, enforcement procedures when issuing food safety improvement notices.

40. An Efficiency Scrutiny on Simplifying Farmers' Paperwork in England and Wales was published. This contained 34 recommendations estimated to save farmers £23 million per annum. Six recommendations require further consideration in relation to BSE, but the report identified other worthwhile savings which are being implemented as quickly as possible. A Scottish task force carried out a similar exercise and this resulted in the scrapping of 127 forms used by farmers. This was around one third of the forms in use. Work is continuing on simplifying the content of forms.

41. The essential data requirements of the Agriculture Departments are kept under constant review. Significant progress has been made in reducing the costs of surveys to respondents. Efforts will continue to be made on simplifying questionnaires, reducing the sample sizes and improving the designs where this can be done without materially affecting the usefulness of the results. Attempts are being made to make greater use of administrative data e.g. IACS.

Marketing and Competitiveness

42. A range of activities in these priority areas were pursued in 1996. Following the secondment of a leading horticulturist to MAFF to help with promotion of exports, the new Horticultural Export Bureau opened in July, supported with funds for pump-priming under the Marketing Development Scheme; a seminar for the Hardy Ornamental Nursery Stock sector brought together a number of leading companies, which agreed an action plan for improving competitiveness; an event which addressed ways of improving customer service was held at the Royal Show; MAFF once again sponsored a national award for best practice in collaborative marketing; and the MAFF Market Task Force worked alongside other Government Departments in promoting the DTI's 'Model Trade Association' booklet. The Task Force also produced a practical guide to help the Business Link network identify useful contacts within MAFF.

43. Financial assistance to businesses in the agri-food sector was also provided, through marketing grant schemes. The EU Processing and Marketing Grant, which supports capital investment for the processing and marketing of agricultural produce, closed at the end of March in England. During the year, 358 applications were considered (including a number of re-applications) and awards totalling £12.8 million were made to 72 companies throughout the UK. The Marketing Development Scheme (MDS), aimed at encouraging better market orientation, maintained its popularity. In 1996, 67 awards were made in England worth a total of £3.2 million. In Scotland 12 awards were made totalling £1.1 million, in Wales 18 worth £434,651 and in Northern Ireland 14 totalling £555,352. The MDS closed in November in England, when uncommitted funds were reallocated to the new Sector Challenge.

**Agricultural
tenancies**

44. The Sector Challenge was launched on 15 October. Administered by the Department of Trade and Industry, it brought together contributions from a number of Government Departments to provide a single source of funds for sectoral competitiveness initiatives. MAFF worked closely with industry to encourage the submission of good quality proposals. 87 outline proposals were submitted for projects in the agriculture and food industries, of which almost half were invited to develop full bids. The first Sector Challenge winners will be announced in March 1997.

**Objective 1 of
the EC
Structural funds**

45. The Agricultural Tenancies Act 1995 provides a simplified legal framework for farm business tenancies entered into on or after 1 September 1995. The Act is designed to encourage more letting of agricultural land and increase the opportunities for new entrants. A new Annual Survey of Tenanted Land was introduced in October 1996 as part of the arrangements for monitoring the effects of the Act. The results of the Survey are expected to be published in the Spring of 1997. The Act does not extend to Scotland where there is separate agricultural holding legislation. In Northern Ireland virtually all agricultural land is owner-occupied.

46. The aim of Objective 1 is to assist the development and structural adjustment of those regions whose economic development is lagging behind the Community average. Three areas in the UK have been given Objective 1 designations for the period 1994- 1999: Northern Ireland, the Highlands and Islands of Scotland and Merseyside in England, but only the first two are significant in an agricultural context. Single Programming Documents for each area were again drawn up by partnerships of central and local Government and local groups and organisations and a number of projects have now been funded under these programmes. In Northern Ireland, just over £33 million was spent on measures funded under Objective 1.

**Objective 5b of
the EC
Structural funds**

47. The aim of Objective 5b is to promote the economic development of rural areas by supporting such activities 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. Eleven areas in the UK were awarded Objective 5b status for the period 1994-99 largely on the basis of low GDP, a high proportion of employment depending on agriculture, a low level of agricultural income and a low population density.

48. Single Programming Documents for each Objective 5b area drawn up by a partnership of central and local Government and local groups and organisations were approved by the European Commission towards the end of 1994 and early 1995. These plans set out the economic situation of the designated area and the means by which the problems identified are to be addressed. Funding comes from the European Community, national public funds and the private sector. In respect of the agricultural element of the English Objective 5b programmes, more than 125 projects have now been approved for funding with a combined EC and national public expenditure of over £15 million and a total expenditure of nearly £40 million. The Objective 5b Rural Diversification Programme will be launched in Scotland early in 1997.

**Rural England
1996**

49. The Rural White Paper's first progress report, *Rural England 1996* was jointly published by MAFF and the Department of the Environment on 24 October 1996. It reported on the significant progress achieved in the commitments outlined in the White Paper and highlighted a number of positive case studies that emphasised the White Paper's theme of local initiative and action solving local issues.

**A Working
Countryside for
Wales**

50. A White Paper *A Working Countryside for Wales*, setting out the Government's vision for rural Wales where people can work together, was published on 13 March. It set out proposals for a balanced approach which would support local communities, develop vigorous sustainable economic development, and conserve and improve the environment. A progress report is expected to be published towards the end of March 1997.

**People,
Prosperity
and
Partnership**

51. The Progress Report for the Scottish Rural White Paper *People, Prosperity and Partnership* was published by the Scottish Office on 16 December. It reported on progress on the initiatives in the White Paper and particularly on achievement of the targets set by the Scottish National Rural Partnership.

**Scottish Affairs
Committee**

52. The Scottish Affairs Committee published their Report on the Future for Scottish Agriculture in July. The Committee recognised the pressures for reform of the CAP and were encouraged by the direction of Government policy in this area.

BSE

53. On 20 March the Minister made a joint statement with the Secretary of State for Health concerning 10 cases of a new variant of Creutzfeldt Jakob Disease (CJD) in humans. The independent Spongiform Encephalopathy Advisory Committee (SEAC) had advised Ministers earlier that day that the most likely explanation for these cases was exposure to Bovine Spongiform Encephalopathy before the introduction of the ban on specified bovine offals entering the human food chain in November 1989. Public concern following the announcement led to the overall consumption of beef in the UK falling immediately by 25 per cent. The fall in domestic demand and the loss of export markets resulted in an immediate drop in UK beef prices to around 80 per cent of previous levels. Similar reactions throughout European Union Member States provided the background to the EU Standing Veterinary Committee's (SVC) deliberations and the decision to impose a world-wide ban on the export of all UK beef and beef products, which took immediate effect. Previously export markets had accounted for some 30 per cent of United Kingdom beef production. During this early period, Ministers acted quickly to put further measures in place to assure the protection of human health. These are described below, as are the various schemes designed to help the farming industry during the crisis for which some EU funding was secured and those designed to ensure the maintenance of essential links in the meat supply chain.

54. Extensive efforts were made in the EU forum to put the case for the removal of the export ban, including at emergency meetings of the EU Agriculture Council in April and June. Despite making UK scientific information fully available and detailing measures (both long-standing and

more recent) taken to address public health issues and consumer concerns. little progress was made towards reversing the SVC's decision. Consequently, on 21 May, the UK adopted a policy of non-cooperation in the conduct of EU business until other Member States signalled their readiness to agree to a way forward.

55. Following intensive lobbying through a tour of European capitals by the Minister, accompanied by the Foreign Secretary and the Secretary of State for Health on a number of occasions, the Prime Minister secured agreement at the European Council in Florence in June on a framework for lifting the ban. This framework defined five pre-conditions before the Commission would consider the UK case. These were: improved methods for removing specified bovine material (SBM) from carcasses; the effective implementation of the Over Thirty Month Scheme (OTMS); introduction of an effective animal identification and movement recording system with official registration; legislation for removing meat and bonemeal from feedmills and farms and subsequent cleansing of the premises and equipment concerned; and implementation of a selective slaughter programme. Following the announcement on 16 December that the Government would be proceeding with the selective cull early in 1997, legislation was laid before Parliament providing for its implementation. With the introduction of the selective cull, all five of the pre-conditions agreed at Florence will have been met.

56. In June the Commission adopted a decision which lifted the export ban on bovine semen, and on gelatine and tallow produced to certain standards. Regulations covering production of gelatine for food, feed, cosmetic, medicinal and pharmaceutical uses came into force on 24 December.

57. Substantial additional resources were made available to the Meat Hygiene Service to enable it to ensure full compliance with SBM controls. The State Veterinary Service (SVS) carried out regular unannounced audit visits to all premises handling SBM to monitor compliance with the controls and the MHS enforcement in slaughterhouses. This surveillance has shown a significant and sustained improvement in the handling of SBM over the period. Where failures have occurred they were generally minor and action was taken to ensure they were not repeated. In November 1996 only 0.01 per cent of visits were unsatisfactory compared with 18 per cent in November 1995.

58. On 2 May, the Over Thirty Month Scheme (OTMS) came into effect. It was introduced following a recommendation by the Spongiform Encephalopathy Advisory Committee (SEAC) that meat from all cattle aged over thirty months should be deboned to remove nervous and lymphatic tissue. The establishment of deboning arrangements would have taken some time. Following publication of SEAC's recommendations, there was consumer resistance to buying older beef and several major retailers were reluctant to accept beef from animals aged over 30 months. In the light of the SEAC advice and the possibility of a link between CJD and BSE, the Government decided to exclude all beef from animals aged over 30 months from the human and animal food chains. This decision was subsequently

underpinned by a Commission Regulation (716/96) setting out detailed arrangements for a slaughter programme to be carried out in designated abattoirs and payments to producers affected, the latter being part EU-funded.

59. The OTMS allows the Government to purchase, for slaughter and ultimate destruction, cattle which are over thirty months of age and which have been in the UK for at least three and, since November, six months. Producers receive a flat rate of payment per kg for animals slaughtered. For the first six months of the Scheme, additional payments were made in respect of steers and heifers in order to assist producers who had normally marketed animals at over thirty months while they adjusted their finishing systems. By the end of December, over 1.1 million cattle had been slaughtered under the Scheme.

60. Compulsory Cattle Passports were introduced for all cattle born in or imported to Great Britain from 1 July 1996. The eartag number, sex, breed, date of birth, and name and address of the keeper at birth are recorded on a database. The information is printed on a passport document which stays with the animal throughout its life. Movement information is written on the passport. MAFF is working on a database to computerise the movement information. Northern Ireland already has such a system.

61. On 4 April it became illegal for feed containing mammalian meat and bone meal to be fed to farm livestock. On 10 June the Government launched a feed recall scheme offering free collection and disposal of any residual stocks of mammalian meat and bone meal (MBM) or feed containing MBM from farms, feed merchants and feed mills. Over 11,000 tonnes of MBM, or feed containing it were collected in the United Kingdom, and a programme of inspection visits was carried out. Since February 1996, as required by the EU, the Government has carried out random sampling in feed mills and elsewhere to monitor compliance with the feed controls.

62. A selective slaughter programme is widely regarded in the EU as important both to reduce more quickly the incidence of BSE and to restore consumer confidence in beef. Proposals have been drawn up for the selective slaughter of those cattle born after 1989 considered most at risk of having been exposed to BSE infection. New scientific evidence became available in July suggesting the possibility of maternal transmission, whilst other studies (in August) suggested that the selective slaughter might not significantly accelerate the eradication of BSE. In September, the Government announced that it was postponing the selective cull while this new evidence was reviewed and discussed within the EU. In December, the Minister announced the Government's intention to proceed with a cull on the basis agreed with the EU in June. The tracing and slaughter of cattle targeted under the scheme is now under way.

63. A number of measures were introduced to help farmers affected by the BSE crisis. The Calf Processing Aid Scheme (CPAS) was implemented in the UK on 22 April 1996 following the imposition of the ban on calf

exports. On 1 December, the Scheme was extended to cover dairy as well as non-dairy calves. The widening of the scheme implemented the agreement reached in the October Agriculture Council as part of the proposals for reform of the beef régime. This voluntary EU scheme enables producers to obtain a payment for male calves sent for immediate slaughter as an alternative to retention or sale for beef production. It is intended to help to keep the beef market in better balance. In 1996, 409,000 dairy calves and 6,000 non-dairy calves were processed under the CPAS. This exceeds the number of calves exported from the UK during the period April - December 1995. To be eligible for the CPAS, calves must be healthy and no more than 20 days of age (with the Commission's agreement, raised from 10 days in August on welfare grounds). Carcasses from processed calves may not be used for human consumption or for feeding to livestock, fish or equine animals. The scheme is funded by the EU budget. Aid is paid to the processor. The processor pays the farmer for the calves net of processing costs. Up to 30 November 1996 the rate of aid was £103.47 per calf and only certain dairy breeds were eligible. On 1 December 1996 the rate for dairy breeds was reduced slightly to £102.79 and a rate of £128.48 was set for other calves.

64. The Beef Assurance Scheme was introduced in August to help specialist beef producers. The scheme is aimed at those specialist, grass reared beef herds which cannot finish cattle within 30 months, in which no case of BSE has ever occurred, and in which the risk of BSE occurring in the future is considered very low. Eligible animals from Beef Assurance Scheme herds can be sold for slaughter for human consumption up to and including 42 months.

65. Utilising some £81 million of EU funds, supplementary payments were made in the early Autumn to producers who claimed under the 1995 Suckler Cow and Beef Special Premium Schemes. The advance payments on 1996 claims under these Schemes, which began in November, were increased from 60 per cent to 80 per cent of the total amount claimed. A further £29 million of EU funds was used to run the Beef Marketing Payment Scheme under which producers received a flat rate payment in respect of animals marketed for human consumption between 20 March and 30 June in recognition of the depressed market prices. This Scheme was later extended, at UK expense, to animals marketed between 1 July and 9 November. The Autumn Review of Hill Livestock Compensatory Allowances recognised the continued fall in incomes affecting beef producers in the less favoured areas and, consequently, increased payments for cattle were agreed for 1997. At the October Council, agreement was reached on a number of amendments to the EC beef régime in order to tackle the immediate effects of the BSE scare on the market. These included the introduction of a higher rate of extensification payment under the Premium Schemes for producers with a stocking rate below 1.0 Livestock Unit per hectare (see para 33 above). The Council also agreed to allocate a further 500 mecu to EU beef farmers whose incomes had fallen as a result of problems on the beef market. The UK's share of this sum will be some £52 million.

66. Various measures were taken to avert the risk of disorderly collapse in the slaughtering and rendering industries and thereby ensure the maintenance of essential links in the meat supply chain. Payments totalling £30 million based on throughput of bovines were made under the Slaughtering Industry (Emergency Aid) Scheme 1996 to slaughterhouses which handled bovine animals in 1995/96 and which continued to produce beef. The Beef Stocks Transfer Scheme, introduced in May, provided for stocks of beef held by slaughterhouses and cutting plants, for which there was no market demand, to be purchased at 65 per cent of their pre-crisis market value. Total payments in 1996 amounted to £46 million. Under the Rendering Industry Support Scheme 1996, rendering companies received temporary financial support amounting to £66 million during 1996 to enable them to maintain their prices and charges to abattoirs at levels applying before 20 March.

67. In the interests of public health and market confidence, arrangements were also made to dispose of unsaleable stocks of beef products outside the slaughtering sector at public expense at an estimated total cost of £6 million.

68. In Scotland, a major marketing and quality assurance initiative was launched on 18 October aimed at boosting consumer confidence in Scotch beef. This is to be delivered through additional funding allocated to the Marketing Development Scheme in Scotland, including £4.5 million over 3 years from Government. Applications under the initiative are required to meet the normal criteria for grant.

69. A wide ranging research programme is in place and following the finding of a possible link between BSE and CJD in 1996, a major expansion of the funding available for research took place, with over £10m made available in 1996/97.

70. The decline in the number of cases of BSE suspects continued, with fewer than 150 suspect cases being reported each week at the end of 1996 compared with over 1,000 at the peak of the epidemic in early 1993. About 76 per cent of these cases are subsequently confirmed. There has been a continued shift in the age profile of the disease, with fewer young animals affected. This is in line with expectations and reflects the impact of the measures taken in 1988 and 1990.

71. The Government considered that it was important that beef producers were kept informed and up to date on all developments. The Agriculture Departments issued regular newsletters to producers and consultative letters on new proposals were sent to representative organisations. Telephone helplines were also established.

72. The SEAC considered the issue of Transmissible Spongiform Encephalopathies in sheep in the light of research which had shown that it was possible experimentally to infect sheep with BSE. This presented a theoretical possibility that BSE might be present in the national flock and, as an ultra-precautionary measure, SEAC recommended the removal of the brains of sheep, aged over 6 months, from the food chain. On 15

September, the Government introduced legislation prohibiting the sale for human consumption of any part of the head of sheep or goats of any age (except the tongue) and of food containing any part of such heads other than the tongue. The Order requires the removal, staining and disposal of heads in a similar manner to SBM. In practice, most sheep's heads were already destroyed and few brains were actually removed for human consumption.

Environmental developments

Key developments

73. The Government's annual report on the environment, the White Paper *This Common Inheritance*, provides full information on progress under commitments to action on the environment in 1996. The Agriculture Departments' key achievements in this field were the designation in March of 69 Nitrate Vulnerable Zones (NVZs), the introduction in April of farm waste grants in NVZs and, also in April, the relaunch of the Countryside Stewardship Scheme. The first meetings of the National Agri-Environment Forum were also held this year and October saw the publication of the first Rural White Paper Progress Report *Rural England 1996*.

Agri-Environment

74. In April the Countryside Stewardship Scheme was transferred to MAFF from the Countryside Commission and was relaunched in an expanded form, including two new options to cover all old meadows and pasture in lowland England and field boundaries, including stone walls, hedges and banks.

75. In June, proposals for a Scottish Countryside Premium Scheme (CPS) were submitted to the EC and received a favourable opinion at the Standing Committee on Agricultural Structures and Rural Development (STAR) in October. The CPS supersedes the Habitats, Heather Moorland and Set-Aside Access Schemes in Scotland and will provide a range of payments to farmers and crofters outwith Environmentally Sensitive Areas (ESAs), who undertake to manage their land in the interests of conservation. As part of the preparation for the launch of the Scheme, meetings have been held with representatives of national and local government conservation bodies, and farming, crofting and landowning interests, to determine the local conservation priorities against which applications will be assessed.

76. New consultation arrangements were introduced for the English agri-environment programme. Central to this was the setting up of the new National Agri-Environment Forum, which met twice during the year. The Forum includes representatives of national and local government, agencies, farming and conservation organisations and considers strategic national issues. New regional arrangements to discuss the development and targeting of the schemes at local level have also been introduced.

77. Other developments included the adoption of an EC Regulation laying down detailed rules for the implementation of the agri-environment regulation. Most of the provisions apply from 1 January 1997. In June, an Organic Conversion Information Service was launched in England to provide advice on organic farming to those considering entering the Organic Aid Scheme. In October, the House of Commons Select Committee on

Agriculture began taking evidence from witnesses for their inquiry into ESAs and other agri-environment schemes in England.

78. Details of the individual agri-environment schemes run by the Agriculture Departments are set out in paragraphs 78 to 86 below. All the schemes are part-funded by the European Community.

ESAs

79. By late 1996 some 16,000 farmers in England, Scotland, Wales and Northern Ireland had signed ESA management agreements covering an area of over 1.1 million hectares. Payments covering management agreements and associated conservation plans (which cover capital works) in ESAs are expected to total some £42 million in 1996/97 for the UK.

80. The five Stage I ESAs (the Broads, Pennine Dales, Somerset Levels and Moors, South Downs and West Penwith) underwent their second five-yearly policy review. Results of a comprehensive programme of environmental monitoring have shown the schemes to be successful. A public consultation exercise detailing proposals for improvements to the schemes was conducted as part of the review. As a result, four of the five ESA boundaries have been extended, and several new tiers and options have been introduced. These include a herb-rich pastures tier in the Pennine Dales, a fen tier in the Broads and winter stubble tiers, aimed at encouraging farmland birds, in the South Downs and West Penwith.

The Countryside Stewardship Scheme

81. When the MAFF took over the scheme on 1 April it consisted of 5,312 agreements covering 96,913 hectares; including 3,640 km of hedge restoration. In the 1996 application period, 2,545 applications were received and 1,336 were approved. Payments are expected to total some £12.6 million in 1996/7, with an extra £5 million available for new agreements approved in 1996.

NSAs

82. In May, the remaining agreements under the pilot Nitrate Sensitive Areas (NSAs) Scheme expired, providing the opportunity for land covered by those agreements to be entered into the unified Scheme covering all 32 NSAs. The third application round for the NSA Scheme attracted 125 applications covering a further 3,798 hectares (of which 61, covering 2,076 hectares, were from the 10 former pilot areas). This brought the total area of land subject to NSA undertakings close to 24,000 hectares, and the total number of farmers who have entered into undertakings to 410. Payments totalling some £4 million were made during the financial year in respect of NSA undertakings, including final payments of £0.5 million in respect of the former pilot areas.

Habitat Scheme

83. During the year the first review of the Habitat Scheme payment levels in England was concluded and resulted in some increased payment rates, particularly for arable land, and some changes to the management rules. By the end of 1996, around 780 farmers had entered or applied to enter around 9,400 hectares of land into the four UK Habitat Schemes. The Scottish Scheme closed to new applicants on 31 December 1996 and will be subsumed under the CPS.

Organic Aid Scheme

84. The Organic Aid Scheme for England (launched in July 1994) continued to accept applications throughout the year. Some 5482 hectares had been placed into organic conversion under this Scheme by the end of the year. Scheme payments in 1996/97 are expected to be around £400,000. A new initiative, the Organic Conversion Information Service (OCIS), was introduced in June 1996 to encourage greater uptake of the scheme. OCIS helps potential organic producers to make an informed decision about their likely prospects under organic management by providing a dedicated telephone Helpline and free advisory visits by expert consultants. OCIS has proved a success with over 470 telephone enquiries received and 243 follow-up visits, either planned or undertaken by the end of the year. OCIS became available in Wales in October.

85. Parallel aid schemes operate in Scotland and Northern Ireland. Total uptake in these countries has been 18,716 hectares. Total expenditure for the UK is expected to be around £520,270 for 1996/97, of which £100,270 is expected in Scotland.

86. The aid schemes are additional to other Government help for the organic sector which includes a research programme worth around £1 million a year and the development of regulatory standards. Consideration is being given to a proposal to extend EC Council Regulation 2092/91 (governing EC wide organic standards) to include livestock and livestock products. Early agreement and implementation of this proposal is desirable, but the greatly differing interests of Member States in this area make it difficult to estimate how long this will take.

Moorland Scheme

87. During the year several changes were made to the Moorland Schemes (separate but similar schemes operate in England, Scotland, Wales and Northern Ireland). The main changes were an increase in the basic payment per ewe removed, from £25 to £30, and, in England, the introduction of specific grants for bracken control and temporary fencing. Other changes introduced greater flexibility in the Scheme rules, for example to allow individual commoners to enter even where other active graziers do not wish to participate. By the end of the year, some 16,932 hectares (England 10,505; Scotland 7,302; Wales 202) of moorland had been entered into the UK Schemes. The Scottish Scheme closed to new applications on 31 December and will be subsumed by the CPS.

Countryside Access

88. A total of 116 applications for entry into the Countryside Access Scheme covering 1554 hectares of guaranteed countryside land have been approved in the United Kingdom to date. A further 14 applications are currently being processed. Payments are £10/ha for the provision of 10 metre wide access routes, and £15/ha for open field access, but payments are not made in respect of existing rights of way. From April 1997, the Countryside Access Scheme will be run in parallel with the Countryside Stewardship access agreements; an independent evaluation of the scheme by external consultants is planned for 1997. In Scotland, a parallel Set-Aside Access Scheme opened from 15 January 1995, with equivalent payment rates. The Scheme closed to new applicants on 31 December and will be subsumed by the CPS. A new Countryside Access Scheme for

Northern Ireland came into operation in July and first agreements were entered into in early 1997.

Farm Woodland Premium Scheme

89. The Farm Woodland Premium Scheme (FWPS) offers farmers planting new woodlands annual payments over 10 or 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 1996, some 5,360 applications were approved to convert over 34,000 hectares, an average of 6.3 hectares per application. This comprises 31 per cent arable land, 39 per cent improved grassland and 30 per cent unimproved grassland. Nearly three quarters of planting is of broadleaves. Approvals in the period 30 September 1995 to 30 September 1996 were for some 7,000 hectares.

90. Economic and environmental evaluations of the scheme were undertaken in all four countries. These were followed by a policy review of the FWPS conducted by the Agriculture Departments and the Forestry Commission and a public consultation on the proposed changes. Subject to Parliamentary and European Commission approval, most of the changes will be introduced on 1 April 1997. This will include: revised objectives for the scheme, placing more emphasis on securing environmental benefits; increased rates of payment (except on unimproved land); separate higher rates of payment for land eligible for the Arable Area Payments Scheme; creating a single application system to cover both the FWPS and the Forestry Commission's Woodland Grant Scheme in Great Britain; broadening the definition of agricultural businesses that can be accepted into the scheme; removing the requirement for participants, once accepted into the scheme, to continue to run an agricultural business; removing the current rule limiting applications to 50 per cent of the agricultural area of a farm; and introducing a maximum limit of 200 hectares on the area per farm business that can be aided.

NVZs

91. In March, following extensive consultation including advice from an Independent Review Panel, 68 Nitrate Vulnerable Zones (NVZs), covering some 600,000 hectares, were designated in England and Wales under the EC Nitrate Directive. At the same time, the Government published its response to the Independent Review Panel's recommendations, the majority of which were acted on or accepted. The mandatory measures to apply in the NVZs and associated guidance notes, are now being finalised in the light of consultation and of further discussions with the industry. The measures, which are based on good agricultural practice, will take effect before the end of 1999 at the latest. They will cover the timing and quantity of applications of inorganic fertiliser and organic manure, and farmers will be required to keep records of such applications. Outside NVZs, the Codes of Good Agricultural Practice for the Protection of Water will apply on a voluntary basis.

92. Also in March, the Government announced a new grant scheme to assist those farmers with land in an NVZ who need to improve their farm waste facilities in line with NVZ requirements. The scheme provides grant at a rate of 25 per cent towards the cost of eligible waste storage and handling facilities. In addition, free advice is available to help farmers

decide on the waste facilities needed to comply with the NVZ measures. The scheme has an annual budget ceiling of £800,000. In Scotland, following extensive monitoring and consultation, one NVZ was designated at Balmalcolm, Fife. Measures to be applied in NVZs are now being prepared.

**Free pollution
advice and plans**

93. The Agriculture Departments again offered free advice to farmers on ways to prevent and minimise pollution. In 1995/96 ADAS made visits to 3,000 farmers in England and 900 in Wales providing either general pollution advice or assistance in the preparation of a farm waste management plan. The same number of visits is expected to be made in 1996/97. The farm waste management plan campaigns, targeting livestock farmers in selected river catchments in England and Wales, also continued in 1995/96. In England, 460 farmers in seven catchments took up the offer of free consultant help in drawing up their plans. In Wales, 88 farmers in 2 catchments (covering three rivers) made use of the service. A new campaign in six further catchments in England and two in Wales began in September. In Scotland, Scottish Agricultural College staff made 1,143 free farm and site visits to assess pollution risk on behalf of SOAEFD. SAC staff organised and participated in a substantial number of pollution control demonstrations and meetings on pollution control initiatives such as the Loch Leven and River Almond Catchment Projects. Design and Construction Guidelines for Farm Waste Storage were also published and promoted. In Northern Ireland there were 1,600 consultations with farmers on pollution, including 1,200 farmers in targeted river catchments who received advice on the reduction of their pollution risk.

**Free
conservation
advice**

94. The Agriculture Departments have continued to fund advice to farmers on the conservation of wildlife habitats and valued landscape features. In 1995/96 over 5,300 visits made to farmers by ADAS and the Farming and Wildlife Advisory Group (FWAG) were either wholly or partly funded by MAFF. The Department of Agriculture for Northern Ireland made 2000 visits in 1995/96. In Scotland, the Scottish Agricultural College gave non-specific conservation advice to more than 1,300 farmers and crofters. This was in addition to visits linked to specific conservation schemes.

Hedgerows

95. In October, DoE, the Welsh Office and MAFF published a consultation document on regulations to protect important hedgerows. The draft regulations sought to strike a balance between concerns of the public to protect hedgerows and the economic interests of land managers.

**Flood Defence
and Coast
Protection**

96. In May, MAFF published a report summarising the findings of post project evaluations undertaken in 1994/95 of defences constructed with the benefit of grant aid. In December the Code of Good Environmental Practice for Flood Defence Operating Authorities was published to provide practical guidance to help the Environment Agency, Internal Drainage Boards, and Local Authorities follow good environmental practice when considering and carrying out flood defence works, including sea defence works. The Rivers Agency, an executive agency of the Department of Agriculture for Northern Ireland, was established on 1 October as the operating authority for drainage and flood defence in the Province.

4 Output prices and input costs

Price indices (Table 4.1)

1. Table 4.1 shows price indices for agricultural products and inputs and Chart 4.1 portrays the main changes in these over recent years. Between 1995 and 1996 the price of agricultural products fell by 1.5 per cent and the price of inputs rose by 5.5 per cent. The price of crop products decreased by 7.4 per cent mainly due to the collapse of the previously high potato prices affecting potatoes for both consumption and seed. The price of livestock and livestock products increased by 2.3 per cent. It should be noted that these indices are constructed using fixed annual weights (relating to 1990) and reflect observed market prices and therefore they do not take account of direct subsidy payments. In contrast, the price changes presented in table 6.3, derived from the aggregate accounts, are based on current sales information and include subsidy payments. For these reasons the price movements presented here and in Section 6 differ.

TABLE 4.1 Price indices for products and inputs

Indices: 1990=100		Annual average figures for calendar years				
	Average of 1985-87	1992	1993	1994	1995	1996 (final)
Producer prices for agricultural products (a)	90.9	100.9	105.4	106.5	116.7	114.8
of which:						
Crop products:	94.1	96.7	96.2	99.1	113.0	104.6
Cereals	101.3	108.1	111.5	97.2	103.1	104.7
Root crops	80.5	86.0	80.6	121.7	177.3	107.1
Fresh vegetables	90.1	90.5	97.4	101.9	109.4	108.1
Fresh fruit	86.2	100.5	87.5	87.1	96.0	107.5
Seeds	90.7	101.1	92.2	107.3	143.3	119.4
Flowers and plants	93.4	99.3	97.9	104.4	107.2	114.3
Other crop products	100.9	73.7	60.3	68.8	76.3	80.0
Livestock and livestock products:	88.9	103.8	111.7	111.5	119.1	121.7
Livestock (for slaughter and export)	91.9	102.1	111.8	109.1	112.7	115.5
Milk	84.1	109.6	114.6	117.7	134.1	134.0
Eggs	85.6	86.2	98.8	99.4	89.9	106.8
Other livestock products	106.6	86.4	72.2	92.1	114.7	117.2
Prices of agricultural inputs:	86.2	107.1	111.9	112.8	116.6	122.9
of which:						
Currently consumed in agriculture	87.3	106.8	111.7	112.1	115.8	122.7
Livestock feedingstuffs	89.0	104.7	112.3	109.0	110.0	118.5
Seeds	94.7	111.4	119.0	114.1	133.5	147.1
Animals for rearing and production	86.2	100.6	88.1	111.6	139.1	140.3
Fertilisers and soil improvers	97.1	91.1	85.6	91.0	102.0	113.1
Plant protection products	81.4	114.0	116.3	121.2	117.3	123.3
Maintenance and repair of plant and machinery	78.3	119.0	126.2	129.0	132.2	139.2
Energy, lubricants	94.0	105.9	109.2	108.3	110.3	117.0
Maintenance and repair of buildings	80.6	104.0	106.9	112.0	119.2	120.6
Veterinary services	86.3	108.3	113.4	116.9	120.4	122.2
Materials and small tools	79.8	110.7	114.0	118.6	124.1	125.3
General expenses	79.6	114.4	121.8	123.8	127.0	125.7
Contributing to agricultural investment (b)	80.2	109.4	113.1	117.1	121.3	124.1
Hired labour costs per hour (c)	75.7	114.6	118.3	121.4	126.4	130.1

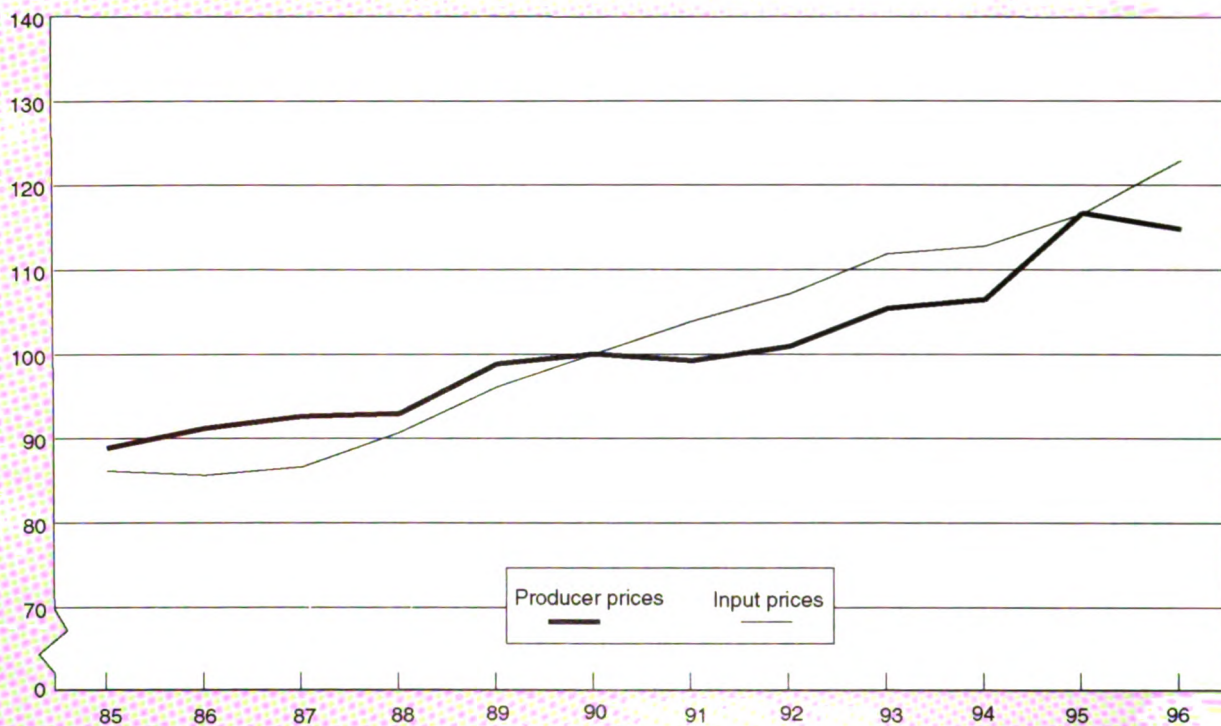
(a) These indices reflect prices received by producers but exclude direct subsidies

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

(c) Regular whole-time workers aged 20 years and over.

CHART 4.1 Price indices for products and inputs

1990=100



5 Commodities

Introduction

1. This section reports on the major agricultural commodities produced in the UK. It is divided into five parts, each covering a broad commodity group. The tables contain the following information where appropriate:

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.

Output

The outputs, which are the quantities sold off the farm, are calculated by adjusting the production for direct on-farm use (on own or other farm but without passing through merchants or processors) and for changes in the volume of stocks held on farms. For many commodities the production is the same as the output.

Average realised return

The average realised return to farmers is based on producer prices with allowance for market-support related premia and levies and for marketing expenses where appropriate. It does not allow for subsidies paid directly to farmers. It is a weighted average to account for varying levels of output and prices during the year.

Value of output

The estimated value of output is the average realised return multiplied by the volume of output, with the additional inclusion of related subsidies paid directly to the farmers. Valuations on sales within the crop year are also given for wheat, barley and potatoes.

Total new supply

The total new supply is defined as production plus imports less exports. Data on trade comes from the Overseas Trade Statistics and for 1995 and 1996 trade the data is subject to revisions.

Total domestic use

The 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 not calculated.

Home production as % of total new supply

This measure gives an indication of the self-sufficiency of the UK in the commodity.

2. The valuations of each commodity are combined in Table 6.1 in the calculation of the industry's total output and gross and net product and in the estimation of aggregate incomes from farming.

Cereals

Cereals
(Tables 5.1-5.6)

3. During 1996, the total area planted to cereals increased by 5.6 per cent, largely as a result of a further reduction in the set-aside rate. Within that total, there was an increase of 6.3 per cent in the areas planted to both wheat and barley. At 24.5 million tonnes, total cereals production is provisionally estimated to have increased by 12 per cent. This was due to the increase in planted area and also to the very favourable growing and harvesting conditions experienced throughout much of the country which resulted in increased average yields. Despite some regional variations, the quality of both the wheat and barley crops was generally reported to be satisfactory.

4. During the first half of the year, average ex-farm prices for breadmaking, milling and feed wheat and for malting and feed barley were generally higher than those experienced during the same period the previous year, continuing the trend noted during the second half of 1995 when poor harvests in various parts of the world led to a tightening of the world supply situation and a strengthening of EU and world grain prices. However, prices fell back during the latter half of 1996 against a background of improved harvests both at home and abroad.

TABLE 5.1 Wheat

'000 tonnes (unless otherwise specified)		Calendar years (a)				
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Area, yield, production and output						
Area ('000 hectares)	1,964	2,067	1,759	1,811	1,859	1,976
Yield (tonnes/hectare)	6.43	6.82	7.33	7.35	7.70	8.12
Production	12,632	14,095	12,890	13,314	14,310	16,041
Direct use on farms	992	1,105	1,022	1,174	1,051	1,099
Increase in farmers' stocks	-392	117	579	-422	507	1,118
Output	12,032	12,873	11,289	12,562	12,752	13,824
Average realised return (£/tonne)	112.1	120.9	124.3	108.4	116.9	112.7
Total realised return (£ million)	1,349	1,557	1,404	1,362	1,491	1,558
Other receipts (£ million) (b)	-	-	224	330	480	506
Value of output (£ million)	1,350	1,557	1,628	1,692	1,971	2,064
Supply and utilisation						
Production	12,632	14,095	12,890	13,314	14,310	16,041
Imports from: the Fourteen	988	982	1,316	873	649	512
the rest of the world	690	294	174	224	283	241
Exports to: the Fourteen	2,001	2,774	2,122	2,395	2,456	3,166
the rest of the world	1,331	1,201	1,515	954	605	350
Total new supply	10,978	11,396	10,743	11,062	12,181	13,278
Increase in farm and other stocks	-498	679	-208	-766	461	1,061
Total domestic uses	11,475	10,717	10,951	11,828	11,720	12,217
of which: flour milling	4,832	4,952	5,165	5,214	5,259	5,403
animal feed	5,620	4,521	4,599	5,374	5,166	5,433
seed	347	311	310	322	347	355
other uses and waste	677	933	877	918	948	1,026
Production as % of total new supply						
for use in UK	116	124	120	120	117	121
% of home grown wheat in milling grist	72.6	83.2	71.8	77.3	85.9	86.2

(a) Crop year data is given below.
(b) Includes arable area payments but excludes set-aside payments

Wheat (Crop Years: July-June)

'000 tonnes (unless otherwise specified)		Crop years: July-June				
		1991/92	1992/93	1993/94	1994/95	1995/96
Production and output						
Production		14,362	14,095	12,890	13,314	14,310
Direct use on farms		1,021	1,070	1,118	1,113	1,056
Increase in farmers' stocks		36	-50	-14	-100	550
Output		13,305	13,075	11,786	12,301	12,704
Average realised return (£/tonne)		116.4	129.7	107.0	112.7	120.3
Total realised return (£ million)		1,549	1,695	1,261	1,386	1,529
Other receipts (£ million) (b)		-	-	224	330	480
Value of output (£ million)		1,549	1,695	1,485	1,716	2,009

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

TABLE 5.2 Barley

'000 tonnes (unless otherwise specified)					Calendar years (a)	
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Area, yield, production and output						
Area ('000 hectares)	1,905	1,297	1,164	1,106	1,192	1,267
Yield (tonnes/hectare)	5.07	5.68	5.19	5.37	5.73	6.13
Production	9,661	7,365	6,038	5,945	6,833	7,765
Direct use on farms	2,813	2,280	2,113	2,096	2,114	2,017
Increase in farmers' stocks	-188	74	-792	-179	7	536
Output	7,036	5,011	4,717	4,028	4,712	5,212
Average realised return (£/tonne)	107.3	116.0	121.5	113.8	120.1	112.2
Total realised return (£ million)	753	581	573	459	566	585
Other receipts (£ million) (b)	-	-	144	194	299	313
Value of output (£ million)	753	581	717	652	865	898
Supply and utilisation						
Production	9,661	7,365	6,038	5,945	6,833	7,765
Imports from: the Fourteen	233	240	220	154	81	75
the rest of the world	5	1	6	29	21	20
Exports to: the Fourteen	1,382	1,048	468	669	1,340	1,350
the rest of the world	2,025	753	548	701	518	150
Total new supply	6,492	5,805	5,248	4,758	5,077	6,360
Increase in farm and other stocks	-83	-6	-74	-569	-545	472
Total domestic uses	6,575	5,811	5,322	5,327	5,622	5,888
of which: brewing/distilling	1,641	1,834	1,796	1,820	1,939	1,990
animal feed	4,477	3,658	3,240	3,214	3,384	3,570
seed	271	181	163	173	177	191
other uses and waste	187	138	123	120	122	137
Production as % of total new supply for use in UK	149	127	115	125	135	122

(a) Crop year data is given below.
(b) Includes arable area payments but excludes set-aside payments

Barley (Crop Years: July-June)

'000 tonnes (unless otherwise specified)	Crop years: July-June				
	1991/92	1992/93	1993/94	1994/95	1995/96
Production and output					
Production	7,625	7,365	6,038	5,945	6,833
Direct use on farms	2,306	2,231	2,096	2,125	2,005
Increase in farmers' stocks	9	8	30	-70	80
Output	5,310	5,126	3,912	3,890	4,748
Average realised return (£/tonne)	110.6	126.1	109.3	115.6	122.3
Total realised return (£ million)	587	647	427	450	581
Other receipts (£ million) (b)	-	-	144	194	299
Value of output (£ million)	587	647	571	644	880

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

TABLE 5.3 Oats

'000 tonnes (unless otherwise specified)		Calendar years				
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Area, yield, production and output						
Area ('000 hectares)	110	100	92	109	112	96
Yield (tonnes/hectare)	4.78	5.01	5.23	5.50	5.52	6.19
Production	524	502	479	597	617	594
Direct use on farms	262	167	170	223	194	145
Increase in farmers' stocks	-17	-47	9	77	-54	1
Output	279	382	300	297	477	448
Average realised return (£/tonne)	105.2	115.0	129.3	106.1	101.0	105.6
Total realised return (£ million)	29	44	39	32	48	47
Other receipts (£ million) (a)	-	-	11	19	28	24
Value of output (£ million)	29	44	50	50	76	71
Supply and utilisation						
Production	524	502	479	597	617	594
Imports from: the Fourteen	11	4	6	4	2	2
the rest of the world	-	-	-	-	-	-
Exports to : the Fourteen	3	79	41	18	216	137
the rest of the world	-	-	-	-	-	-
Total new supply	532	427	444	583	403	459
Increase in farm and other stocks	-25	-47	5	92	-74	17
Total domestic uses	557	474	439	491	477	441
of which : milling	159	225	205	209	218	239
animal feed	365	211	200	244	213	162
seed	19	19	16	22	21	19
other uses and waste	14	19	18	16	25	21
Production as % of total new supply for use in UK	99	118	108	102	153	129

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

TABLE 5.4 Rye, Mixed Corn and Triticale

'000 tonnes (unless otherwise specified)						Calendar years
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Area, production and output (a)						
Area ('000 hectares)	14	23	16	16	18	18
Production	62	102	77	90	101	106
Total realised return (£ million)	3	4	4	4	4	4
Other receipts (£ million) (b)	-	-	2	3	5	5
Value of output (£ million)	3	4	6	7	9	9
Supply and utilisation						
Imports from (c) the Fourteen	14	10	8	9	-	-
the rest of the world	2	-	-	-	-	-
Exports to (c): the Fourteen	-	2	1	-	3	-
the rest of the world	-	-	-	-	-	-
Total new supply	78	110	84	99	93	106
Production as % of total new supply for use in UK	79	93	92	91	103	100

(a) Triticale has been included from 1989 onwards, with the production figure for 1989 being an estimate.
(b) Includes arable area payments but excludes set-aside payments.
(c) Relates only to rye and triticale.

TABLE 5.5 Maize

'000 tonnes						Calendar years
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Supply and utilisation						
Imports from: the Fourteen	1,169	1,423	1,299	1,376	1,407	1,307
the rest of the world	308	268	211	216	238	238
Exports to: the Fourteen	13	13	14	16	13	16
the rest of the world	-	-	-	-	-	-
Total new supply	1,464	1,678	1,496	1,576	1,632	1,529

TABLE 5.6 Total cereals

'000 tonnes (unless otherwise specified) Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Area, production and output						
Area ('000 hectares)	3,992	3,487	3,031	3,042	3,180	3,357
Production	22,879	22,064	19,484	19,946	21,861	24,506
Output	19,381	18,303	16,343	16,927	17,983	19,526
Supply and utilisation						
Imports from:	the Fourteen	2,415	2,659	2,849	2,416	1,896
	the rest of the world	1,005	563	391	469	499
Exports to:	the Fourteen	3,399	3,916	2,646	3,098	4,028
	the rest of the world	3,356	1,954	2,063	1,655	500
Total new supply	19,543	19,416	18,015	18,078	19,391	21,732
Increase in farm and other stocks	-605	626	-277	-1,243	-158	1,550
Total domestic uses	20,149	18,790	18,292	19,321	19,549	20,182
Production as % of total new supply for use in UK	117	114	108	110	113	113
Stocks (of wheat, barley and oats) held at year end:						
by farmers (a)	..	10,306	10,109	9,541	10,055	11,704
in intervention (b)	..	654	1,673	1,003	27	4
by processors and traders (a)	..	3,784	2,685	2,674	2,978	2,908

(a) Stocks held by agricultural co-operatives have been included in processors' and traders' stocks for the years 1984-86, and in farmers' stocks from 1991.

(b) Recorded as all physical stocks held at the year end.

Other crops

Oilseed rape (Table 5.7)

5. The total area of oilseed rape, including oilseed rape grown on set-aside land for non-food use, fell slightly from 439,000 hectares in 1995 to an estimated 429,000 hectares in 1996. The area of oilseeds grown on set-aside land for non-food use showed a decrease from 85,000 hectares in 1995 to 73,000 hectares in 1996, mainly because of the reduction in the set-aside area required. However, with favourable growing conditions producing good yields in most areas, production in 1996, including that from set-aside, has increased significantly to 1.45 million tonnes, an increase of 18 per cent compared to production in 1995.

Linseed (Table 5.8)

6. The total area planted to linseed, including linseed grown on set-aside land for non-food use, decreased from 62,000 hectares in 1995 to 54,000 hectares in 1996. The decline reflects a combination of factors including the relative attractiveness of other combinable crops, uncertainties in the linseed market situation over recent years, and the reduction in set-aside area. The area of linseed grown on set-aside land fell from 8,000 hectares in 1995 to 5,000 hectares in 1996. Total production of linseed, including that from set-aside land, has increased from 81,000 tonnes in 1995 to 86,000 tonnes in 1996 due to an increase in yield.

Sugar Beet and Sugar (Table 5.9)

7. The 1996 harvested area was slightly larger than in 1995 at 199,000 hectares. The crop was sown early and established well; it grew at an average rate during the summer despite below average rainfall. Ideal conditions in the autumn led to good growth resulting in an anticipated above average crop yield in sugar in the region of 1.35 million tonnes compared with the UK quota of 1.14 million tonnes. Sugar produced over quota is exported from the Community without export refunds or carried forward to count against next year's quota.

Hops (Table 5.10)

8. A late, cool spring with adequate moisture allowed the hops to develop and produce a good plant without excessive growth. Conditions in July and August were good for the development of the cones which resulted in a heavy crop of quality hops. Disease problems were minimal and few pest problems occurred. Demand for alpha hops remained good and prices increased, but demand for alpha hops was poor and the price obtained below the cost of production. There was continued interest in planting the new dwarf hop First Gold which emerged well.

Peas and beans for stockfeed (Table 5.11)

9. The area of dried peas grown for stockfeed increased slightly from 60,600 hectares in 1995 to 61,500 hectares in 1996. Production is also estimated to have increased, from 175,000 tonnes in 1995 to 240,000 tonnes in 1996, because of an increase in yield.

10. The area of field beans grown for stockfeed fell from 118,700 hectares in 1995 to 100,200 hectares in 1996. However, production fell only slightly, from 319,300 tonnes in 1995 to 317,500 tonnes in 1996, due to an increase in yields.

Seeds
(Tables 5.13 and 5.14)

11. Total production of herbage and legume seeds in the crop year to June 1996 was 11,900 tonnes compared with the 12,000 tonnes produced in the previous year. 14,500 tonnes of seed were imported from other Member States during 1995/96, an increase of 54 per cent, due to the prolonged drought conditions in 1994/95 which reduced grass growth and made extensive necessary re-seeding during the autumn of 1995 and spring 1996. The estimated area approved for the production of herbage and legume seed in 1996/97 indicates a 6 per cent rise on the previous year.

Flax and Hemp

12. The area of flax in the UK increased from just under 17,000 hectares in 1995 to just under 20,500 hectares in 1996. The area of hemp increased again from 1,119 hectares in 1995 to 1,700 hectares in 1996. Increases in the areas of flax and hemp have been driven by expanding markets, increased demand for fibre for a range of uses and the attractive rate of support.

Potatoes
(Table 5.15)

13. Despite an increase in production, the total value of the output of the potato industry decreased by 43 per cent on 1995, owing to the substantially reduced prices received during the second half of the year. The low prices were a result of increased quantities of good quality potatoes on world markets and decreased consumer demand following two years of high prices. Although total production of early potatoes decreased, the average early potato price was some 38 per cent down on 1995 because of unseasonal weather and depressed consumer demand.

14. Main crop prices fell steadily during 1996, from a high of around £160 in January to just over £50 in December. These prices compare with £170 and £165 at the beginning and end of 1995, during which the price peaked at around £360 in June.

TABLE 5.7 Oilseed rape

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Area ('000 hectares)	327	421	417	496	439	429
Yield (tonnes/hectares)	3.22	2.88	2.60	2.53	2.81	3.39
Production	1,062	1,213	1,085	1,253	1,235	1,453
Of which : production not on set-aside land						
Area ('000 hectares)	328	421	377	404	354	356
Yield (tonnes/hectare) (a)	3.22	2.88	2.73	2.62	2.91	3.49
Production (a)	1,062	1,213	1,029	1,058	1,030	1,243
: production on set-aside land						
Area ('000 hectares)	-	-	41	92	85	73
Yield (tonnes/hectare)	-	-	1.37	2.13	2.41	2.89
Production	-	-	56	196	204	210
Total						
Output	1,062	1,227	1,121	1,247	1,240	1,406
Average realised return (£/tonne) (b)	260	152	157	175	174	182
Total realised return (£ million)	271	186	176	219	215	255
Other receipts (£ million) (c)	-	84	172	161	148	164
Value of output (£ million)	271	270	348	379	363	419
Imports from: the Fourteen	92	180	173	267	252	158
the rest of the world	79	34	53	119	270	24
Exports to: the Fourteen	362	75	23	35	41	118
the rest of the world	-	46	20	45	-	84
Total new supply	870	1,306	1,268	1,559	1,715	1,433
Production as % of total new supply for use in UK	122	93	86	80	72	101

(a) These figures are on the basis of a standard (9%) moisture content and include results from the MAFF Survey of Oilseed Rape Production for England.

(b) Includes crops grown on set-aside land.

(c) In 1992 EC support for oilseeds changed from a per tonne to a per hectare aid. The Oilseed Support Scheme operated in 1992 and, since 1993, oilseeds have been included in the Arable Area Payments Scheme (AAPS). Under the AAPS oilseeds aid is paid in two instalments: an advance in the autumn of the year of harvest and the balance in the following spring.

TABLE 5.8 Linseed

'000 tonnes (unless otherwise specified) Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Area ('000 hectares)	6	144	161	73	62	54
Yield (tonnes/hectare)	1.74	1.56	1.21	1.27	1.31	1.59
Production ('000 tonnes)	10	225	195	92	81	86
Of which : production not on set-aside land						
Area ('000 hectares)	6	144	150	58	54	49
Yield (tonnes/hectare) (a)	1.67	1.56	1.23	1.25	1.30	1.61
Production (a)	10	225	186	72	70	78
: production on set-aside land						
Area ('000 hectares)	-	-	12	15	8	5
Yield (tonnes/hectare)	-	-	0.75	1.36	1.35	1.46
Production	-	-	9	20	11	7
Output ('000 tonnes)	10	225	195	92	81	86
Average realised return (£/tonne) (b)	167	103	123	131	150	169
Total realised return (£ million)	1	23	24	12	12	15
Other receipts (£ million) (c)	2	60	161	27	29	25
Value of output (£ million)	3	84	185	39	41	39
Imports from: the Fourteen	25	5	1	1	-	2
the rest of the world	13	-	1	24	48	28
Exports to: the Fourteen	1	70	53	19	8	8
the rest of the world	-	-	-	-	1	1
Total new supply	47	160	144	98	120	107
Production as % of total new supply for use in UK	21	141	135	94	68	80

(a) These figures are based on a standardised (9%) moisture content.
(b) Includes crops grown on set-aside land.
(c) Under the Linseed Support Scheme, which operated until 1992, aid was paid in the calendar year following the year in which the crop was harvested.
The AAPS was extended to include linseed in 1993. Under the AAPS linseed aid is paid in the period 16 October to 31 December. In 1993, therefore, the farmer received subsidy for both the 1992 and 1993 crops.

TABLE 5.9 Sugar beet and sugar

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Sugar beet (a)						
Area ('000 hectare) (b)	204	197	197	195	196	199
Yield (adjusted tonnes/hectare) (b)	39.37	51.51	49.06	44.71	43.02	48.00
Production of beet (adjusted tonnes)	7,942	10,148	9,666	8,720	8,431	9,555
Average realised return (£/adjusted tonne) (c)	28.65	35.44	32.84	35.25	38.34	37.72
Value of output (£ million)	225	360	317	307	323	360
Sugar content %	17.47	17.01	16.84	16.93	16.47	17.80
Sugar ('000 tonnes refined basis)						
Production (d)	1,251	1,476	1,436	1,263	1,220	1,350
Imports from the Fourteen (e) (f)	110	139	105	112	92	80
the rest of the world	1,135	1,248	1,139	1,176	1,150	1,182
Exports to: the Fourteen (f)	33	117	76	35	93	59
the rest of the world	249	228	383	472	403	301
Total new supply	2,215	2,518	2,221	2,044	1,966	2,252
Production as % of total new supply for use in UK	57	59	65	62	62	60

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

(b) The area, and related yield figures are based on June census definitions. The cropped and harvested area and related yields for 1991, 1992, 1993, 1994 and 1995 were 170,000ha and 51.18 tonnes/ha, 170,000ha and 59.7 tonnes/ha, 169,000ha and 57.2 tonnes/ha, 170,000 ha and 51.3 tonnes/ha and 170,000ha and 50.59 tonnes/ha respectively.

(c) Estimated as the 'return to grower' price less transport costs.

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

(e) Includes imports from French overseas departments.

(f) Includes only sugar as such and takes no account of the sugar content of the processed products.

TABLE 5.10 Hops

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Area ('000 hectares) (a)	4.5	3.6	3.4	3.4	3.3	3.4
Yield (tonnes/hectare) (a)	1.29	1.39	1.62	1.40	1.33	1.69
Production	5.7	5.04	5.6	4.7	4.4	5.8
Average realised return (£/tonne)	2,296	3,208	3,357	4,005	3,681	3,565
Total realised return (£ million)	12.9	16.2	18.6	18.8	16.0	20.8
Other receipts (£ million) (b)	1.0	1.6	2.2	1.4	1.1	1.1
Value of output (£ million)	13.9	17.8	20.8	20.2	17.1	21.9
Imports from: the Fourteen	1.5	0.8	1.2	0.8	1.1	0.7
the rest of the world	0.8	1.1	1.4	1.6	1.9	1.4
Exports to: the Fourteen	1.4	1.6	0.8	1.9	0.5	0.5
the rest of the world	0.1	0.4	0.3	0.3	0.6	0.8
Total new supply	6.5	5.0	7.0	4.9	6.2	6.6
Production as % of total new supply for use in UK	87	100	79	96	70	89

(a) The area is that recorded in the June Census (and shown in Table 2.2), not all of which may actually be in production within the year. The yield relates to the Census area.

(b) Income and conversion aid.

TABLE 5.11 Peas and beans for stockfeed

Calendar years						
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Peas for harvesting dry (a)						
Area ('000 hectares)	84.8	62.8	64.7	63.0	60.6	62.5
Yield (tonnes/hectare)	3.00	3.30	4.10	3.91	3.77	3.84
Production ('000 tonnes)	252.4	207.2	265.4	246.2	228.6	240.0
Average realised return (£/tonne)	198.0	193.3	105.7	106.0	120.0	121.0
Total realised return (£ million)	51	40	28	26	27	29
Other receipts (£ million) (b)	-	-	27	22	23	23
Value of production (£ million)	51	40	55	48	51	52
Field beans (mainly for stockfeed)						
Area ('000 hectares)	65.3	129.0	163.1	149.3	118.7	100.2
Yield (tonnes/hectare)	3.49	3.45	3.75	3.04	2.69	3.17
Production ('000 tonnes)	225.6	445.1	612.0	453.9	319.3	317.5
Average realised return (£/tonne)	191.3	184.1	113.7	108.3	127.2	156.0
Total realised return (£ million)	44	82	70	49	41	49
Other receipts (£ million) (b)	-	-	69	53	46	38
Value of production (£ million)	44	82	138	102	86	87

(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, Table 5.16.

(b) In 1993 EC support for dried peas and beans changed from a per tonne aid under the Peas and Beans Scheme to a per hectare aid under the AAPS. Under the AAPS aid for dried peas and beans is paid in the period 16 October to 31 December.

TABLE 5.12 Purchased feedingstuffs (excluding direct inter-farm sales)

Calendar years						
'000 tonnes (unless otherwise specified)						
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Concentrates (a)						
Compounds for:						
cattle	4,147	4,014	4,194	4,274	4,339	4,390
calves	385	236	258	285	297	283
pigs	2,173	2,451	2,527	2,520	2,420	2,514
poultry	3,343	3,666	3,676	3,750	3,872	3,953
other	586	850	828	934	1,011	1,112
Total	10,635	11,216	11,483	11,763	11,988	12,253
Straight concentrates (ie cereals, cereal offals, proteins and other high energy feeds)	4,777	3,658	4,067	4,414	4,262	4,335
Total	15,412	14,874	15,551	16,177	16,250	16,588
Non-concentrates (low-energy bulk feeds expressed as concentrate equivalent) (b)	688	713	691	687	680	675
Total all purchased feedingstuffs	16,100	15,587	16,241	16,864	16,930	17,263
Cost of purchased feedingstuffs (£ million)	2,499	2,471	2,621	2,758	2,818	3,116
of which this part represents the value of sales off the national farm (and included in output) but subsequently repurchased as an input (£ million)	653	595	413	586	616	678

(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 and accounts for the following tonnages (000t): Cattle 125 ('95) 225 ('96); Calf 8 ('95) 18 ('96); Other 14 ('95) 36 ('96). Prior to 1995, production from these companies was accounted for under the "Straights" or "Non-Concentrates" part of the table.

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

TABLE 5.13 Production of herbage and legume seeds (excluding field beans and field pea seeds)

'000 tonnes (unless otherwise specified)

June/May years

	Average of 1985/86- 1987/88	1992/93	1993/94	1994/95	1995/96	1996/97 (provisional)
Certified seed:						
area ('000 hectares)	17.4	13.0	12.7	10.3	10.0	10.6
production	16.1	15.5	14.7	12.0	11.9	12.7
Imports from: the Fourteen (a)	7.4	6.9	6.3	9.4	14.5	..
the rest of the world	3.9	2.9	2.0	3.3	3.9	..
Exports to: the Fourteen (a)	2.5	0.9	0.9	0.9	1.9	..
the rest of the world	0.4	0.1	0.1	-	0.9	..
Total new supply	24.5	24.3	22.0	23.8	27.5	..

(a) Import and export figures prior to 1995 relate to 'the eleven'. However, trade with Austria, Finland and Sweden has always been negligible.

TABLE 5.14 Purchased seeds

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Cereals	567.5	431.7	446.3	442.3	456.1	482.7
Grass and clover	15.9	11.3	11.1	12.5	13.3	13.5
Root and fodder crops	42.9	43.2	51.6	48.8	41.9	38.9
Potatoes	264.3	283.0	285.0	289.8	292.1	259.9
Vegetable and other horticultural seeds (a)	18.3	21.0	19.1	18.2	18.3	18.4
Total purchased seeds	908.9	790.2	813.1	811.6	821.7	813.4
Total cost of all purchased seeds (£ million)	268	294	291	312	353	334
of which this part represents the value of sales off the national farm (and included in output) but subsequently repurchased as an input (£ million)	126	138	137	146	166	157

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

TABLE 5.15 Potatoes

'000 tonnes (unless otherwise specified)

Calendar years

		Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Area, yield, production and output							
Area ('000 hectares):	early	17.1	15.8	16.4	15.8	16.9	13.7
	maincrop	164.9	164.3	153.7	147.8	154.1	163.4
Yield (tonnes/hectare):	early	22.4	26.0	26.0	21.4	22.1	23.5
	maincrop	38.1	45.0	43.2	41.9	39.1	41.0
Production:	early	384	411	426	337	372	323
	maincrop	6,279	7,391	6,639	6,194	6,023	6,697
	total	6,663	7,802	7,065	6,531	6,396	7,020
Waste		850	785	1,037	861	626	800
Seed retained on farms		272	323	248	190	192	212
Increase in farmers' stocks		-157	714	-442	-468	252	422
Total output		5,699	5,980	6,222	5,948	5,325	5,587
Average realised return (£/tonne) paid to registered producers for:	early potatoes (a)	96.5	82.8	93.8	187.7	156.3	97.4
	maincrop potatoes (a)	67.9	72.7	60.5	118.1	186.3	96.2
	realised for all potatoes (b)	71.9	71.8	62.2	124.6	184.3	100.9
Value of output of potatoes (£ million)		405	429	387	741	981	564
Supplies and utilisation							
Total production		6,663	7,802	7,065	6,531	6,396	7,020
Supplies from the Channel Islands		40	53	48	43	45	50
Imports		846	957	990	1,119	1,194	1,052
of which: early from:	the Fourteen	68	93	61	52	62	79
	the rest of the world	169	143	133	115	168	192
maincrop from:	the Fourteen	198	55	112	159	182	144
	the rest of the world	9	33	9	5	10	1
processed (raw equivalent)							
from:	the Fourteen	357	575	637	723	651	597
	the rest of the world	20	26	23	23	76	14
seed from:	the Fourteen	25	32	15	41	45	26
	the rest of the world	1	-	-	1	1	-
Exports		242	275	221	338	365	294
of which: raw to:	the Fourteen (c)	52	82	61	161	135	88
	the rest of the world (c)	32	52	40	46	60	63
processed (raw equivalent)							
to:	the Fourteen	46	74	67	55	68	78
	the rest of the world	5	5	8	13	20	8
seed to:	the Fourteen	37	37	21	34	43	14
	the rest of the world	69	25	24	29	39	41
Total new supply		7,307	8,537	7,882	7,355	7,270	7,828
Net increase in farmer's stocks		-157	714	-442	-468	252	422
Total domestic uses		7,464	7,824	8,324	7,823	7,019	7,407
of which: used for human consumption		5,880	5,974	6,343	6,485	5,908	6,094
seed for home crops (including seed imports)		561	546	510	476	485	512
support buying		173	520	433	-	-	-
chats, waste and retained stockfeed		850	785	1,037	861	626	800
Production as % of total new supply for use in the UK		91	91	90	89	88	90

(a) Excluding sacks.

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

(c) Excludes exports from Northern Ireland in 1995 and 1996, which are included in total domestic uses.

Potatoes (Crop Years: June-May)

'000 tonnes (unless otherwise specified)		Crop years: June-May			
		1992/93	1993/94	1994/95	1995/96
Production and output					
Production		7,802	7,065	6,531	6,396
Seed retained on farms		261	193	198	207
Change in farmers' stocks		10	-54	-59	117
Waste		983	976	693	694
Output		6,549	5,950	5,698	5,378
Average realised return (£/tonne) (b)		55.8	85.0	172.9	148.3
Value of output (£ million) (b)		365	506	985	798

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

Horticulture

Horticulture (Tables 5.16-5.17)

15. The total area devoted to horticulture as recorded in the June agricultural census was 189,000 hectares, compared with 187,000 hectares in 1995. The value of output increased slightly from £1,953 million to £1,969 million. Table 5.16 gives information about the main sectors. More detailed information for cauliflowers, tomatoes, apples and pears, the four crops for which intervention arrangements were in place in the UK, is given in Table 5.17.

Protected salad crops

16. The decline in production area continued, but this concealed a move to longer growing seasons for individual crops, as well as a shift to protected ornamentals production and a reduction in the frequency of lettuce (especially winter) cropping. Output increased in response to a favourable season and investment by growers. Strong demand for tomatoes led to higher prices than last year for much of the season. Although cucumbers could not match the returns realised in 1995, values were still above some other recent years. Apart from a short spell in the spring, demand for protected lettuce was very poor, and therefore prices were low throughout much of the rest of the season, leading to a reduction in the planted area.

Field vegetables

17. An exceptionally cold May, followed by prolonged dry weather in some areas, gave a prospect of shortages. However, later rainfall and improved irrigation facilities allowed many crops to catch up, and summer and autumn yields of most vegetables were high. Despite a late harvest, an increased onion crop was brought into store in good condition, with bulb size improved on 1995. Demand stayed weak across the board, particularly for salads, and the industry was faced with reduced margins. There was a rise in the area of some crops but little change in the overall area of field vegetables.

Top fruit

18. There was a small reduction in the total area of top fruit. Difficult spring weather conditions reduced the crop potential but sufficient rain later in the year resulted in fruit of good size and quality with satisfactory storage potential. The total apple and pear crop was, however, below average. Marketing of the apple crop has again been steady with competition from imported Cox apples, but sales of Bramley have attracted above average prices.

19. The year saw a heavy crop of plums, with prices for growers, disappointingly low. Cherries cropped well and there was a good market demand. Cider apple yields were close to the average but demand was strong, in line with the continued increase in the sales of cider.

Soft fruit

20. The area in production remained little changed but better yields meant that the crop output increased slightly. Spring weather conditions delayed the start of strawberry cropping until June. Initially supplies exceeded demand, causing difficult market conditions, but from July through to September the produce sold well, helping to make 1996 an average season. Raspberries cropped well throughout the season and into the autumn, but rain in September reduced both crop size and quality of the autumn fruiting

variety except where covered. The demand for strawberries and raspberries was strong, especially early and late in the season. Blackcurrants again experienced difficult conditions with falling demand and competition from low-priced imports.

Ornamentals

21. The area of production rose following a dip in 1995. Demand for products in the retail trade was generally firmer overall, with some rises in price evident. On the landscape side, a higher level of activity was noticeable, particularly towards the end of the year. Outdoor flowers recovered their value in the more favourable summer of 1996. The area of outdoor narcissus grown for flowers increased to meet a higher demand, with prices for bulbs remaining stable.

**Protected
Ornamentals**

22. Quality and continuity of protected cut flowers improved in the more favourable growing season of 1996 and this was reflected in higher returns to the industry. Demand has increased as the home market for cut flowers has expanded; this trend is likely to continue. Growers are diversifying their product range in response to the market. After a late start, due to a cold spring, bedding plant sales were very buoyant and returns above expectations.

TABLE 5.16 Horticulture

Calendar years						
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Vegetables						
Grown in the open (a):						
area ('000 hectares) (b)	185.3	182.6	175.6	172.3	176.0	177.9
value of output (£ million)	500	629	599	681	747	701
Protected:						
area ('000 hectares) (b) (c)	2.8	2.4	2.1	1.9	1.8	1.6
value of output (£ million)	280	308	307	301	320	342
Total realised return (£ million)	780	937	906	982	1,066	1,042
Other receipts (£ million) (d)	-	-	15	6	6	6
Total value of output (£ million)	780	937	921	987	1,072	1,048
Fruit						
Orchard fruit:						
area ('000 hectares) (e)	35.1	30.8	30.0	29.9	26.6	26.4
value of output (£ million) (f)	117	125	114	122	127	119
Soft fruit:						
area ('000 hectares) (g)	15.2	13.3	12.4	12.0	11.4	11.4
value of output (£ million)	106	126	135	100	105	113
Total value of output (£ million) (h)	223	253	252	226	235	238
Ornamentals						
Area ('000 hectares) (b)	14.6	19.3	19.7	20.1	19.5	20.4
Value of output (£ million)	288	539	567	635	638	675
of which: flower bulbs (i)	26	32	33	35	33	34
flowers in the open	17	32	36	38	30	40
hardy nursery stock	127	253	258	269	290	321
protected crops	117	223	240	293	284	281
Seeds: value of output (£ million)	6	9	8	7	8	8
Total value of commercial horticultural output (£ million) (j)	1,296	1,737	1,747	1,856	1,953	1,969
Value of output of main fruit and vegetable crops (£ million)						
cabbages	71	84	87	77	90	78
carrots	54	71	78	99	108	117
cauliflowers	60	69	68	65	59	61
lettuces	80	128	76	105	122	92
mushrooms	139	156	151	157	163	166
peas (d)	52	55	68	57	62	81
tomatoes	67	59	59	67	58	82
apples	85	88	84	90	88	77
pears	14	15	12	13	13	16
raspberries	31	31	35	28	31	35
strawberries	59	68	76	55	54	58

(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 vining peas and peas harvested dry.
(e) Includes field area of commercial orchards only, and may therefore differ from the area in Table 2.2, which also includes non-commercial orchards.
(f) Excludes EC Grubbing-up grant.
(g) Excludes area of wine grapes and may therefore differ from the area in Table 2.2.
(h) Includes glasshouse fruit.
(i) Including forced flower bulbs.
(j) These figures differ from the horticulture values in Table 6.1, which include estimates for gardens and allotments, and hedgerow fruit and nuts.

TABLE 5.17 Selected horticultural crops

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Cauliflowers						
Average realised return (£/tonne)	194.9	201.3	220.7	225.7	240.3	234.4
Production	310	341	309	289	245	261
Supplies from Channel Islands	7	8	5	5	2	2
Imports from: the Fourteen	46	29	52	70	72	93
the rest of the world	-	-	-	-	-	-
Exports to: the Fourteen	-	3	4	5	5	5
the rest of the world	-	-	-	1	-	-
Total new supply	362	375	362	358	314	351
Production as % of total new supply for use in UK	85	91	85	81	78	74
Tomatoes						
Average realised return (£/tonne)	548.9	481.2	535.5	617.8	510.8	706.8
Production	122	122	110	108	113	116
Supplies from Channel Islands	19	13	9	11	10	10
Imports from: the Fourteen	153	144	116	129	146	159
the rest of the world	102	107	51	107	121	138
Exports to: the Fourteen	7	9	5	14	6	7
the rest of the world	-	-	-	-	-	-
Total new supply	389	376	282	341	385	415
Production as % of total new supply for use in UK	31	32	39	32	29	28
Apples (excluding cider apples)						
Production and Output						
Production (net of wastage)	278	358	313	305	243	223
Increase in stocks	-7	32	-13	-1	-31	-
Output from the crop:						
dessert	154	165	167	176	138	105
culinary	131	162	159	130	135	118
Average realised return (£/tonne):						
dessert	344.8	349.5	308.7	337.0	407.3	429.9
culinary	247.6	189.1	206.7	236.1	236.7	267.5
Value of Output (£ million)						
dessert	53	58	52	59	56	45
culinary	32	31	33	31	32	32
Supplies and Utilisation						
Production (net of wastage)	278	358	313	305	243	223
Imports from: the Fourteen	287	228	240	234	242	233
the rest of the world	151	230	177	186	197	204
Exports to: the Fourteen	25	33	12	12	26	32
the rest of the world	-	3	-	-	-	1
Total new supply	690	780	718	713	656	628
Increase in stocks	-7	32	-13	-1	-31	-
Total domestic uses	697	748	731	714	687	628
Production as a % of total new supply	40	46	44	43	37	36

TABLE 5.17 Selected horticultural crops (continued)

'000 tonnes (unless otherwise specified)		Calendar years				
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Pears (excluding perry pears)						
Production and Output						
Production (net of wastage)	40	22	40	26	35	38
Increase in stocks	-6	-9	9	-7	6	2
Output	46	31	31	33	30	36
Average realised return (£/tonne):	314.5	483.8	381.9	408.3	447.5	441.2
Value of Output (£ million)	14	15	12	13	13	16
Supplies and Utilisation						
Production (net of wastage)	40	22	40	26	35	38
Imports from: the Fourteen	52	73	61	70	71	81
the rest of the world	18	37	39	26	29	25
Exports to: the Fourteen	1	3	2	1	3	4
the rest of the world	-	-	-	-	-	-
Total new supply	109	129	137	120	132	140
Increase in stocks	-6	-9	9	-7	6	2
Total domestic uses	115	138	128	127	127	138
Production as a % of total new supply	36	17	29	21	27	27

Livestock

Cattle and calves; beef and veal (Table 5.18)

23. The announcement that there might be a link between BSE and the human disease, Creutzfeldt Jakob Disease (CJD) led to a significant loss of consumer confidence in British beef. As a result, beef consumption and clean cattle prices fell considerably during the second quarter, partially recovering later in the year. Average consumption for 1996 was 15-20 per cent below the 1995 level and average clean cattle prices were 14 per cent below the 1995 levels.

24. In late March the European Commission imposed a ban on the export of live bovine animals from the UK, and of meat and meat products obtained from bovine animals slaughtered in the UK. This explains the 77 per cent reduction in exports in 1996 compared with the previous year. Imports were also lower; those from the rest of the EU fell by 23 per cent, while those from other countries increased by 16 per cent. Marketings for human consumption decreased dramatically by 37 per cent or 1,415,000 head. However, the EC Calf Processing Aid Scheme, which was introduced in April, accounted for an additional 415,000 head and the Over Thirty Month Scheme introduced in May, an additional 1,130,000 head.

25. The depressed beef market led to the reopening of intervention purchases for the first time since 1993. At the end of 1996 around 70,000 tonnes (carcase weight) of beef had been accepted for purchase into intervention in the UK with over 400,000 tonnes accepted in the EU as a whole.

Sheep and lambs; mutton and lamb (Table 5.19)

26. The size of the UK breeding flock remained virtually unchanged. However, production of sheepmeat is estimated to have been 7 per cent lower than in 1995, mirroring a general EU trend. Exports are forecast to have decreased by 20 per cent, due possibly to a combination of currency factors and knock-on effects from the BSE crisis. However, imports are expected to have increased by 7 per cent, due largely to higher sendings from New Zealand to meet UK demand, resulting in a net increase of 6 per cent in new supplies to the home market.

27. The UK average realised return for sheepmeat was some 20 per cent higher than in 1995, giving producers much higher returns than usual. Weekly market prices generally followed 1995 trends but peaked at a much higher level than normal in the spring. These significant increases, which occurred from April onwards, can be attributed to a consumer switch from beef to sheepmeat following the BSE crisis.

28. The Agriculture Departments continue to pay compensation to sheep producers whose activities have been affected by restrictions following the Chernobyl incident in 1986. Total cumulative compensation paid to the end of 1996 is approximately £12.5 million.

Pigs and pigmeat (Table 5.20)

29. Producer prices and profits in the UK and the rest of the EU continued to recover, reaching new record levels in early July. Whilst market prices then dropped sharply, they steadied at reasonable levels towards the end of

the year. Export refunds were reduced on several occasions to reflect these improved conditions. Closure of the Japanese market on two occasions during the year, as a result of increases in the minimum import price, caused some concern in the industry.

**Poultry and
poultrymeat**
(Table 5.21)

30. Production of poultrymeat (particularly chickens) rose. New data sources have resulted in a significant upward revision of estimates of poultrymeat production in recent years. Increased demand for poultrymeat since the spring has been reflected in a turnaround in producer profitability. Feed price costs, particularly protein constituents, continued to cause concern.

TABLE 5.18 Cattle and calves; beef and veal

Calendar years

	Average of 1985-87	1992 (a)	1993	1994	1995	1996 (provisional)
Populations						
Total cattle and calves ('000 head at June)	12,559	11,804	11,729	11,834	11,733	11,913
of which: dairy cows	3,110	2,682	2,667	2,715	2,602	2,587
beef cows	1,332	1,699	1,751	1,775	1,805	1,829
dairy heifers in-calf	671	546	568	554	566	608
beef heifers in-calf	172	216	230	217	205	205
other	7,273	6,660	6,514	6,573	6,555	6,684
Selected market prices						
Store cattle (£ per head) (b):						
1st quality Hereford/cross bull calves (c)	132	145	186	182	166	132
1st quality beef/cross yearling steers (d)	350	419	459	435	435	321
Finished cattle (p per kg liveweight): All clean cattle	95.1	109.6	128.0	121.7	123.2	105.7
Marketings, production and returns (e)						
Total home-fed marketings ('000 head)	4,328	3,781	3,472	3,639	3,811	2,396
of which: steers, heifers and young bulls	3,124	2,654	2,352	2,410	2,485	2,107
calves	332	469	502	511	521	93
cows and adult bulls	872	658	619	718	805	196
Average dressed carcase weights (dcw) (kgs) (f):						
steers, heifers and young bulls	275.0	289.4	292.1	299.0	301.5	306.8
calves	50.2	43.3	41.1	37.6	37.8	42.0
cows and adult bulls	270.6	286.3	286.8	284.8	285.3	291.6
Production ('000 tonnes, dcw):						
Home-fed production	1,105	971	881	943	996	708
Gross indigenous production (g)	1,079	963	874	938	994	709
Average realised return (p per kg dcw) (h)	175	189	222	209	210	183
Total realised return (£ million)	1,939	1,837	1,961	1,979	2,098	1,292
Other receipts (£ million) (i)	80	212	368	426	516	669
Value of home-fed production (£ million)	2,019	2,050	2,329	2,405	2,614	1,962
Over Thirty Month and Calf Processing Aid schemes (not included above) (j)						
Over Thirty Month Scheme						
Clean cattle throughput ('000 head)	..	..	..	..	..	369
Cull cattle throughput ('000 head)	..	..	..	..	..	761
Net receipts (£ million)	..	..	..	..	..	535
Calf Processing Aid Scheme						
Throughput ('000 head)	..	..	..	..	..	415
Net receipts (£ million)	..	..	..	..	..	37

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

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

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

(d) 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.

(e) Excludes cattle slaughtered under the Over Thirty Month Scheme and calves slaughtered under the Calf Processing Aid Scheme. See footnote (j).

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

(g) 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.

(h) Average realised return per kg of home-fed production net of marketing expenses. Includes variable premium but not other receipts.

(i) Comprising hill livestock compensatory amounts, suckler cow premium (including extensification premium), calf subsidy, beef special premium (including extensification premium), deseasonalisation premium and the beef marketing payment scheme. Excludes Over Thirty Month and Calf Processing Aid schemes. See footnote (j).

(j) Cattle slaughtered under these schemes are not included in production. Net receipts for these schemes are included in Table 6.1 as other direct receipts.

TABLE 5.18 Cattle and calves; beef and veal (continued)

Calendar years						
	Average of 1985-87	1992 (a)	1993	1994	1995	1996 (provisional)
Supplies ('000 tonnes, dcw) (e) (k)						
Home-fed production	1,105	971	881	943	996	708
Imports from: the Fourteen (l)	193	160	157	149	145	112
the rest of the world	50	45	52	41	65	77
Exports to: the Fourteen (m)	145	137	160	221	252	59
the rest of the world	66	25	45	68	73	16
Total new supply	1,139	1,014	884	843	882	821
Increase in stocks	3	21	-36	-125	-23	81
Total domestic uses	1,136	993	921	968	905	740
<hr/>						
Home-fed production as % of total new supply for use in UK	97	96	100	112	113	86
Closing stocks	125	240	204	79	56	137

(a) For comparability with other years, the figures have been adjusted from a 53-week to a 52-week basis.
(e) **Excludes** cattle slaughtered under the Over Thirty Month Scheme and calves slaughtered under the Calf Processing Aid Scheme. See footnote (j).
(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 5.19 Sheep and lambs; mutton and lamb

Calendar years

	Average of 1985-87	1992 (a)	1993	1994	1995	1996 (provisional)
Populations						
Total sheep and lambs ('000 head at June)	37,149	43,998	43,901	43,295	42,771	41,530
of which: ewes	14,333	17,109	17,092	16,864	17,847	17,654
shearlings	3,140	3,277	3,471	3,679	2,660	2,623
lambs under 1 year old	18,447	22,341	22,132	21,510	21,093	20,168
other	1,229	1,272	1,206	1,241	1,170	1,086
Selected market prices						
Store sheep (£ per head):						
1st quality lambs, hoggets and tegs (b)	36.9	37.9	35.6	40.0	44.5	46.8
Finished sheep (p per kg estimated dcw) (c):						
Great Britain	187.8	182.1	219.0	236.9	236.4	283.1
Northern Ireland	197.1	172.4	199.5	222.0	214.4	260.5
Marketings, production and returns (excluding clip wool)						
Total home-fed marketings ('000 head):	16,303	21,082	21,275	20,880	21,164	19,317
of which: clean sheep and lambs	14,685	19,013	19,059	18,179	18,532	16,782
ewes and rams	1,618	2,069	2,216	2,701	2,632	2,535
Average dressed carcase weights (dcw) (kgs) (d):						
clean sheep and rams	18.1	17.8	17.3	17.5	17.6	18.2
ewes and rams	26.7	26.6	27.8	27.0	26.9	27.3
Production ('000 tonnes, dcw):						
Home-fed production	309	398	399	391	401	374
Gross indigenous production (e)	308	394	398	391	400	374
Average realised return (p per kg dcw) (f)	202	157	183	195	198	237
Total realised return (£ million)	624	619	717	762	785	886
Other receipts (£ million) (g)	167	431	523	456	496	506
Value of home-fed production (£ million)	791	1,050	1,240	1,218	1,281	1,391
Supplies ('000 tonnes, dcw) (h)						
Home-fed production	309	398	399	391	401	374
Imports from: the Fourteen (i)	-	8	7	13	15	21
the rest of the world	157	119	122	106	132	136
Exports to: the Fourteen (j)	71	147	179	153	188	150
the rest of the world	3	2	2	3	2	2
Total new supply	391	375	347	354	358	380
Increase in stocks	-3	-10	6	-6	4	-1
Total domestic uses	394	385	341	360	353	381
Home-fed production as % of total						
new supply for use in UK	79	106	115	110	112	99
Closing stocks	32	11	16	10	15	13

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

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

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

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

(e) See footnote (f) to Table 5.18.

(f) Average realised return per kg of home-fed production net of marketing expenses. Includes variable premium but not other receipts.

(g) Comprising hill livestock compensatory allowances and annual ewe premium.

(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 5.20 Pigs and pigmeat

Calendar years

	Average of 1985-87	1992 (a)	1993	1994	1995	1996 (provisional)
Populations						
Total pigs ('000 head at June)	7,917	7,609	7,754	7,797	7,534	7,496
of which: sows in-pig and other sows for breeding	716	672	687	680	644	639
gilts in-pig	109	108	115	104	100	105
other	7,092	6,829	6,952	7,013	6,790	6,752
Selected market price						
Clean pigs (p per kg deadweight)	99.9	115.1	103.1	99.7	119.0	138.1
Marketings, production and returns						
Total home-fed marketings ('000 head)	15,561	14,649	14,820	15,316	14,687	14,209
of which: clean pigs	15,219	14,259	14,445	14,893	14,302	13,858
sows and boars	342	390	374	423	385	352
Average dressed carcase weights (dcw) (kgs) (b):						
clean pigs	61.4	65.7	66.5	66.8	67.3	68.4
sows and boars	135.3	141.4	139.8	137.2	140.0	140.1
Production ('000 tonnes, dcw):						
Home-fed production	981	992	1,012	1,053	1,012	997
Gross indigenous production (c)	982	994	1,013	1,052	1,014	996
Average realised return (p per kg dcw) (d)	95	110	98	94	113	132
Value of home-fed production (£ million)	934	1,091	988	991	1,153	1,316
Supplies of pork ('000 tonnes, dcw) (e) (f)						
Home-fed production	755	808	821	848	808	810
Imports from: the Fourteen	36	89	113	116	167	179
the rest of the world	4	1	-	-	-	1
Exports to: the Fourteen (g)	49	121	114	133	162	141
the rest of the world	3	2	4	13	22	22
Total new supply	742	776	816	818	792	828
Increase in stocks	1	-1	2	-1	-	1
Total domestic uses	741	777	814	819	792	827
Home-fed production as % of total new supply for use in UK	102	104	101	104	102	98
Closing stocks	7	10	12	11	11	12
Supplies of bacon and ham ('000 tonnes, product weight) (e)						
Home-cured production	202	168	181	191	197	197
Imports from: the Fourteen (h)	259	234	238	224	220	255
the rest of the world	2	-	-	-	-	-
Exports to: the Fourteen	6	5	3	5	5	5
the rest of the world	-	-	-	1	1	1
Total new supply	457	397	416	409	412	447
Increase in stocks	1	-4	1	-	-	1
Total domestic uses	457	401	415	409	412	445
Home-cured production as % of total new supply for use in UK	44	42	44	47	48	44
Closing stocks	4	2	2	3	2	3

(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 (f) to Table 5.18.
(d) Average realised return per kg of home-fed production net of marketing expenses.
(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) Adjusted, as necessary, for unrecorded trade in live animals.
(h) Includes meat from finished animals imported from Irish Republic.

TABLE 5.21 Poultry and poultrymeat

Calendar years						
	Average of 1985-87	1992 (a)	1993	1994	1995	1996 (provisional)
Populations						
Number ('000 head at June) (b):						
chickens and other table fowls	65,329	73,298	79,451	75,205	76,621	..
birds in the laying flock	38,742	33,206	32,824	32,543	31,692	..
fowls for breeding (c)	6,534	6,745	7,247	7,677	7,570	..
turkeys (d)	8,465	10,202	10,225	12,106	12,408	..
ducks	1,567	2,198	2,388	2,353	2,505	..
geese	159	150	164	143	142	..
Total	120,796	125,798	132,300	130,027	130,939	..
Slaughterings, production and returns						
Slaughterings (millions):						
fowls	571	643	665	705	721	760
turkeys	30	33	36	37	39	39
ducks	9	11	13	13	13	13
geese	-	1	1	1	1	1
Total	611	687	715	755	774	812
Production ('000 tonnes carcase weight) (e):						
chickens and other table fowls	722	928	949	1,011	1,022	1,080
boiling fowls (culled hens)	59	51	50	54	55	57
turkeys	142	226	267	266	289	287
ducks	16	22	25	25	25	28
geese	2	3	3	3	2	3
Total	942	1,230	1,294	1,358	1,394	1,455
Average realised return (p/kg carcase weight) for:						
chickens and other table fowls	81.6	82.1	86.2	85.8	83.2	90.3
boiling fowls (culled hens)	37.1	31.0	43.0	45.5	31.8	37.9
turkeys	124.5	120.3	125.5	126.0	123.4	136.9
ducks	146.9	186.6	187.9	187.4	196.4	200.1
geese	292.8	236.1	275.5	272.5	281.4	233.5
Value of output (£ million):						
fowls	612	777	840	892	868	996
turkeys, ducks, geese	207	320	390	389	413	456
exports of live poultry	13	32	40	43	43	45
Total	831	1,129	1,270	1,324	1,325	1,497
Supplies of poultrymeat ('000 tonnes carcase weight)						
Production	942	1,230	1,294	1,358	1,394	1,455
Imports from: the Fourteen	75	182	168	203	218	241
the rest of the world	1	1	1	-	1	1
Exports to: the Fourteen	34	69	65	73	101	96
the rest of the world	1	16	21	32	54	62
Total new supply	982	1,327	1,378	1,457	1,457	1,539
Change in stocks	-	-12	-	-1	3	6
Total domestic uses	982	1,339	1,378	1,458	1,454	1,533
Production as % of total new supply	96	93	94	93	96	95

(a) For comparability with other years, the figures have been adjusted from a 53-week to a 52-week basis.
(b) At the time of print, June Census results for 1996 were not available. These will be included in next year's publication.
(c) Hens and pulets kept mainly for producing eggs for eating.
(d) Data relates to November and to England and Wales only
(e) Excludes offal

Livestock products

Milk and Milk Products

(Tables 5.22 and 5.23)

31. The value of output of milk for human consumption showed a 0.6 per cent increase between 1995 and 1996 - this was the result of unchanged output levels and a small increase in price. Milk production in the 1995/96 quota year exceeded quota by 162,000 tonnes, resulting in a total levy of £49.3 million.

32. The world and EU markets for milk products were considerably weaker than in 1995, with sharp reductions in the price of butter and skimmed milk powder. As a result, intervention for butter was opened in the UK for the first time in two years. A total of 28,430 tonnes of skimmed milk powder was sold into intervention in the March to August period when intervention for that product was available.

Hen Eggs

(Table 5.24)

33. Gross egg production increased marginally. While consumption of eggs in shell decreased slightly over the year as a whole, the processing sector continued to expand. Shell egg prices were generally good and higher than in the preceding year.

Wool

(Table 5.25)

34. The volume of wool produced in the UK in the 1996 clip year is expected to be similar to that in 1995. During the year, wool market prices have been generally lower than in previous years. However, the Board's more flexible selling policy, in particular the drive to sell more wool on a forward-committed basis, has been proving successful. It is therefore anticipated that by the end of the year just 40 per cent of the 1996 clip will remain to be sold, compared to 52 per cent at the same time last year. This should have a positive influence on prices.

TABLE 5.22 Milk

Million litres (unless otherwise specified)

Calendar years

	Average of 1985-87	1992 (a)	1993	1994	1995	1996 (provisional) (a)
Production and output						
Dairy herd (annual average, '000 head) (b)	3,158	2,720	2,720	2,743	2,640	2,579
Average yield per cow (litres per annum)	4,917	5,270	5,288	5,300	5,454	5,570
Production of milk from the dairy herd (c)	15,528	14,332	14,383	14,540	14,398	14,363
Production of milk from the beef herd	17	7	7	7	7	7
less wastage and milk fed to stock	256	327	294	326	473	438
Output for human consumption	15,289	14,012	14,096	14,222	13,932	13,932
Average realised return (pence per litre) (d)	15.99	21.02	22.70	22.94	25.06	25.22
Value of output (£ million)	2,444	2,945	3,200	3,262	3,492	3,514
Utilisation of the output for human consumption						
Sales through MMB schemes: (e)						
for liquid consumption	6,855	6,690	6,764	6,723	..	..
for manufacture	8,249	6,797	6,813	7,025	..	..
of which: butter (f) (g)	4,280	2,037	2,238	2,319	..	..
cheese (h)	2,576	3,019	2,921	2,925	..	..
cream (g)	471	466	450	388	..	..
condensed milk (i)	422	466	474	532	..	..
milk powder - full cream	410	595	458	531	..	..
other	90	214	272	330	..	..
Total sales through schemes (j)	15,104	13,487	13,577	13,748	..	..
Other utilisations (k)	185	525	519	474	..	..

- (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) Derived by dividing total value of output by the total quantity of output available for human consumption.
(e) The Milk Marketing Schemes in Great Britain ended on 31 October 1994 and the Northern Ireland Scheme on 1 March 1995. Figures for 1994 include estimates for November and December based on returns to the Intervention Board Executive Agency and the results of the new milk utilisation surveys.
(f) Includes a small quantity of milk utilised to manufacture anhydrous milk fat (AMF).
(g) Excludes the utilisation of the residual fat of low fat milk production.
(h) Includes farmhouse cheese made under milk marketing schemes.
(i) Includes condensed milk used in the production of chocolate crumb plus production of sweetened and unsweetened machine skimmed milk.
(j) Excludes milk sold through schemes but subsequently exported as whole milk for processing outside the UK. The total sales figures do not equal the sum of sales for liquid consumption and for manufacture as the measurement of liquid sales is adjusted for waste in transit.
(k) Includes milk consumed in farm households, sales of liquid milk outside schemes, exports and milk used for farmhouse manufacture of butter, cheese (made outside milk marketing schemes) and cream.

TABLE 5.23 Milk Products

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Butter (a) (b)						
Production (c)	206	127	141	135	127	120
Imports from: the Fourteen	61	76	55	55	49	48
the rest of the world	75	53	55	66	65	62
Exports to: the Fourteen (d)	59	45	46	40	46	49
the rest of the world	5	6	6	13	6	3
Total new supply (d)	278	205	199	203	187	179
Increase in stocks (e)	-4	-2	-28	-15	-8	1
Total domestic uses (d) (e)	282	207	227	218	195	179
Production as % of total new supply for use in UK	74	62	71	67	68	67
Closing stocks (e)	269	63	34	19	11	12
Cheese						
Production (c)	260	327	333	333	354	369
Imports from: the Fourteen	148	214	173	194	184	199
the rest of the world	17	18	17	18	23	22
Exports to: the Fourteen	20	29	33	34	39	39
the rest of the world	14	19	25	25	16	18
Total new supply	391	511	465	486	506	533
Increase in stocks	2	4	3	-6	-5	-2
Total domestic uses	389	507	462	491	511	535
Production as % of total new supply for use in UK	66	64	72	69	70	69
Closing stocks (f)	16	25	28	22	17	15
Cream - fresh, frozen, sterilized						
Production (b) (c)	113	247	255	269	273	264
Imports from: the Fourteen	3	3	2	3	4	3
the rest of the world	-	-	-	-	-	-
Exports to: the Fourteen	-	39	68	82	76	75
the rest of the world	1	2	1	2	2	1
Total new supply	115	209	189	189	200	191
Increase in stocks	..	..	..	..	..	..
Total domestic uses	115	209	189	189	200	191
Production as % of total new supply for use in UK	98	118	135	142	137	138
Closing stocks	..	..	..	..	..	..

(a) Includes butter other than natural (ie 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.

TABLE 5.23 Milk products (continued)

'000 tonnes (unless otherwise specified)

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Condensed milk (g)						
Production	178	206	191	196	181	195
Imports from: the Fourteen	9	13	10	13	12	9
the rest of the world	-	-	-	-	-	-
Exports to: the Fourteen	8	10	7	8	24	25
the rest of the world	25	47	45	44	41	38
Total new supply	154	162	149	157	128	141
Increase in stocks	-4	1	-	2	-2	-
Total domestic uses	158	161	150	155	129	141
Production as % of total new supply for use in UK	116	127	128	125	141	138
Closing stocks	8	10	10	12	10	11
Milk powder - full cream						
Production	71	84	71	85	90	83
Imports from: the Fourteen	11	5	6	7	8	11
the rest of the world	-	-	-	-	-	-
Exports to: the Fourteen	10	35	24	21	27	24
the rest of the world	37	49	33	44	50	54
Total new supply	35	5	19	27	21	16
Increase in stocks	-	-2	1	-1	1	2
Total domestic uses	35	7	18	28	20	13
Production as % of total new supply for use in UK	204	1,680	368	314	426	526
Closing stocks	3	2	3	2	3	6
Skimmed milk powder						
Production	234	106	132	140	117	105
Imports from: the Fourteen	17	26	13	12	14	14
the rest of the world	-	-	-	-	-	-
Exports to: the Fourteen (d)	100	34	43	47	40	14
the rest of the world	43	10	13	14	16	12
Total new supply (d)	109	88	89	92	74	93
Increase in stocks	-29	-4	1	5	-4	21
Total domestic uses (d)	138	92	88	87	79	72
Production as % of total new supply for use in UK	216	120	148	153	157	113
Closing stocks	42	13	13	18	14	35

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

TABLE 5.24 Hen Eggs

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Gross egg production						
Gross production (million dozen)	928	890	880	885	887	889
of which:						
eggs for human consumption	855	806	791	792	792	790
eggs for hatching	65	76	79	84	86	90
waste	8	9	9	9	9	9
Production for human consumption						
Number of fowls laying eggs for eating (millions) (a)	39.5	35.7	34.8	34.4	33.9	33.5
Average yield per layer (number of eggs per bird per year)	260	271	273	276	281	284
Eggs for human consumption (excluding waste) (million dozen)	855	806	791	792	792	790
Average realised return (p per dozen)	46.1	48.0	52.2	52.3	49.2	55.3
Value of output of hen eggs (£ million)	394	387	413	414	390	437
Utilisation and supplies for human consumption (million dozen)						
UK output of eggs for human consumption	855	806	791	792	792	790
of which:						
eggs sold in shell	804	712	695	685	679	674
eggs processed	51	94	96	107	113	116
Imports from (b):						
the Fourteen	45	41	35	43	42	49
the rest of the world	-	-	-	-	-	1
Exports to (b):						
the Fourteen	19	14	16	10	15	13
the rest of the world	1	-	1	-	1	1
Total new supply	880	831	810	825	818	826
Output as % of total new supply for use in UK	97	97	98	96	97	96

(a) Population is implied from Gross production and Average yield and hence differs from census figures in table 2.2.
(b) Includes shell egg equivalent of whole (dried, frozen and liquid) egg and egg yolk, but excludes albumen.

TABLE 5.25 Wool

Million kg, greasy weight equivalent (unless otherwise specified)						Calendar years
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Skin Wool (valued within output from sheep and lambs)						
Production	17	20	19	19	20	19
Clip Wool (a)						
Production	43	51	48	47	49	47
Average realised return (p per kg) (b) (c)	99.5	80.9	62.0	98.9	95.0	89.0
Value of output (£ million)	42	41	30	46	46	41
Supplies						
Total production	59	70	68	66	68	66
Imports from: the Fourteen	58	37	46	52	46	49
the rest of the world	127	93	82	108	83	83
Exports to: the Fourteen	40	38	45	49	45	41
the rest of the world	34	37	40	37	45	34
Total new supply	169	126	111	141	108	123
Production as % of total new supply for use in the UK	37	56	61	47	63	54

(a) Strictly the figures relate to clip years (May/April) but in practice the bulk of the production is within the period May to December.
(b) The price is net of marketing expenses.
(c) As from the 1993 clip year (May '93-April '94), returns to producers are based solely on auction prices (minus the Board's marketing costs) and not on the wool guarantee which was terminated with effect from 30 April 1993

6 Agricultural Incomes

Introduction

1. The Aggregate Agricultural Account provides estimates of agriculture's gross output, gross input and incomes of those engaged in various ways within the industry. The headline figure is *total income from farming*, TIFF, which is the aggregate return from agricultural activity to those with an entrepreneurial interest in the industry, i.e. farmers, partners, directors and their spouses and other family members who work on the farm. TIFF for the 1996 calendar year is £4,889 million, which is 5.4 per cent less than in 1995.

Aggregate Agricultural Account (Tables 6.1, 6.2 and 6.3)

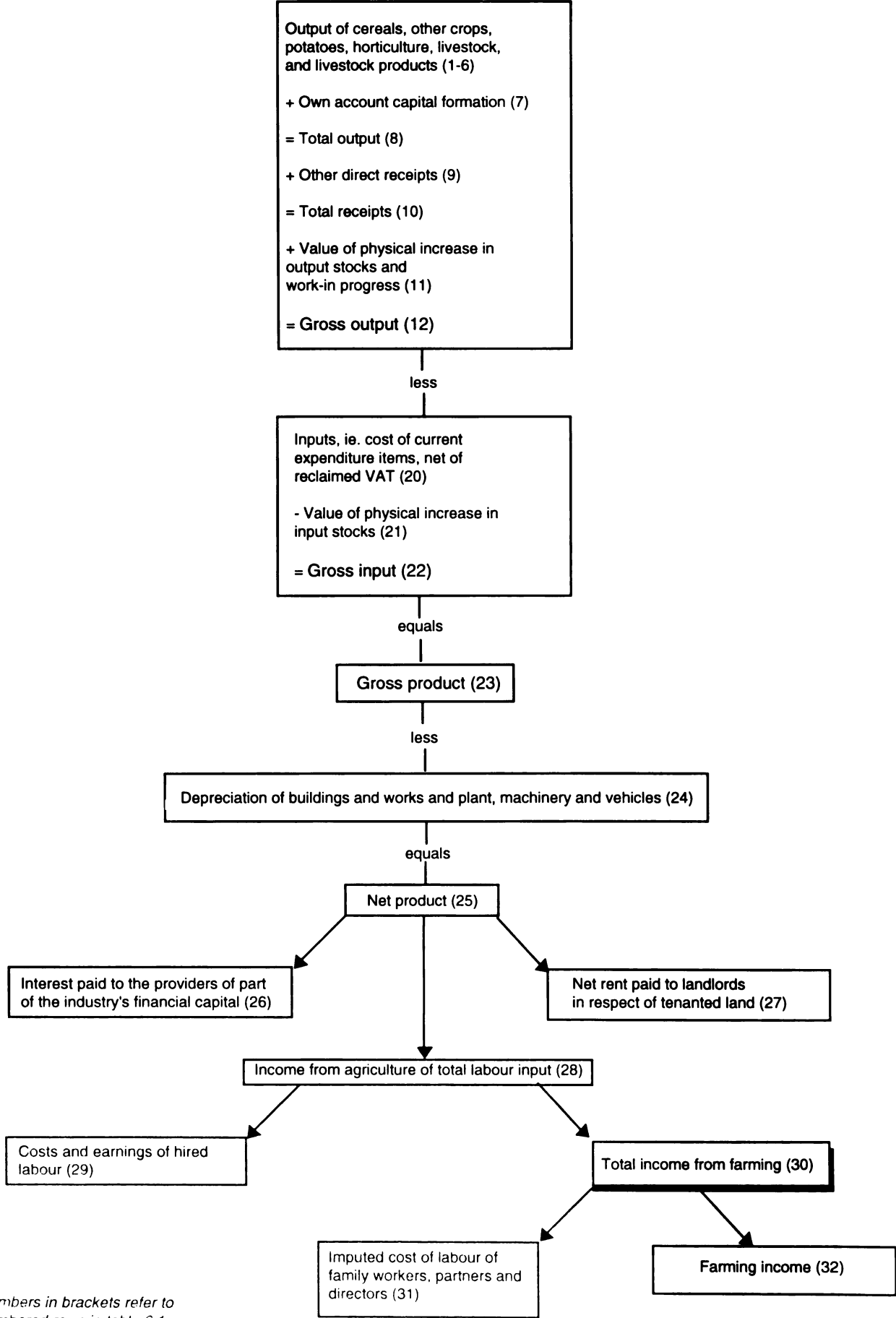
2. Table 6.1 shows the whole account and Chart 6.1 shows how the main components of the account are related. It starts with estimates of the value of agricultural outputs. These comprise commodity outputs, stock changes, capital formation on own account and subsidies which are not related to the output of specific commodities. These sum to the industry's gross output. Estimates of the costs of inputs are shown which, after allowance for stock changes, sum to the gross input. Gross output was just over £18 billion in 1996 whilst gross input was just under £9 billion, leading to a *gross product* of just over £9 billion. The cost of inputs increased more than the value of outputs in 1996 and therefore the gross product decreased by £196 million, 2.1 per cent.

3. Depreciation is estimated to have been £106 million, or 5.7 per cent, higher in 1996 than in 1995, at £1.95 billion. With gross product £196 million lower, *net product*, after allowing for depreciation, was £302 million, or 4.0 per cent, lower. This represents the reward to the various groups providing resources to the industry in the form of financial capital, let land, labour and managerial skills.

4. *Total income from farming*, calculated by deducting interest payments, net rent and the cost of hired labour from net product, is estimated to have decreased by £281 million, or 5.4 per cent. An eleven year series of TIFF is shown in Table 6.5. There was a fall of £39 million, or 6.6 per cent, in the interest paid to the providers of much of the industry's financial capital, and an increase of £15 million, or 0.9 per cent, in the cost of hired labour.

5. *Farming income*, which covers only farmers and their spouses, is calculated by further deducting estimates of the earnings of non-principal partners, directors and other family workers. It is estimated to have decreased by £304 million, or 7.3 per cent.

CHART 6.1 Outputs, inputs, net product and the resulting incomes



6. The measures of income derived from the difference between gross output and gross input are sensitive to quite moderate changes in the values of these relatively large aggregates. 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 considering the changes in product and income.

7. Table 6.2 shows estimates for gross and net product and their components at their 1990 prices, thus showing how the volumes of the various elements have changed over the years.

8. Table 6.3 summarises the main changes estimated between 1995 and 1996 in both value and the underlying quantity and price elements. These changes are also portrayed in Chart 6.2. It should be noted that the values of commodity outputs include subsidies and that changes in these are reflected in price changes. There were decreases in price and increases in quantity for most commodities. However, for livestock the pattern is the opposite. Cattle and calves destroyed in the Over Thirty Month Scheme and in the Calf Processing Aid Scheme are not treated as output, and therefore the quantity of output of livestock is significantly lower than in 1995. However, the related subsidies are treated as additional receipts (contributing to other items), which contribute to the 2.3 per cent increase in the overall price effect within gross output.

Productivity (Table 6.4)

9. Changes in output volume and productivity are shown in Table 6.4. The two productivity measures are: (a) Gross product per whole-time person equivalent and (b) Gross output per unit of all inputs (including fixed capital and labour). Both measures are affected by the treatment of cattle and calves destroyed in the Over Thirty Month Scheme (OTMS) and the Calf Processing Aid Scheme (CPAS) in 1996. Cattle destroyed in the OTMS and CPAS are excluded from output and the subsidies paid to compensate for the loss of these animals is included as an other direct receipt. However, as these subsidies were not paid in 1990, by convention they do not contribute to gross output or gross product at constant 1990 prices. The productivity measures therefore include the cost of inputs used for these cattle but exclude any contribution to output.

10. Bearing these comments in mind, Table 6.4 shows a small decrease in productivity between 1995 and 1996. This decrease in gross product per whole time person equivalent is 0.1 per cent and the fall in gross output per unit of all inputs is 1 per cent. If, however, the cattle destroyed in the OTMS and CPAS *had* been treated as output, the two measures would have shown increases of 10 per cent and 4 per cent respectively.

Incomes from farming (Tables 6.5 and 6.6)

11. Table 6.5 shows movements over the last decade in net product and the income measures, and two measures of cash flow which correspond in coverage to *total income from farming* and *farming income*. In real terms, *total income from farming* and *farming income* are forecast to have fallen by 7.7 per cent and 9.5 per cent respectively since last year. The cash flow

measures, which may reflect more closely the perceptions of farmers and farm households, show slightly larger decreases than those estimated for the income measures; in real terms cash flow for the wider group has fallen by 10.5 per cent while that for farmers (and their spouses) alone has fallen by 13.1 per cent.

12. Table 6.6 and Charts 6.3 and 6.4 show movements over the last decade in the three income indicators used by the EC to compare trends in incomes from farming across member states. In line with Eurostat practice the implicit price index for Gross Domestic Product has been used as the deflator. This deflator reflects a wider range of price changes in the economy than the Retail Price Index used in Table 6.5. The Eurostat indicators are expressed per annual work unit to allow for the changing labour input into the industry. All three indicators are forecast to have fallen between 1995 and 1996 but remain at levels significantly above the average levels of ten years ago. These trends are illustrated in Chart 6.4. The numerator for Indicator 3 is equivalent to *total income from farming* and is therefore considered to provide the most meaningful guide to the changing incomes from farming of those with an entrepreneurial interest in the industry.

Subsidies and levies (Table 6.7)

13. Table 6.7 gives details of the values of the subsidies and levies included in the estimates of the Aggregate Agricultural Account. Only those subsidies received directly by farmers for their agricultural activities are included explicitly in the account. Indirect subsidies, in support of prices, influence the account through their effects on the value of sales. Subsidies paid to farmers to support non-agricultural activities or capital improvements are excluded. (An account of all public expenditure on agriculture is provided in Section 9). Subsidies to the cattle sector were increased in 1996 and, although not grouped in the table under cattle, the Calf Processing Aid Scheme and the Over Thirty Month Scheme were introduced to compensate farmers for the destruction of cattle undertaken as part of the BSE measures. The provisional figures show that in 1996 the agricultural industry as a whole received £3,112 million in direct subsidies.

Capital formation and stocks (Tables 6.8 and 6.9)

14. Table 6.8 shows estimates of investment in productive assets by the UK agricultural sector in 1995. Total gross fixed capital formation, at current prices, is estimated to have been £1,987 million in 1995. This is 3.3 per cent higher than the previous year and, at constant prices, is 12.6 per cent higher than the 1985-87 average. In both current and constant prices investment in 1995 is estimated to have increased for plant, machinery and vehicles but to have decreased for buildings and works.

15. Table 6.9 shows that stock appreciation fell significantly between 1995 and 1996 as stored potatoes, cereals and growing cattle attracted considerably lower prices in December 1996 than in December 1995. However, as stock appreciation is a measure of change in asset values due to price, it is not a part of the Aggregate Agricultural Account.

16. The value of physical increase in stocks and work in progress are also shown in this table. The levels of wheat, barley and potatoes stocks held on

farm at the end of 1996 have increased. A drop in the number of breeding and dairy cattle has reduced capital formation (shown on Table 6.8) and the number of non-breeding livestock held on farm at the end of 1996 has also fallen.

Hired labour
(Table 6.10)

17. Table 6.10 shows that the average weekly earnings for whole-time hired men (aged 20 and over) increased by approximately 2.5 per cent during 1996, from £237.4 to £243.3. This follows an increase in the statutory minimum wage for this group of workers of 3 per cent in June 1995 and 3.75 per cent in June 1996, as agreed by the Agricultural Wages Board. The increase in average earnings represents a maintaining of earnings in real terms, when deflated by the RPI. Average weekly hours worked remained at 1995's high average level of 47.1. The total cost of hired labour is derived by multiplying the numbers of each of the different categories of workers by estimates of their relevant earnings, adding on Employers' Liability and National Insurance and any other payments, such as Youth Training Scheme costs and redundancy payments. A deduction is made from each of these components to reflect the time spent by farm workers on the construction of farm buildings. Thus, the aggregate cost figures shown in the table relate to agricultural work only. When measured at constant prices the volume of hired labour is estimated to have fallen by approximately 2.0 per cent between 1995 and 1996. The total cost of hired labour showed an increase of 0.9 per cent due mainly to an increase in total wages and salaries, but also to an increase in employers' insurance contributions.

Interest (Table 6.11)

18. Table 6.11 shows details of interest charges payable on farmers' borrowings for agricultural purposes (including land purchases). These interest payments, net of interest on short-term deposits, are estimated to have fallen by £39 million between 1995 and 1996 to £548 million. This reflects a modest decline in average interest rates and a relatively static volume of lending. Interest charges are now 26 per cent below their 1985-87 average reflecting the decline of interest rates to historically low levels over the past four years.

TABLE 6.1 Outputs, inputs and income at current prices

£ million

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Outputs (a)						
Cereals:						
wheat	1,350	1,557	1,628	1,692	1,971	2,064
barley	753	581	717	652	865	898
oats	29	44	50	50	76	71
rye, mixed corn and triticale	3	4	6	7	9	9
other receipts (b)	1	2	-	-	-	-
1. Total cereals	2,135	2,188	2,401	2,402	2,921	3,042
Other crops:						
oilseed rape	271	270	348	379	363	419
linseed	3	84	185	39	41	39
sugar beet	225	360	317	307	323	360
hops	14	18	21	20	17	22
peas and beans for stockfeed	94	122	193	151	137	140
hay and dried grass	19	16	17	19	21	23
grass and clover seed	16	10	10	11	10	10
other minor crops (c)	44	40	56	60	56	54
2. Total other crops	686	920	1,147	987	968	1,067
3. Potatoes	405	429	387	741	981	564
Horticulture:						
vegetables (d)	854	1,025	1,008	1,081	1,174	1,147
fruit (d)	243	275	274	246	256	260
ornamentals	288	539	567	635	638	675
other (e)	6	9	8	8	8	8
4. Total horticulture	1,390	1,848	1,857	1,970	2,076	2,090
Livestock:						
finished cattle and calves	2,019	2,050	2,329	2,405	2,614	1,962
finished sheep and lambs	791	1,050	1,240	1,218	1,281	1,391
finished pigs	934	1,091	988	991	1,153	1,316
poultry	831	1,129	1,270	1,324	1,325	1,497
other livestock and receipts (f)	100	134	135	134	142	147
5. Total livestock	4,676	5,454	5,962	6,072	6,514	6,312
Livestock products:						
milk	2,444	2,945	3,200	3,262	3,492	3,514
eggs (g)	405	405	435	440	413	460
clip wool	42	41	30	46	46	41
other (h)	16	29	28	29	29	28
6. Total livestock products	2,907	3,420	3,693	3,777	3,980	4,044
7. Own account capital formation: livestock (i)	-3	119	45	-	-97	-40
8. Total output (1+2+3+4+5+6+7)	12,195	14,379	15,493	15,947	17,343	17,079
Other direct receipts:						
set-aside	-	33	168	222	210	163
milk quota cuts	4	81	44	32	26	26
milk outgoers	9	1	1	-	-	-
calf processing aid scheme	..	..	..	..	..	37
over thirty month scheme	..	..	..	..	..	535
other receipts (j)	38	78	91	127	86	84
9. Total other direct receipts	51	193	304	381	322	845
10. Total receipts (8+9)	12,246	14,572	15,797	16,328	17,665	17,924

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

(b) Payments to small-scale cereal producers.

(c) Includes root and fodder crop seed, straw, turf, other minor crops and arable area payments for fodder maize.

(d) Includes the value of the produce of gardens and allotments.

(e) Seeds, hedgerow fruits and nuts.

(f) Horses, breeding livestock exported, rabbits and game, knacker animals, other minor livestock and guidance premium for beef and sheepmeat.

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

(h) Honey, goats milk, and minor livestock products.

(i) The value of the physical increase in breeding and other capital livestock.

(j) Includes animal disease compensation payments, co-operative society dividends and payments for grazing of horses and non-marketing of milk.

TABLE 6.1 Outputs, inputs and income at current prices (continued)

£ million		Calendar years				
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Value of physical increase in work-in-progress (k)	-64	-43	20	59	-61	-8
output stocks (k)	-71	48	-39	-101	68	134
11. Total value of physical increase	-134	5	-19	-41	8	126
12. Gross output (10+11)	12,112	14,577	15,778	16,287	17,673	18,050
of which: Intermediate output (l)						
feed	653	595	413	586	616	678
seed	126	138	137	146	166	159
Inputs						
Expenditures (net of reclaimed VAT)						
Feedingstuffs:						
compounds	1,689	1,823	1,878	1,969	2,022	2,251
straights	726	547	638	676	674	745
other	85	102	104	113	121	121
13. Total feedingstuffs	2,499	2,471	2,621	2,758	2,818	3,116
Seeds:						
cereals	117	114	114	112	119	126
other	151	180	177	199	234	208
14. Total seeds	268	294	291	312	353	334
Livestock:						
imported	62	37	32	30	23	20
inter-farm expenses	137	137	152	151	146	158
15. Total livestock (imported and inter-farm expenses)	199	174	184	181	169	178
Fertilisers and lime:						
straights	330	255	219	254	278	293
compounds	462	348	317	378	414	440
lime	36	35	41	42	44	46
other	28	37	38	40	41	44
16. Total fertilisers and lime	856	675	615	715	777	823
17. Pesticides	353	428	449	443	443	459
Farm maintenance: (m)						
occupier	159	234	255	286	326	343
landlord	61	59	57	58	59	61
18. Total farm maintenance	220	293	312	345	385	404
Miscellaneous expenditure:						
machine repairs	494	619	656	692	732	772
machinery fuel and oil	355	297	319	313	320	355
veterinary expenses and medicines	169	236	261	284	303	317
power and fuel (mainly electricity)	193	248	251	255	250	255
other (m) (n)	823	1,365	1,500	1,630	1,699	1,781
19. Total miscellaneous expenditure	2,034	2,765	2,986	3,174	3,304	3,480

(k) Work in progress is non-capital livestock. Output stocks comprise cereals, potatoes and some fruits.
(l) Sales included in output but subsequently re-purchased. It is included within input (at the cost, and within the year, of re-purchase).
(m) Landlords' expenses are included within farm maintenance, miscellaneous expenditure and depreciation of buildings and works. Net rent is the rent paid on tenanted land less these landlords' expenses and the benefit value of dwellings on that land.
(n) Includes livestock and crop costs, water costs, insurance premia, bank charges, professional fees, rates, vehicle licence costs and other farming costs.

TABLE 6.1 Outputs, inputs and income at current prices (continued)

£ million

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
20. Total expenditure (13+14+15+16+17+18+19)	6,430	7,100	7,458	7,927	8,249	8,794
Value of physical increase in stocks of:						
purchased feed	11	16	6	4	11	-1
fertilisers	-10	2	-1	25	8	-9
21. Total value of physical increase in input stocks	1	18	6	29	19	-10
22. Gross input (20-21)	6,429	7,082	7,453	7,898	8,230	8,804
23 Gross product (12-22)	5,682	7,495	8,325	8,389	9,443	9,246
Depreciation:						
buildings and works :						
landlord (m)	77	76	76	76	82	88
other	448	512	515	517	559	594
plant, machinery and vehicles	872	1,091	1,147	1,159	1,202	1,266
24. Total depreciation	1,397	1,680	1,737	1,751	1,842	1,948
25. Net product (23-24)	4,285	5,815	6,588	6,637	7,600	7,299
26. Interest (o)	741	719	527	535	587	548
27. Net rent (m)	160	151	146	150	147	151
28. Income from agriculture of total labour input (25-26-27)	3,384	4,945	5,915	5,952	6,866	6,599
Hired labour (p) (q)						
wages and salaries	1,244	1,531	1,539	1,561	1,555	1,564
insurances	111	138	144	138	132	137
other	11	10	10	10	10	10
29. Total hired labour (p) (q)	1,366	1,678	1,693	1,709	1,696	1,711
30. Total income from farming (28-29)	2,018	3,267	4,222	4,243	5,170	4,889
31. Labour: family, partners and directors (q) (r)	741	982	974	1,003	1,012	1,036
32. Farming income (s) (30-31)	1,277	2,285	3,248	3,241	4,158	3,853

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

(p) Including employers' national insurance contributions, perquisites and other payments (including the payment by farmers of rates on farm cottages occupied by farm workers and of their community charge or council tax).

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

(r) The estimate in respect of family workers, non-principal partners and directors (and their spouses) is calculated on the basis of the earnings of hired labour.

(s) The return to farmers (and their spouses) for their labour, management skills and own capital invested after providing for depreciation.

Enquiries: Mr S J Holding on 01904 455080

TABLE 6.2 Outputs, inputs and income at constant (1990) prices

£ million at constant (1990) prices						Calendar years
	Average of 1985-87 (a)	1992	1993	1994	1995	1996 (provisional)
Outputs (b)						
Cereals:						
wheat	1,324	1,416	1,242	1,382	1,403	1,521
barley	810	577	543	464	542	600
oats	30	41	32	32	51	48
rye, mixed corn and tritcale	3	4	4	4	4	4
1. Total cereals	2,165	2,040	1,821	1,882	2,001	2,173
Other crops:						
oilseed rape	311	359	328	365	363	412
linseed	2	53	46	22	19	20
sugar beet	273	349	333	300	290	329
hops	18	16	17	15	14	18
peas and beans for stockfeed	79	107	144	115	90	92
hay and dried grass	21	18	18	18	17	19
grass and clover seed	11	10	9	10	8	8
other minor crops (c)	48	48	53	51	46	42
2. Total other crops	769	960	949	896	847	939
3. Potatoes	551	579	602	575	515	540
Horticulture:						
vegetables (d)	1,093	1,206	1,175	1,156	1,080	1,140
fruit (d)	290	324	291	286	281	287
ornamentals	428	523	537	551	566	572
other (e)	6	6	6	5	6	6
4. Total horticulture	1,814	2,059	2,008	1,999	1,933	2,004
Livestock						
finished cattle and calves	2,196	1,931	1,773	1,891	1,997	1,397
finished sheep and lambs	780	996	989	989	1,004	946
finished pigs	1,057	1,056	1,078	1,120	1,081	1,061
poultry	890	1,178	1,235	1,304	1,334	1,389
other livestock (f)	122	130	122	120	123	124
5. Total livestock	5,033	5,291	5,197	5,426	5,539	4,916
Livestock products:						
milk	2,938	2,702	2,721	2,744	2,684	2,684
eggs (g)	474	449	446	445	444	446
clip wool	40	47	45	43	45	43
other (h)	12	24	24	20	21	17
6. Total livestock products	3,462	3,222	3,235	3,253	3,194	3,190
7. Own account capital formation: livestock (i)	-4	96	29	1	-96	-38
8. Total output (1+2+3+4+5+6+7)	13,790	14,246	13,841	14,031	13,933	13,726
9. Total other direct receipts	46	174	143	111	93	91
10. Total receipts (8+9)	13,837	14,421	13,985	14,141	14,026	13,817
Value of physical increase in:						
work-in-progress (j)	-73	-42	20	54	-58	-2
output stocks (j)	-73	70	-47	-87	55	180
11. Total value of physical increase	-208	28	-28	-32	-3	178
12. Gross output (10+11)	13,683	14,449	13,957	14,109	14,023	13,995

Enquiries: Mr S J Holding on 01904 455080

TABLE 6.2 Outputs, inputs and income at constant (1990) prices (continued)

£ million at constant (1990) prices

Calendar years

	Average of 1985-87 (a)	1992	1993	1994	1995	1996 (provisional)
of which: Intermediate output (k)						
feed	665	541	402	579	565	654
seed	134	131	131	131	131	131
Inputs						
Expenditures (net of reclaimed VAT):						
feedingstuffs	2,637	2,547	2,658	2,762	2,772	2,827
seeds	285	278	279	278	279	279
livestock (imported and inter-farm expenses)	216	164	142	141	131	121
fertilisers and lime	821	729	693	765	747	716
pesticides	435	375	386	365	377	372
farm maintenance (l)	260	285	297	313	315	313
miscellaneous expenditure						
machinery repairs	618	543	548	562	573	572
machinery fuel and oil	342	302	300	299	292	295
veterinary expenses & medicine	215	211	223	236	244	253
power and fuel (mainly electricity)	235	227	233	243	242	236
other (l) (m)	1,114	1,201	1,275	1,343	1,355	1,381
13. Total expenditure	7,172	6,862	7,034	7,308	7,328	7,366
14. Total value of physical increase in input stocks	4	20	7	30	19	-9
15. Gross input (13-14)	7,184	6,842	7,028	7,278	7,310	7,375
16. Gross product (12-15)	6,503	7,607	6,929	6,831	6,713	6,620
17. Total depreciation (l)	1,782	1,706	1,695	1,704	1,696	1,706
18. Net product (16-17)	4,721	5,900	5,235	5,127	5,017	4,914

- (a) For 1984-86 the required national accounts method of calculating totals and sub-totals in constant price accounts means that they do not necessarily equate to the sum of the individual items within them.
- (b) Output is net of VAT collected on the sale of non-edible products. Figures for total output include subsidies, but not 'other direct receipts'.
- (c) Includes root and fodder seed, straw, turf, other minor crops and arable area payments for fodder maize.
- (d) Includes the value of the produce of gardens and allotments.
- (e) Seeds, hedgerow fruits and nuts.
- (f) Horses, breeding livestock exported, rabbits and game, knacker animals, other minor livestock and guidance premium for beef and sheepmeat.
- (g) Includes exports of eggs for hatching.
- (h) Honey, goats milk and minor livestock products.
- (i) The value of the physical increase in breeding and other capital livestock.
- (j) Work in progress is non-capital livestock. Output stocks comprise cereals, potatoes and some fruits.
- (k) Sales included in output but subsequently re-purchased. It is included within input (at the cost and within the year of re-purchase).
- (l) Landlords' expenses are included within farm maintenance, miscellaneous expenditure and depreciation of buildings and works.
- (m) Includes livestock and crop costs, water costs, insurance premia, bank charges, professional fees, rates and other general farming costs.

Enquiries: Mr S J Holding on 01904 455080

TABLE 6.3 Changes in outputs and inputs

	Change between 1995 and 1996 (provisional)			
	Total Change		Percentage change in	
	£ million	Percentage	Price	Quantity
Outputs				
Cereals	121	4.2	-4.1	8.6
Other crops	99	10.2	-0.6	10.9
Potatoes	-417	-42.5	-45.2	4.9
Horticulture	15	0.7	-2.9	3.7
Livestock	-202	-3.1	9.2	-11.2
Livestock products	63	1.6	1.7	-0.1
Other items (a)	698	..	..	..
Gross output	377	2.1	2.3	-0.2
Inputs				
Feedingstuffs	298	10.6	8.4	2.0
Seeds	-18	-5.2	-5.0	-0.2
Livestock	8	4.9	13.9	-7.9
Fertilisers and lime	45	5.9	10.5	-4.2
Pesticides	16	3.7	5.1	-1.3
Farm maintenance	19	5.0	5.5	-0.5
Miscellaneous	176	5.3	4.1	1.2
Less: value of the physical increase in input stocks	-29	..	..	..
Gross input	574	7.0	6.0	0.9
Gross product	-196	-2.1	-0.7	-1.4
Net product	-302	-4.0	-2.0	-2.1

(a) Covers own account capital formation, other direct receipts and the value of the physical increase in output stocks and work-in-progress. This includes compensation payments for cattle slaughtered as part of the Over Thirty Month and Calf Processing Aid Schemes.

TABLE 6.4 Output volume and productivity

At constant 1990 prices: indices, 1990=100

Calendar years

Year	Gross output (as defined in Table 6.2)	Gross product (as defined in Table 6.2) per whole-time person equivalent (a)	Gross output per unit of all inputs (including fixed capital and labour)
1985	97.8	85.3	93.8
1986	98.8	86.4	93.1
1987	97.9	85.8	93.0
1988	98.8	87.9	93.7
1989	100.4	96.5	97.8
1990	100.0	100.0	100.0
1991	101.9	108.2	103.5
1992	103.6	114.5	106.1
1993	100.1	105.1	101.7
1994	101.2	105.6	100.8
1995	100.6	105.2	101.4
1996 (provisional) (b)	100.4	105.1	100.4

(a) The total numbers of whole-time person-equivalents engaged in agriculture is estimated for this series from the total number of full-time, part-time and casual workers, salaried managers, farmers and partners and directors (and their spouses) returned in the annual June Census, weighted by their estimated average annual hours worked.

(b) If the cattle slaughtered as part of the Over Thirty Months Scheme and the Calf Processing Aid Scheme had been treated as output, the indices for 1996 would have been as follows:

Gross output 105.3, Gross output per whole-time person equivalent 116.1 and Gross output per unit of all inputs 105.4.

CHART 6.2 Changes in outputs and inputs

Changes in value of outputs and inputs between 1995 and 1996 (provisional)^(a)

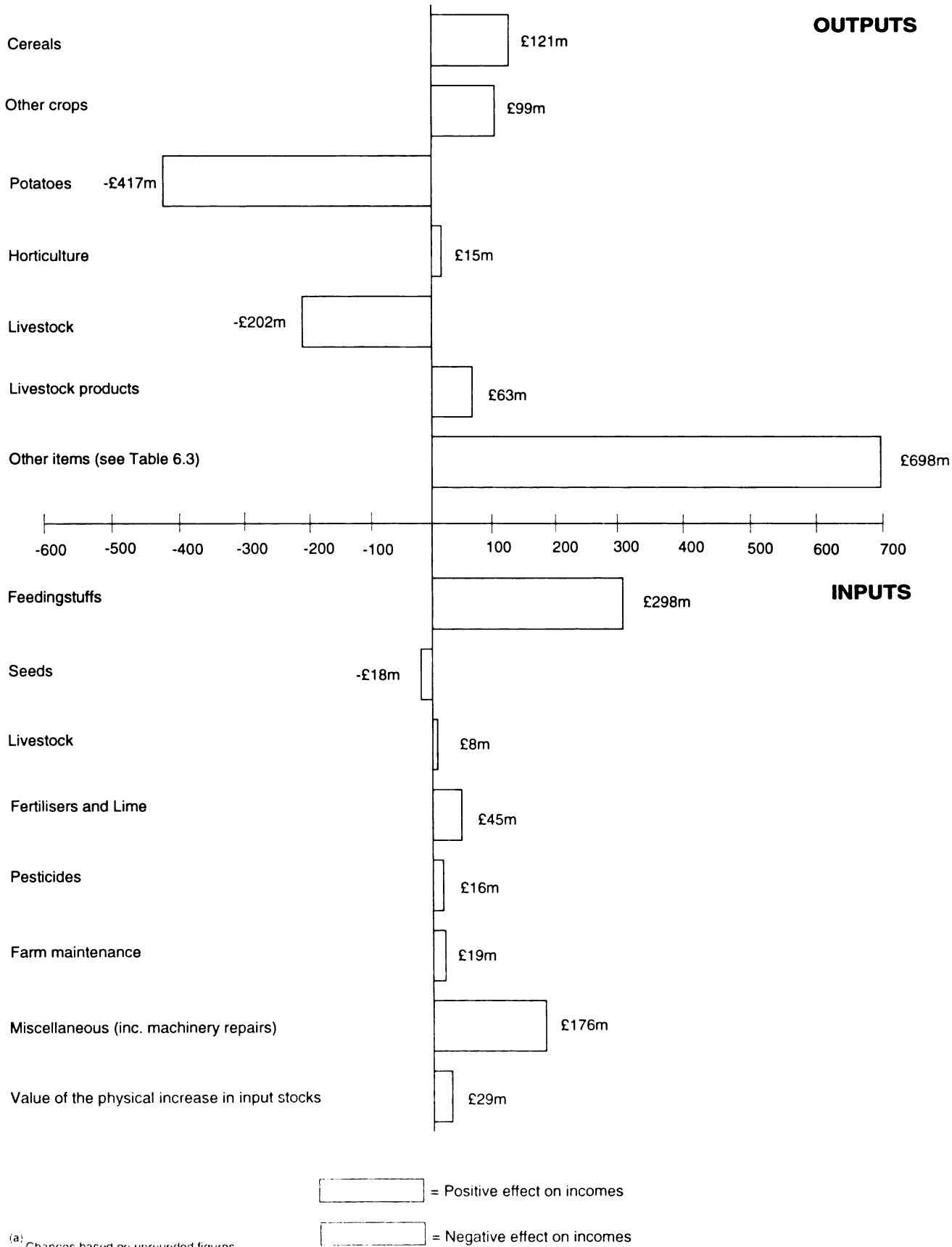


TABLE 6.5 Summary measures from the aggregate agricultural account

Calendar years						
Year	Net product (as defined in table 6.1)	Income from farming			Cash flow from farming	
		Income from agriculture of total labour input	Total income from farming (of farmers, non-principal part- ners and directors and their spouses and family workers)	Farming income (of farmers and spouses)	of farmers, non- principal partners and directors and their spouses and family workers	of farmers and spouses
£ million						
1985	4,015	3,082	1,702	1,000	2,099	1,397
1986	4,342	3,425	2,075	1,330	2,501	1,756
1987	4,497	3,644	2,277	1,500	2,856	2,079
1988	4,291	3,445	2,033	1,225	2,488	1,680
1989	5,049	3,966	2,509	1,689	2,973	2,153
1990	5,194	4,038	2,438	1,555	2,903	2,020
1991	5,258	4,266	2,595	1,637	3,246	2,288
1992	5,815	4,945	3,267	2,285	3,566	2,583
1993	6,588	5,915	4,222	3,248	4,266	3,292
1994	6,637	5,952	4,243	3,241	4,106	3,103
1995	7,600	6,866	5,170	4,158	5,062	4,049
1996 (provisional)	7,299	6,599	4,889	3,853	4,637	3,602
In real terms (as deflated by the RPI): indices, 1990 = 100						
1985	103.0	101.7	93.0	85.7	96.4	92.2
1986	107.8	109.4	109.7	110.3	111.1	112.1
1987	107.2	111.7	115.6	119.4	121.8	127.4
1988	97.5	100.6	98.4	92.9	101.1	98.1
1989	106.4	107.5	112.6	118.8	112.1	116.7
1990	100.0	100.0	100.0	100.0	100.0	100.0
1991	95.6	99.8	100.5	99.4	105.6	107.0
1992	101.9	111.5	122.0	133.8	111.8	116.5
1993	113.7	131.3	155.2	187.2	131.8	146.1
1994	111.8	129.0	152.2	182.3	123.7	134.4
1995	123.8	143.9	179.4	226.1	147.5	169.6
1996 (provisional)	116.1	135.0	165.6	204.6	132.0	147.3

TABLE 6.6 Eurostat income indicators

Calendar years			
Year	Indicator 1(a)	Indicator 2 (a)	Indicator 3 (a)
	Net value added from agricultural activity at factor cost of total labour input	Net income from agricultural activity of total labour input	Net income from agricultural activity of family labour input
Indices (1989/91=100) reflecting UK incomes in real terms (as deflated by the GDP price index) per annual work unit			
1985	91.1	88.4	81.8
1986	97.2	96.9	96.5
1987	98.3	100.7	103.5
1988	90.1	91.4	88.2
1989	101.6	100.9	103.6
1990	100.3	98.5	97.1
1991	98.1	100.6	99.3
1992	105.3	113.1	120.1
1993	116.4	132.0	150.5
1994	117.1	132.7	150.4
1995	133.1	152.0	181.9
1996 (provisional)	126.2	144.2	169.5

(a) These series have been given their Eurostat titles. Their numerators correspond to the following series in Table 6.5:

1. Net product;
2. Income from agriculture of total labour input;
3. Total income from farming.

CHART 6.3 Numerators of Eurostat income indicators 1, 2 and 3

In real terms (as deflated by the RPI): indices, 1990=100

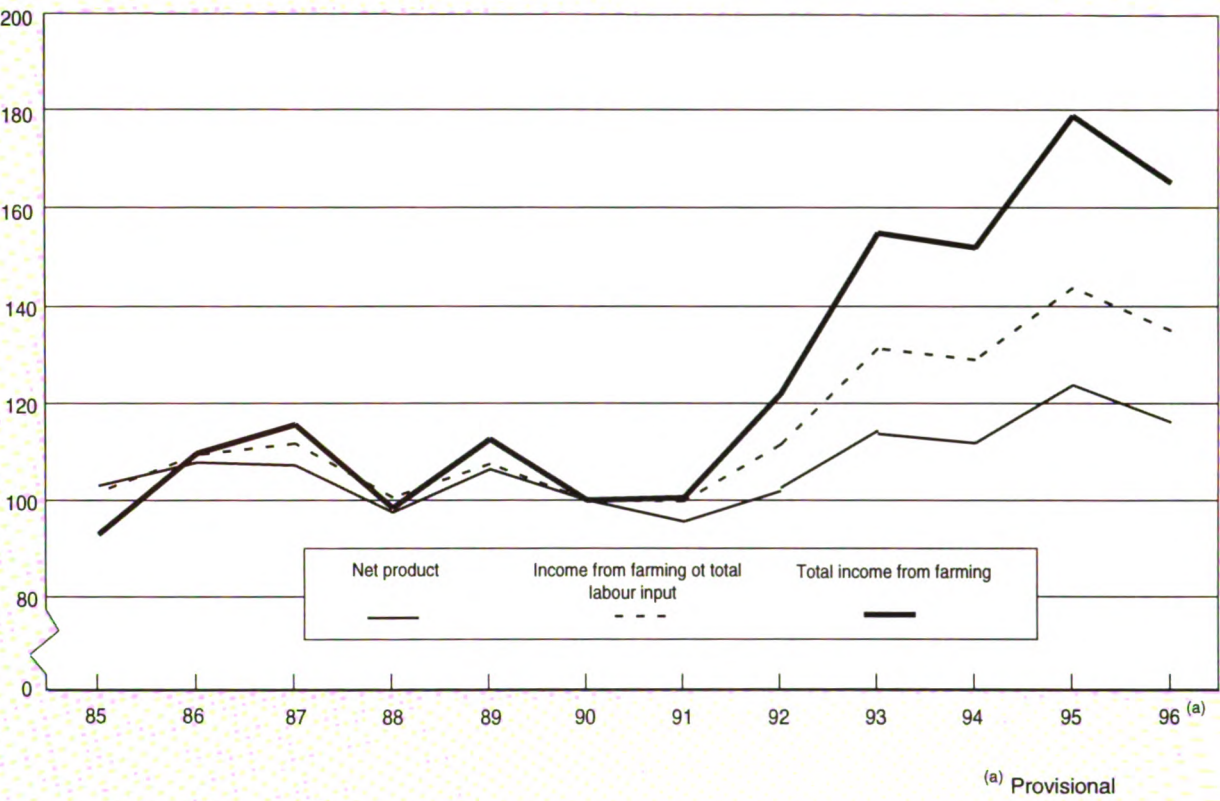


CHART 6.4 Eurostat income indicators 1, 2 and 3

Indices (as defined in Table 6.6)

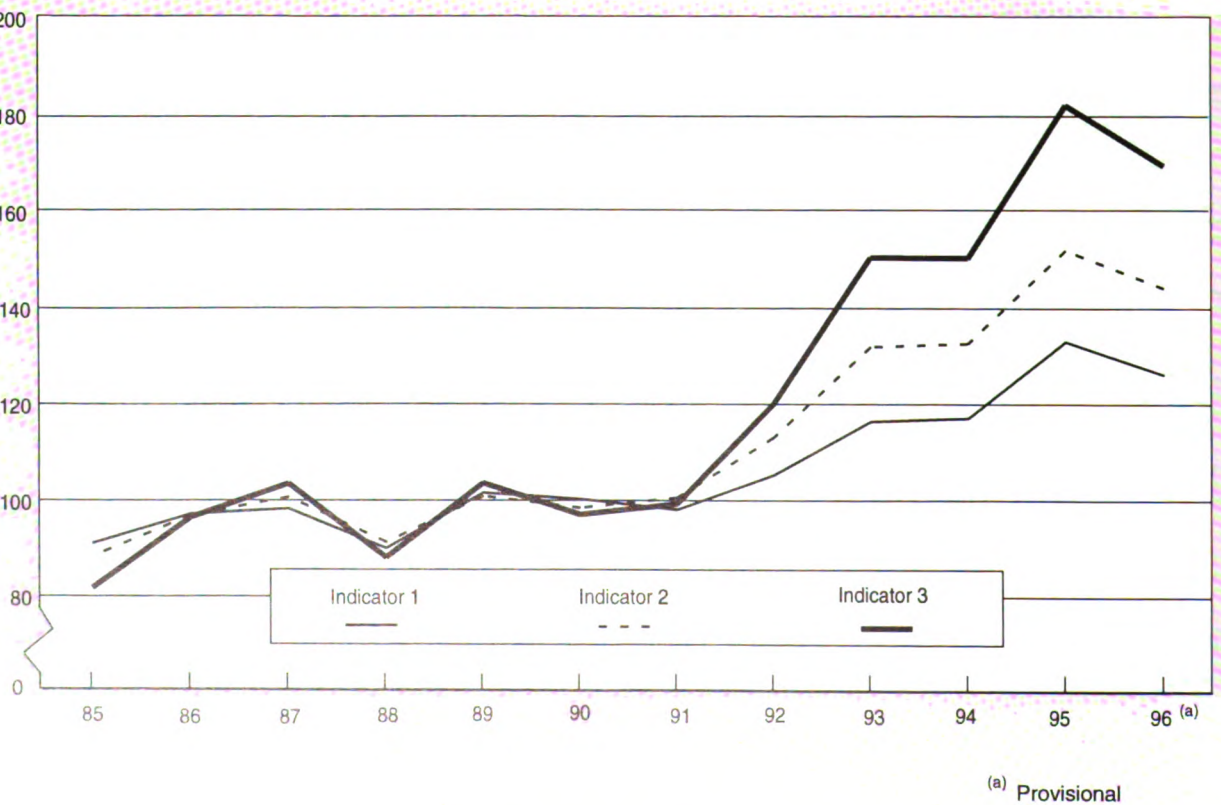


TABLE 6.7 Subsidies and levies included in the aggregate agricultural account

£ million

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Subsidies						
Cereals:						
arable area payments	-	-	381	545	811	847
payments to small scale cereal producers	1	2	-	-	-	-
Total	1	2	381	545	811	847
All other crops:						
oilseed rape:						
arable area payments	-	-	86	161	148	164
oilseed support scheme	-	84	86	-	-	-
linseed:						
arable area payments	-	-	-	27	29	25
oilseed support scheme	1	60	161	-	-	-
peas and beans for stockfeed:						
arable area payments	-	-	103	81	75	67
peas for human consumption:						
arable area payments (a)	-	-	7	-	-	-
forage maize:						
arable area payments	-	-	8	14	7	10
others (b)	4	6	7	7	5	5
Total	5	151	457	289	264	271
Cattle:						
beef variable premium	134	-	-	-	-	-
beef special premium (c) (d)	-	45	159	193	232	296
beef marketing payment scheme	-	-	-	-	-	29
suckler cow premium (c)	30	99	144	178	228	290
calf subsidy	4	-	-	-	-	-
hill livestock compensatory allowance	47	69	65	55	56	53
disease compensation (e)	1	4	7	6	5	5
Total	215	216	375	432	520	674
Sheep:						
sheep variable premium	121	-	-	-	-	-
annual ewe premium	106	346	459	399	440	452
hill livestock compensatory allowance	61	85	65	56	56	54
Total	288	431	523	456	496	506
Other subsidies:						
set-aside:						
arable area payments	-	-	142	206	202	159
5 year, 1 year and levy schemes	-	33	26	16	8	4
milk quota cuts	4	81	44	32	26	26
non-marketing of milk	-	-	-	44	-	-
BSE compensation	-	29	38	25	11	5
calf processing aid scheme	-	-	-	-	-	37
over thirty month scheme	-	-	-	-	-	535
other animal disease compensation (f)	3	3	3	1	1	3
environmentally sensitive areas	1	17	19	23	34	42
others (g)	23	4	4	5	10	4
Total	30	166	276	353	293	815
Total subsidies	539	966	2,013	2,075	2,383	3,112
Levies (h)						
Cereals:						
co-responsibility levy	34	42	-	-	-	-
Milk:						
co-responsibility levy	59	34	10	-	-	-
supplementary levy	-	4	2	22	47	49
Total levies	95	80	12	22	47	49

(a) Consists of subsidies on peas harvested dry and on vining peas.

(b) Includes hops CAP support and conversion aid, grass and clover seed subsidy and Potato Marketing Board compensation payments.

(c) Calculated on an accruals rather than a payments received basis.

(d) Includes extensification premium and NI deseasonalisation premium.

(e) Tuberculosis and brucellosis compensation; included under 'other subsidies' for years 1983-85.

(f) Includes salmonella, Chemobyl, ajuszky's, swinefever and avian influenza; also tuberculosis and brucellosis compensation for years 1983-85.

(g) Includes milk outgoers and small milk producers' scheme, nitrate sensitive areas, guidance premium for beef and sheepmeat production, aid to Less Favoured Area, farm accounts grants and other payments.

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

TABLE 6.8 Gross capital formation

£ million		Calendar years				
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Gross capital formation at current prices						
Gross fixed capital formation:						
buildings and works	457	432	468	584	526	..
plant and machinery	670	759	962	1,088	1,178	..
vehicles	114	170	227	250	284	..
Total	1,242	1,361	1,657	1,923	1,987	..
Livestock capital formation:						
cattle	-20	88	46	6	-62	-49
sheep	17	27	-1	-3	-28	7
pigs	-	2	-	-3	-4	2
poultry	-	-	-2	-1	-4	-
Total	-3	117	44	-	-97	-40
Gross capital formation	1,238	1,478	1,701	1,922	1,890	..
Gross capital formation at constant 1990 prices						
Gross fixed capital formation:						
buildings and works	600	521	563	701	572	..
plant and machinery	835	695	820	926	971	..
vehicles	155	160	212	223	246	..
Total	1,589	1,376	1,595	1,850	1,789	..
Livestock capital formation	-4	95	28	1	-96	-38
Gross capital formation	1,586	1,471	1,623	1,851	1,693	..

TABLE 6.9 Stocks and work in progress

£ million

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Increase in book value of stocks and work in progress	-78	-71	-185	275	106	-448
Stock appreciation	56	-93	-173	286	80	-563
Value of physical increase in stocks and work in progress:						
at current prices	-134	22	-13	-12	26	115
at constant (1990) prices	-204	48	-21	9	16	196
Details at current prices:						
Output stocks:						
wheat	-27	12	44	-34	44	79
barley	-24	7	-60	-14	1	39
oats	-1	-6	1	2	-	-
potatoes	-16	28	-21	-50	31	15
fruit	-3	6	-1	-2	-7	1
Total	-71	47	-38	-99	68	134
Work in progress:						
cattle	-	-48	12	44	-46	-1
sheep	1	-	-3	7	-5	-12
pigs	1	5	3	1	-13	3
poultry	10	1	7	7	3	1
Total	11	-43	19	58	-61	-8
Input stocks:						
feedingstuffs	11	16	6	4	11	-1
fertilisers	-10	2	-1	25	8	-9
Total	1	18	6	29	19	-10

TABLE 6.10 Costs and earnings of hired labour engaged in agricultural work

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Hired labour costs (£ million)						
Wages and salaries (a)	1,244	1,531	1,539	1,561	1,555	1,564
Insurance payments	111	138	144	138	132	137
Other payments (b)	11	10	10	10	10	10
Total	1,366	1,679	1,693	1,709	1,697	1,711
Hours and earnings of regular whole-time male workers, 20 years and over						
Hours per week (c)	46.8	46.3	46.3	46.4	47.0	47.0
Earnings per week (£) (d)	141.3	211.5	218.0	226.3	237.3	241.1
Index of earnings in real terms (1990=100) (deflated by RPI)	97.5	103.4	104.8	106.2	107.7	107.0

(a) Includes payments in kind to workers.

(b) Includes redundancy payments, Workers Pension Scheme (up to 1990) and Youth Training Scheme.

(c) All hours worked and statutory holidays.

(d) Includes payment in kind for houses, board and lodging and milk, which are valued at rates set down by the Agricultural Wages Board. Also includes pay for statutory holidays and employers' contributions to employees' community charge during the period 1990 to 1992 and to the council tax from 1993.

Enquiries: Table 6.9 - Mr S J Holding on 01904 455080
Table 6.10 - Mr R D S Price on 0171 270 8620

TABLE 6.11 Interest

£ million (unless otherwise specified)

Calendar years

	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
Interest rates						
average bank base lending rate in the UK (percentage)	10.9	9.6	6.0	5.5	6.7	6.0
average rate of interest on bank advances to agriculture (percentage)	13.3	12.3	8.7	8.2	9.3	8.5
Interest charges (all lending to the farm business) on :						
bank advances	611	547	376	358	398	374
AMC loans	69	111	97	99	106	104
instalment credit	12	21	29	46	55	56
leased assets	37	36	25	27	23	18
other credit (a)	29	46	27	31	35	31
less interest on deposits (b)	16	42	27	25	30	35
Total	741	719	527	535	587	548

(a) Interest paid on other institutional credit and that from private sources.
(b) Interest earned on money held on short term deposit.

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. These are in respect of tenancies of a year or longer in duration. In England and Wales for years up to and including 1995, average rent estimates are based on results of the former annual Rent Enquiry. For Scotland, rent estimates for all years are based on the results of continuing Field Enquiries. Estimates for England and Wales in 1996 are based on provisional results from the first Annual Survey of Tenanted Land. In order to be consistent with previous years, only land let on Full Agricultural Tenancies in this new survey has been analysed for the purposes of Table 7.1. Overall, provisional results for 1996 suggest increases in average rents in England, Wales and Scotland of about 6.5, 1.6 and 1.9 per cent respectively. For Great Britain as a whole, average rent per hectare increased by about 5.7 per cent.

Agricultural land prices (Table 7.2)

3. The average land prices shown in Table 7.2 are obtained from Inland Revenue statistics of average sale prices. Only a very small proportion of the total area of farmland in the UK is sold in a particular year. The average prices recorded by the Inland Revenue can therefore be subject to considerable variation from year to year and, in the case of the unweighted averages shown here, may vary with size and type of lot sold in the year concerned.

4. The average price of land sold with vacant possession in 1995 increased by 7.2 per cent in England, 24.6 per cent in Wales, 23.4 per cent in Scotland, and 16.6 per cent in Northern Ireland. In the tenanted sector in England the average price of land sold increased by 21.6 per cent. Chart 7.1 plots the average vacant possession price of land sold in England over the last ten years in both current and real terms.

Balance sheet (Table 7.3)

5. Estimates of the aggregate balance sheet for United Kingdom agriculture are shown in Table 7.3. In 1995 there was an increase of about 10.1 per cent in the total value of assets at current prices (net of depreciation but excluding the value of quotas). This was largely due to a rise in the value of land and buildings. The total value of liabilities decreased by about 1.7 per cent and the industry's net worth increased by about 11.8 per cent. In real terms total assets and net worth both increased in 1995. Chart 7.2 shows the development (in real terms) of the main balance sheet aggregates since 1986.

TABLE 7.1 Farm rents

Average per hectare: indices, 1990=100						Calendar years
	Average of 1985-87	1992	1993	1994	1995	1996 (provisional)
England (a)	93.5	101.9	102.4	103.6	107.7	114.7
Wales (a)	88.3	106.2	110.1	116.8	125.5	127.5
Scotland	90.5	102.2	102.5	111.0	117.5	119.7
Great Britain (b)	93.0	102.1	102.8	105.0	109.6	115.8

(a) Provisional estimates of average rents in England and Wales for 1996 are based on initial analysis of a sub-sample of results from the first Annual Survey of Tenanted Land (ASTL), conducted in October 1996. This new survey, which covers all types of agricultural tenancy agreements, has replaced the former annual Rent Enquiry which collected information about Full Agricultural Tenancies only. To ensure consistency of the series the increase in 1996 is based on the sub-sample of farms with Full Agricultural Tenancies.

(b) Virtually all land in Northern Ireland is owner-occupied or let on an annual basis.

TABLE 7.2 Agricultural land prices

£ per hectare						Calendar years
	Average of 1985-87	1992	1993	1994	1995	
England (a)						
With vacant possession	3,569	3,674	3,814	4,200	4,503	
Tenanted	2,209	1,766	1,733	1,795	2,182	
Wales (a)						
With vacant possession	2,335	2,453	2,783	2,980	3,713	
Scotland (a)						
With vacant possession	1,520	1,194	1,694	1,704	2,102	
Tenanted	708	1,195	1,159	1,191	(b)	
Northern Ireland (a)						
With vacant possession	3,153	3,613	4,469	5,262	6,137	

(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. There is a delay between the date on which a sale is agreed and the date on which it is included in the analysis. The delay is thought to average about 9 months for England and Wales and about 3 months for Northern Ireland. The average prices shown in the table for each calendar year relate to sales included in the series for these countries in the years ending in the following September and March respectively. In the case of Scotland the problem is overcome by further analysis of information by date of sale. The data for Scotland is subject to retrospective revision. Reliable prices for tenanted land in Wales are unavailable due to insufficient sales and virtually all land in Northern Ireland is owner-occupied or let on an annual basis

(b) Less than five transactions.

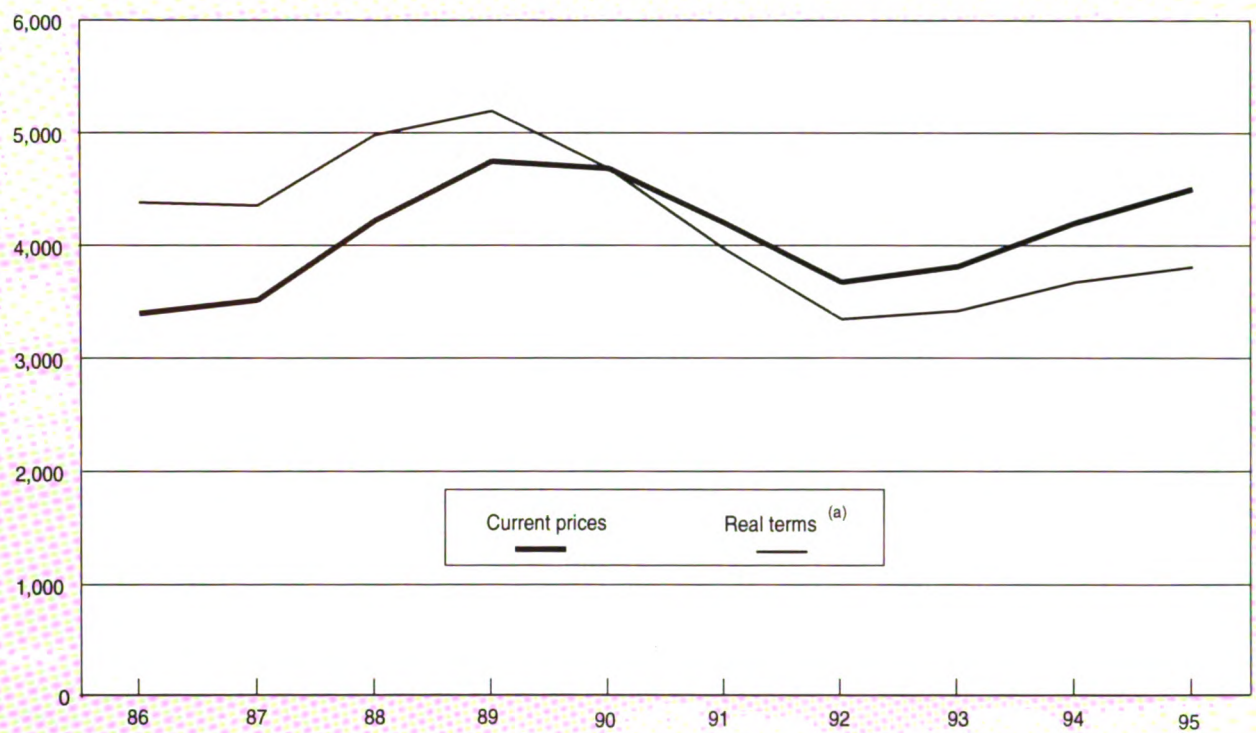
TABLE 7.3 Aggregate balance sheets for United Kingdom agriculture

£ million		As at December each year			
	Average of 1985-87	1992	1993	1994	1995 (provisional)
At current prices					
Assets					
Fixed (a):					
Land and buildings (b)	34,300	34,600	40,050	42,700	47,400
Plant, machinery and vehicles	5,750	6,800	7,150	7,550	8,000
Breeding livestock	3,550	5,700	6,400	4,300	4,850
Total fixed	43,550	47,100	53,650	54,550	60,250
Current:					
Trading livestock	2,660	3,130	3,440	3,460	3,430
Crops and stores	2,550	2,550	2,250	2,750	3,400
Debtors, cash deposits	1,500	2,750	3,000	3,500	3,700
Total current	6,700	8,450	8,700	9,700	10,500
Total Assets	50,250	55,550	62,300	64,300	70,750
Liabilities					
Long and medium term:					
Bank loans	1,100	1,250	1,350	1,600	1,600
Other	850	1,600	1,650	1,750	1,800
Total long and medium term	1,950	2,850	3,000	3,350	3,400
Short term:					
Bank overdraft	3,550	3,150	2,850	2,700	2,500
Other	1,500	1,900	2,050	2,350	2,300
Total short term	5,000	5,000	4,850	5,050	4,850
Total Liabilities	6,950	7,900	7,850	8,400	8,250
Net worth	43,250	47,650	54,450	55,900	62,500
In real terms (as deflated by the RPI): indices, December 1990 = 100					
Total assets	109	85	94	95	101
Total liabilities	111	89	87	91	86
Net worth	109	85	96	96	104

(a) The valuations of land, buildings and breeding livestock are at average market prices; those of plant, machinery and vehicles are at replacement cost, net of depreciation.
(b) Includes the value of owner-occupied and tenanted land.

CHART 7.1 Prices of agricultural land sold with vacant possession: - England

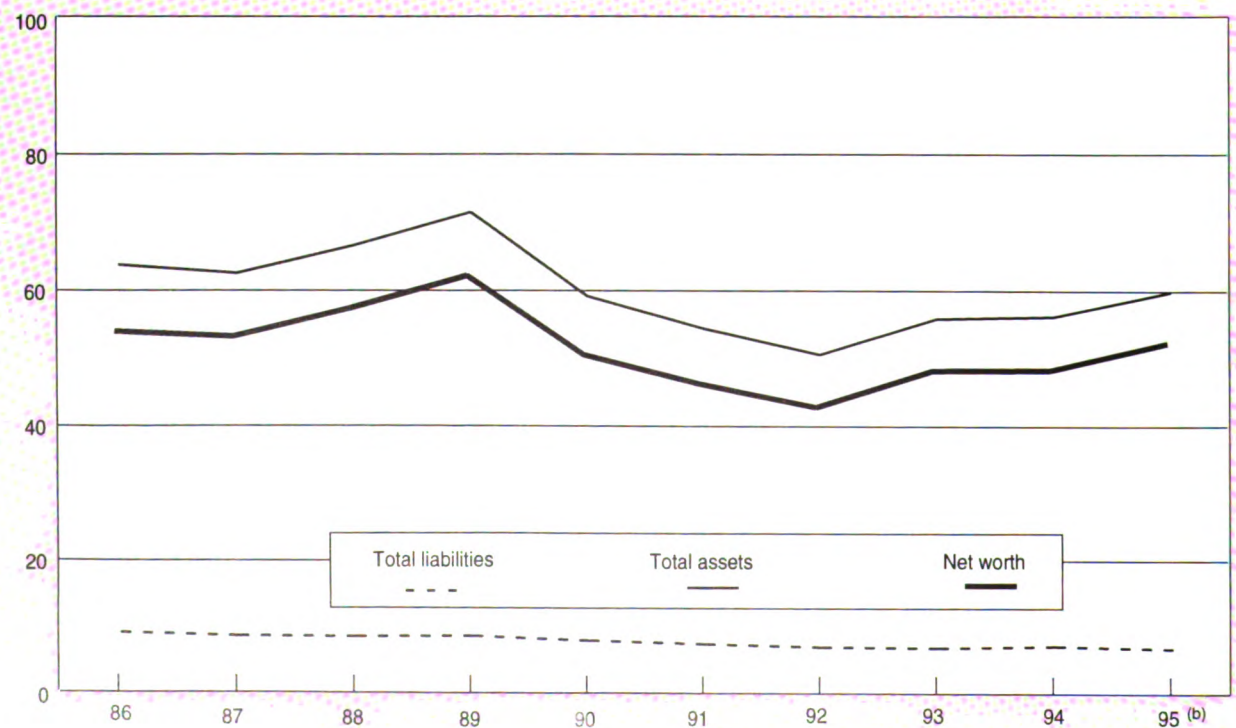
£ per hectare



(a) 1990 real terms as deflated by the RPI

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

£ billion



(a) December 1990 real terms as deflated by the RPI

(b) Provisional

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 and the Department of Agriculture for Northern Ireland, and the Scottish Farm Accounts Scheme carried out by the Scottish Agricultural College. Summary results of these surveys (weighted according to the distribution of holdings by region, farm type, size and tenure recorded in the 1995 June Census) are presented and described in this section, together with provisional estimates of net farm income for the 1996/97 year.

2. It should be noted that the accounting practices and concepts adopted in the Farm Business Surveys differ in a number of respects from those employed in compiling the aggregate account as reported in Section 6. In addition, the Farm Business Survey accounting year runs from March to February on average, while the aggregate account is prepared on a calendar year basis. Income measures deriving from the two sources are not, therefore, directly comparable. Income measures in this section are presented as averages per farm.

3. Movements in *net farm income* over recent years 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, in order 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).

4. An important change in the tables this year is that in Wales for *net farm income* and *occupiers' net income*, livestock subsidies are recorded in the accounting year which contained the start of the subsidy scheme year under which they are due. In previous years' tables, they were recorded in the year in which they were received. The change brings Wales into line with the practice adopted in the rest of the UK and in general brings the recording of livestock subsidies into line with the business accounting methods adopted for other revenue items, including crop subsidies.

Farm Incomes (Tables 8.1 - 8.3)

5. Over the United Kingdom as a whole, average net farm income on LFA cattle and sheep farms increased by 37 per cent in 1995/96 due to

higher sheep prices and headage payments; lowland cattle and sheep farms experienced a more moderate increase. Incomes on dairy farms benefitted from both higher yields and milk prices; net farm income rose by 18 per cent. Pig and poultry farms fared very well, as pig prices recovered, with a substantial increase in net farm income for the second successive year.

6. In 1995/96 cereals farms experienced a substantial rise in income, of over 50 per cent, due to strong prices and increased area payments. Potato prices rose again and, as a result, income on general cropping farms increased significantly. Net farm income on mixed farms also increased significantly, due to higher prices for cereals, pigs and milk.

7. Provisional estimates of net farm income for 1996/97 are included as indices in Table 8.1. These are based on the most recent information on prices, direct subsidy rates and scheme requirements, animal populations and marketings, and crop areas and yields. The estimates should be regarded only as broad indicators of the overall effects on income of expected changes in output values and input costs.

8. For the United Kingdom as a whole, net farm income in 1996/97 on LFA cattle and sheep farms is likely to fall. The effect of the drop in beef prices has been partially offset by increased headage payments, although lower sheep annual premium rates will counteract the effect of higher sheep prices. On lowland cattle and sheep farms, income is likely to fall further than similar LFA farms, as they do not benefit from the increased HLCA rates, and, in general, they operate on lower margins. Dairy farms have also been affected by lower calf prices and, in England and Northern Ireland, by lower milk prices. Throughout the UK, net farm income is expected to fall quite significantly. On cereals farms the increase in planted area, following the relaxation of the set-aside rules, and higher yields have been offset by much lower prices. Input costs are forecast to rise to reflect the increase in cropped area. Subsequently incomes on these farms are expected to fall, but should still remain above 1994/95 levels. Additionally, input costs are forecast to rise to reflect the increase in cropped area. General cropping farms are likely to suffer the largest fall in net farm income as potato prices fall from the very high levels of 1995/96. Mixed farms are also likely to record reductions in income, mainly due to increased input costs. The only farm type likely to experience an increase in net farm income in 1996/97 is pigs and poultry. While input costs are expected to increase marginally, total output is likely to rise significantly due to higher prices for both pig and poultry products.

9. Estimates of actual levels of net farm income in 1994/95 and 1995/96 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. Net farm income for all types in all countries increased in 1995/96, with the exception of general cropping farms in Scotland which declined from very high levels in 1994/95. Income for pig and poultry farms in England more than doubled.

10. *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 may reflect more realistically 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 1994/95 and 1995/96. Most farm types and tenure groups recorded increases in this measure of income. Occupier's net income increased for all LFA cattle and sheep farms except tenanted farms in Scotland. Similarly tenanted farms in Scotland recorded the only reduction in occupier's net income for mixed farms.

**Assets and
Liabilities**
(Table 8.4)

11. Table 8.4 provides information on the assets, liabilities and net worth of farm businesses at the beginning and end of 1995/96 according to country and type of tenure. In England and Scotland net worth rose by between 8 and 11 per cent, compared to an increase of 3 or 4 per cent in Northern Ireland and 2 or 3 per cent, on average, in Wales.

12. External liabilities expressed as a percentage of total assets gives an indicator of indebtedness of farm businesses. This measure fell in both England and Scotland, showing a reduction in indebtedness, in 1995/96. Both tenanted and mixed tenure farms in Wales recorded an increase in this measure, although when averaged over all types of tenure indebtedness remained virtually unchanged. It rose in Northern Ireland but its level still remained below that for the other countries.

TABLE 8.1 Net farm income by country and farm type

Average net farm income per farm: indices, 1989/90-91/92=100

Accounting years ending on average in February

Country and farm type	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97 (provisional)
At current prices									
England (a):									
Dairy	124	113	89	98	129	144	123	139	130
Cattle and sheep (LFA)	152	104	75	121	178	209	172	226	220
Cattle and sheep (lowland)	241	110	37	153	258	319	233	242	190
Cereals	32	79	104	117	157	155	205	322	280
General cropping	20	112	97	91	97	121	195	241	155
Pigs and poultry	22	126	108	67	75	24	52	112	170
Mixed	84	97	99	104	133	126	161	243	230
Wales (a):									
Dairy	114	115	89	97	120	124	81	137	95
Cattle and sheep (LFA)	175	107	79	114	140	162	97	198	185
Cattle and sheep (lowland)	312	68	132	100	92	95	76	118	100
Scotland:									
Dairy	97	118	93	88	109	118	106	127	105
Cattle and sheep (LFA)	118	107	98	95	118	136	111	127	110
Cereals	53	95	131	74	214	164	263	453	365
General cropping	40	134	121	44	65	81	244	220	115
Mixed	105	104	117	79	175	173	149	197	145
Northern Ireland (a):									
Dairy	141	130	75	95	141	141	145	200	165
Cattle and sheep (LFA)	186	111	86	103	162	185	145	172	125
Mixed	81	138	94	68	120	87	135	138	105
United Kingdom (a):									
Dairy	123	115	88	97	127	139	117	143	125
Cattle and sheep (LFA)	148	106	86	108	142	165	122	174	160
Cattle and sheep (lowland)	233	115	76	108	164	193	142	151	120
Cereals	35	82	108	110	159	153	207	327	285
General cropping	24	116	99	85	94	118	208	242	155
Pigs and poultry	27	125	107	68	80	25	51	108	160
Mixed	91	100	104	96	138	130	155	226	205

In real terms (as deflated by the RPI)

United Kingdom (a):									
Dairy	143	125	87	91	116	124	102	121	105
Cattle and sheep (LFA)	173	115	85	101	129	147	106	147	130
Cattle and sheep (lowland)	272	125	75	102	149	173	124	127	100
Cereals	41	89	107	103	145	137	180	276	235
General cropping	27	125	98	80	85	105	181	205	125
Pigs and poultry	32	135	106	64	73	22	44	91	130
Mixed	106	108	103	90	125	116	135	191	170

(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

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) 1995/96						Number of holdings at June 1995			
	Small		Medium		Large	All size groups			Small			Medium	Large		
	1994/95	1995/96	1994/95	1995/96	1994/95	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96
Dairy :															
England	10.5	10.1	24.7	28.6	60.9	32.0	68.5	32.0	36.2	64	133	4,358	10,200	4,759	
Wales (c)	9.4	15.6	20.3	36.5	50.3	20.9	76.8	20.9	35.3	70	148	1,609	2,167	542	
Scotland	..	..	20.7	26.2	47.9	28.1	54.9	28.1	33.7	81	145	189	1,171	683	
N. Ireland	9.7	14.0	28.4	38.6	..	17.8	..	17.8	24.6	63	..	2,800	2,102	331	
Cattle and sheep (LFA) :															
England	7.2	10.3	23.7	28.9	..	13.8	..	13.8	18.2	292	..	4,263	1,726	301	
Wales (c)	5.5	11.8	16.1	32.0	38.4	9.0	73.7	9.0	18.4	340	1117	5,696	1,863	201	
Scotland	7.7	8.1	15.5	18.5	23.3	11.2	29.9	11.2	12.8	434	1006	4,631	2,442	449	
N. Ireland	4.6	5.8	..	..	..	5.8	..	5.8	7.0	..	..	4,823	403	30	
Cattle and sheep (lowland) :															
England	5.4	5.4	17.4	20.6	53.7	8.9	49.0	8.9	9.3	129	268	9,738	1,824	503	
Wales	..	..	..	..	..	10.3	..	10.3	16.0	..	..	1,362	313	58	
Cereals :															
England	10.5	15.1	24.6	40.9	71.2	29.7	110.0	29.7	46.6	134	339	7,197	5,724	3,423	
Scotland	..	..	..	..	..	18.3	..	18.3	31.5	..	..	1,270	841	306	
General cropping :															
England	11.5	14.1	30.2	37.7	106.8	54.6	131.5	54.6	67.3	93	300	4,040	3,975	4,078	
Scotland	..	..	..	..	..	58.1	..	58.1	52.3	..	..	421	804	854	
Pigs and poultry															
England	10.1	21.4	20.9	44.4	60.2	25.2	129.0	25.2	53.8	10	34	1,225	988	794	
Mixed :															
England	8.4	10.0	20.3	30.6	72.5	31.9	113.0	31.9	48.4	124	297	4,164	2,876	2,387	
Scotland	..	..	3.9	1.4	17.5	..	22.2	..	..	125	..	1,022	726	426	
N. Ireland	16.2	14.8	..	..	..	16.0	..	16.0	16.4	..	..	686	200	34	

(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

With comparative data on average farm area and number of holdings

Farm type and country	Farm Business Survey data (a)										Accounting years ending on average in February		
	Occupier's net income (£'000 per farm)					Average farm area including rough grazing (hectares per farm) 1995/96					Census data (b)		
	Owner-occupied		Tenanted		Mixed Tenure	All types of tenure		Owner-occupied		Mixed tenure	Number of holdings at June 1995		Mixed tenure
	1994/95	1995/96	1994/95	1995/96		1994/95	1995/96	1994/95	1995/96		Tenanted	Tenanted	
Dairy:													
England	32.0	35.1	29.1	28.2	34.9	41.6	31.5	73	35.5	91	4,311	5,833	
Wales	22.3	36.6	..	..	24.0	37.5	20.7	68	35.8	87	690	1,010	
Scotland (c)	25.9	29.7	..	..	..	..	32.2	..	35.0	..	488	..	
N. Ireland (d)	16.4	22.9	..	..	..	..	..	45	..	..	5,233	..	
Cattle and sheep (LFA):													
England	12.6	15.1	16.2	20.5	20.9	28.4	15.7	124	20.0	240	3,040	1,414	1,836
Wales	9.4	19.2	6.5	15.5	15.6	26.5	10.7	158	20.6	246	4,985	876	1,899
Scotland (c)	13.1	15.8	25.9	25.2	..	..	18.1	542	19.4	..	4,618	2,904	..
N. Ireland (d)	5.4	6.5	..	..	..	..	..	90	..	..	5,256	..	..
Cattle and sheep (lowland):													
England	9.5	9.5	11.5	12.1	16.2	17.4	11.4	74	11.8	85	7,307	1,926	2,832
Wales	..	..	..	..	..	..	14.0	..	20.5	..	1,022	271	440
Cereals:													
England	31.6	46.0	25.1	39.8	44.9	68.5	34.3	137	51.6	189	7,627	3,515	5,202
Scotland (c)	29.1	47.2	..	..	..	..	22.8	..	44.2	..	1,664	753	..
General cropping:													
England	40.9	59.8	46.2	66.9	74.7	81.3	56.6	143	70.6	176	4,602	2,626	4,865
Scotland (c)	53.3	50.0	..	..	..	..	68.9	..	68.5	..	1,369	710	..
Pigs and poultry:													
England	20.7	51.2	..	..	..	..	23.0	10	52.0	..	2,436	249	322
Mixed:													
England	28.2	44.6	32.8	42.7	46.2	66.8	34.7	122	51.1	193	4,471	1,933	3,023
Scotland (c)	18.3	25.3	39.6	35.6	..	..	24.8	168	28.5	..	1,508	666	..
N. Ireland (d)	17.0	17.0	..	..	..	..	..	60	..	..	920	..	..

(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, 1995/96

£'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	592.2	635.0	193.3	208.5	635.9	695.4	531.2	573.7
	of which : fixed assets	526.3	562.7	119.8	129.2	540.7	589.4	455.2	490.1
	current assets	67.0	58.8	74.4	83.7	97.1	83.8	77.3	67.1
	Total external liabilities	71.6	70.6	44.7	45.6	85.9	87.1	70.8	70.8
	of which : long and medium term loans	36.8	36.8	9.7	9.8	37.1	39.0	31.9	32.4
	short-term loans	34.8	33.8	35.0	35.8	48.8	48.1	38.9	38.4
	Net Worth	520.7	564.3	148.6	162.9	550.1	608.3	460.3	502.9
	Occupier's net income 1995/96 year		33.6		36.2		54.0		40.1
Wales	Total assets	440.4	449.9	119.7	128.6	405.9	418.5	402.4	412.6
	of which : fixed assets	406.1	413.5	98.7	102.8	367.0	376.8	368.4	376.0
	current assets	34.8	32.2	21.2	23.3	40.1	34.9	34.7	32.0
	Total external liabilities	35.0	35.0	20.1	22.3	41.4	43.3	35.1	35.7
	of which : long and medium term loans	18.0	17.4	7.1	7.0	19.7	20.5	17.4	17.2
	short-term loans	17.0	17.6	13.0	15.3	21.6	22.8	17.7	18.6
	Net Worth	405.3	414.9	99.6	106.3	364.5	375.1	367.3	376.9
	Occupier's net income 1995/96 year		24.2		21.0		30.1		25.2
Scotland (a)	Total assets	435.0	473.6	210.3	228.8	..	..	359.1	390.9
	of which : fixed assets	316.7	352.9	109.4	123.6	..	..	246.7	275.4
	current assets	118.3	120.8	100.9	105.2	..	..	112.4	115.5
	Total external liabilities	66.8	65.7	42.1	44.3	..	..	58.4	58.5
	of which : long and medium term loans	17.1	16.9	8.8	9.7	..	..	14.3	14.5
	short-term loans	49.7	48.8	33.3	34.6	..	..	44.1	44.0
	Net Worth	368.3	407.9	168.2	184.5	..	..	300.7	332.4
	Occupier's net income 1995/96 year		21.4		40.7	..	..		39.7
Northern Ireland (b)	Total assets	262.7	273.3	..	..	..	..	..	..
	of which : fixed assets	230.4	239.9	..	..	..	..	..	..
	current assets	32.2	33.4	..	..	..	..	..	..
	Total external liabilities	13.2	15.0	..	..	..	..	..	..
	of which : long and medium term loans	4.9	6.0	..	..	..	..	..	..
	short-term loans	8.3	9.0	..	..	..	..	..	..
	Net Worth	249.5	258.4	..	..	..	..	..	..
	Occupier's net income 1995/96 year		13.6		..	..	..	..	..

(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.

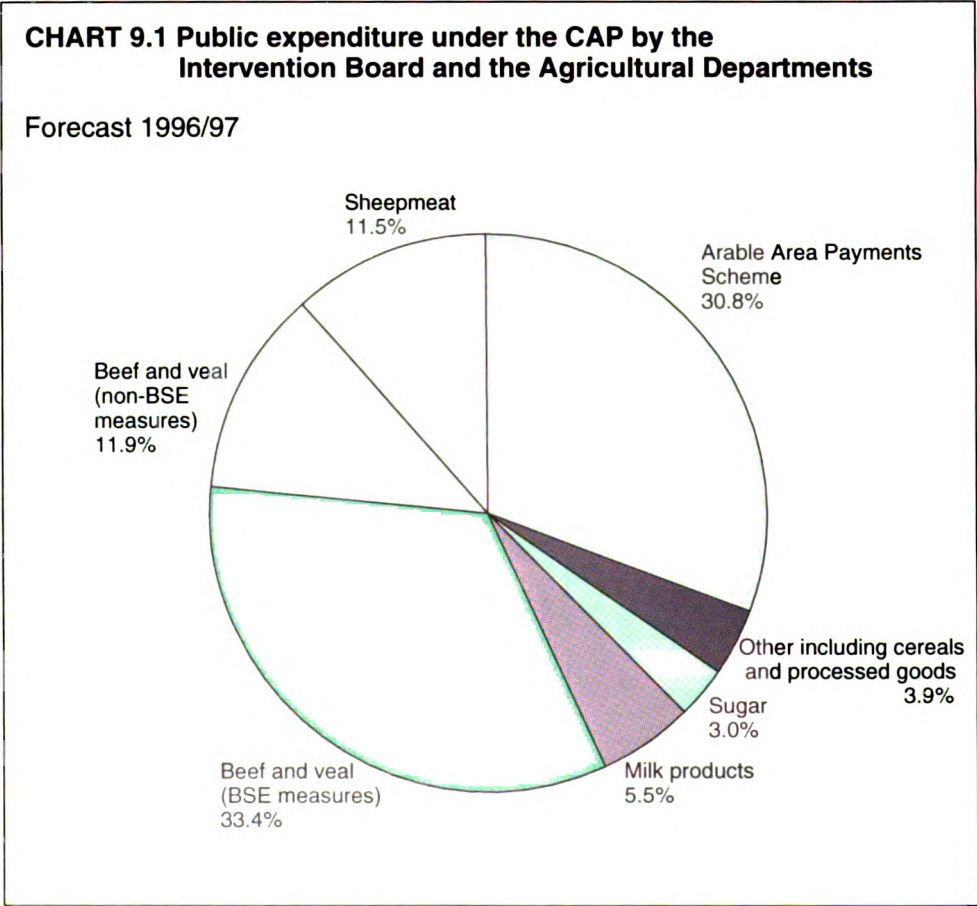
9 Public expenditure on agriculture

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 which may benefit farmers (such as expenditure on animal health or on research, advice and education). They do, however, include some expenditure which benefits consumer and trade interests rather than producers directly. The figures for the financial years up to and including 1995/96 represent actual expenditure recorded in the Appropriation Accounts. The figures for 1996/97 are the latest estimates of expenditure.

Public expenditure (Tables 9.1 and 9.2)

2. Total United Kingdom expenditure in 1996/97 is forecast to increase by some £1,513 million to £4,414 million, compared with the previous year. Spending in the UK under the CAP is forecast to increase from £2,656 million in 1995/96 to £4,142 million. Chart 9.1 illustrates the expenditure breakdown by commodity sector, with more detail in Table 9.2. The increase is mainly attributable to BSE. A number of measures were introduced to protect the public and support the industry. Existing schemes,



notably intervention purchases of beef and milk products, also experienced increases as a result of market disruption. Expenditure on beef export refunds reduced substantially. Other significant changes included increased cereals intervention and sheep annual premium payments. Due to the continuing appreciation of sterling on the foreign exchanges, the green rate used for converting EC rates to sterling was revalued. This reduced support prices by some 5.3 per cent.

3. Other expenditure on agricultural support in the UK is estimated to be £272 million in 1996/97 compared with £244 million in 1995/96. This expenditure includes grants for conservation, exchequer funding of accompanying measures and assistance for agriculture in special areas.

**Intervention
stocks**
(Table 9.3)

4. Table 9.3 shows the level of opening and closing stocks and purchases into, and sales out of, intervention in the United Kingdom for the years 1992/93 to 1996/97. This indicates that stocks of cereals, beef, butter and skimmed milk powder are forecast to increase considerably during 1996/97.

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

£million

April/March (financial years)

	1992/93	1993/94	1994/95	1995/96	1996/97 (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	256.3	399.8	67.8	12.2	39.1
Oilseeds	126.0	163.0	..	..	..
Sugar	129.9	154.1	126.5	115.6	122.6
Beef and veal (non-BSE)	252.8	11.1	-9.5	69.9	0.8
Beef and veal (BSE)	..	..	..	..	1,194.1
Sheepmeat	0.9	0.4	-3.2	-0.8	-2.8
Pigmeat	2.1	2.5	2.5	2.1	1.0
Milk products	167.9	236.9	195.1	162.9	228.2
Processed goods	55.9	66.3	55.7	51.5	45.7
Other (b)	58.0	42.2	19.0	43.8	36.2
Sub-total	1,049.8	1,076.2	454.0	457.2	1,664.9
(ii) Expenditure by Agriculture and other Departments:					
Agricultural measures:					
Repayment of Cereals Levies	5.5	..	..	..	..
Transitional Oilseeds Scheme	163.7	4.6	..	..	..
Suckler Cow Premium Scheme (c)	90.4	65.6	169.9	199.3	239.7
Beef Special Premium Scheme (c)(d)	6.2	88.7	161.6	246.2	252.7
Beef deseasonalisation scheme (NI)	-	5.1	4.6	0.1	-
Annual Premium on Ewes	338.1	486.7	394.9	424.3	478.6
Payments to producers giving up some milk production (e)	44.3	79.0	9.8	-	-
Arable area payments scheme - cereals	..	387.4	549.5	818.9	858.1
- oilseeds	..	153.5	151.7	164.6	170.7
- linseed	..	..	26.1	28.6	24.8
- protein	..	101.9	80.0	74.7	66.3
- set-aside	..	141.8	199.7	200.8	157.0
Orchard Grubbing Scheme	0.7	0.5	2.6	7.7	-
School milk (Northern Ireland)	0.9	0.9	0.6	0.6	0.5
BSE emergency measures	..	..	..	..	191.2
Sub-total	649.8	1,515.7	1,751.0	2,165.8	2,439.6
Agri-environment and other measures:					
Environmentally Sensitive Areas	..	13.1	10.8	16.1	19.4
Nitrate Sensitive Areas	..	0.4	0.2	1.0	1.4
Pilot Beef and Sheep Extensification scheme	..	0.2	0.1	0.1	-
Organic farming	..	..	..	0.2	0.3
Countryside Stewardship	..	..	1.8	2.7	3.3
Tir Cymen	..	..	1.2	0.9	1.1
Moorland Scheme	..	..	..	..	0.1
Habitat Scheme	..	..	..	0.5	0.9
Farm woodlands and forestry	..	5.1	15.5	11.9	11.4
Sub-total	..	18.8	29.6	33.4	37.9
Total	1,699.6	2,610.7	2,234.6	2,656.4	4,142.4
B UK expenditure by Agriculture and other Departments (f)					
Environmentally Sensitive Areas	13.9	10.2	11.3	20.3	22.9
Nitrate Sensitive Areas	1.4	1.0	1.5	2.6	2.9
Pilot Beef and Sheep Extensification Scheme	0.4	0.3	0.4	0.4	-
Organic farming	..	..	..	0.1	0.4
Countryside Stewardship	..	..	13.1	13.6	11.0
Tir Cymen	..	..	2.9	3.5	5.0
Moorland Scheme	..	..	..	0.0	1.3
Habitat Scheme	..	..	..	0.5	1.3
Countryside Access/Set-Aside Access Schemes	..	..	..	..	0.2
Farm woodlands and forestry	26.8	38.4	25.3	36.0	41.1
Optional set-aside (5 and 1 year schemes) (g)	31.1	25.1	15.1	7.1	3.2
Total	73.6	75.0	69.6	84.1	89.3
TOTAL (A+B)	1,773.2	2,685.7	2,304.2	2,740.5	4,231.7

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

£ million	April/March (financial years)				
	1992/93	1993/94	1994/95	1995/96	1996/97 (forecast)
II Price guarantees (national)					
Potatoes (h)	1.0	0.5	..	..	..
Wool (i)	26.4	12.0	0.1	..	..
Total	27.4	12.5	0.1	..	..
III Support for conservation and other improvements					
Farm Diversification :					
Capital Grants	0.6	0.6	0.2	0.1	0.2
Marketing and Feasibility grants	-	0.2	0.1	..	..
Farm and Conservation Grant Scheme (EC) (j)	3.4	6.9	6.8	6.0	6.8
Agricultural Improvement Scheme (EC) (j)	4.3	1.9	1.3	0.8	1.1
Agricultural and Horticulture Development Scheme (j) (k)	5.8	1.9	0.7	0.1	0.1
Farm structures	0.1	0.2	0.2	0.1	0.1
Agriculture Improvement Scheme (National) (j)	0.1	0.1	..	..	..
NIADP and NIADOP (j) (m)	8.1	10.7	34.4	18.9	10.7
Rural Development Programme	..	..	..	1.1	4.2
Farm and Conservation Grant Scheme (National) (j) (n)	35.8	38.0	29.1	14.0	9.3
Others (o)	0.3	0.1	..	..	..
Total	58.5	60.6	72.8	41.1	32.5
IV Support for agriculture in special areas					
Hill Livestock Compensatory Allowances :					
cattle	83.2	62.0	57.8	52.3	67.8
sheep	56.2	62.5	59.1	49.6	58.2
Additional benefit under AHDS, NIADP and NIADOP, AHGS, AIS (EC), AIS (Nat), FCGS (EC), FCGS (Nat)	8.8	8.2	7.4	3.0	2.8
Others (p)	13.5	6.8	3.9	6.7	9.5
Total	161.7	139.5	128.2	111.6	138.3
V Other payments					
Milk outgoers scheme (j)	0.6	0.7	0.4	-	-
Sheep compensation scheme 1986 (j)	0.9	0.9	0.8	0.7	2.7
Cooperation grants	1.0	0.4	0.5	-	-
Crofting building grants and loans (net)	3.8	3.7	4.0	6.1	8.0
Others (q)	1.1	0.9	0.5	0.6	0.7
Total	7.4	6.6	6.2	7.4	11.4
Total I to V (r)	2,028.2	2,904.9	2,511.5	2,900.6	4,413.9
<p>(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.</p> <p>(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).</p> <p>(c) Extensification schemes are included from 1994-95.</p> <p>(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.</p> <p>(e) Compensation payments paid by the Intervention Board from 1994/95; includes SLOM Compensation payments 1993/94 and 1994/95 onwards.</p> <p>(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 (r).</p> <p>(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 (r).</p> <p>(h) Payments relate solely to the 1992/93 crop year.</p> <p>(i) 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.</p> <p>(j) Farmers in special areas are also eligible for additional assistance. The estimated benefit is shown separately in Section IV of the table.</p> <p>(k) Includes the Farm and Horticulture Development Scheme.</p> <p>(l) Includes the Farm and Horticulture Capital Grant Scheme.</p> <p>(m) 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.</p> <p>(n) The state aid part of the Farm and Conservation Grant Scheme closed to farmers in England and Scotland on 19 February 1996 as provided in the Scheme legislation.</p> <p>(o) Includes loan guarantees, grants for agricultural drainage in Scotland and farm structure loans.</p> <p>(p) 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.</p> <p>(q) Includes producer organisations, forage groups and Shetland wool producers.</p> <p>(r) 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. Up to and including 1993/1994 an element of structural measures receipts related to fisheries.</p>					
	1992/93	1993/94	1994/95	1995/96	1996/97 (forecast)
	1,592.9	2,886.9	2,472.8	2,669.8	3,169.4

Enquiries: Miss J Huggins on 01734 531725

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

£ million

April/March (financial years)

	1992/93	1993/94	1994/95	1995/96	1996/97 (forecast)
Cereals					
Intervention purchases/sales	34.9	161.0	-91.5	-51.8	9.0
Intervention storage costs	12.0	22.7	18.6	13.6	5.0
Export refunds	232.2	194.8	128.7	39.3	20.5
Internal market measures	26.7	22.1	12.1	11.1	4.6
Co-responsibility/additional levy	-44.0	-0.8	-0.1	-	-
Total cereals	261.8	399.8	67.8	12.2	39.1
Oilseeds					
Export refunds	-	-	-	-	-
Internal market measures	289.7	167.6	-	-	-
Total oilseeds	289.7	167.6	-	-	-
Sugar					
Export refunds	79.4	85.2	73.8	71.3	69.9
Internal market measures	50.5	68.9	52.8	44.3	52.7
Total sugar	129.9	154.1	126.6	115.6	122.6
Beef and veal (non-BSE)					
Intervention purchases/sales	140.7	-80.1	-100.3	-26.7	-
Intervention storage costs	44.4	21.8	7.9	2.2	-
Internal market measures	29.4	1.2	0.7	0.7	0.8
Export refunds	38.4	68.2	82.2	93.9	-
Suckler cow premium	90.4	65.7	169.9	199.3	239.7
Special premium	6.2	88.7	161.6	246.2	252.7
Deseasonalisation premium	-	5.1	4.6	0.1	-
Total beef and veal (non-BSE)	349.5	170.6	326.6	515.7	493.2
Beef and veal (BSE)					
Intervention purchases/sales	..	..	..	..	146.8
Intervention storage costs	..	..	..	..	31.5
Export refunds	..	..	..	..	-6.7
Over thirty month scheme purchases	..	..	..	..	686.6
OTMS slaughter, disposal costs etc.	..	..	..	..	176.7
Clean beef top up	..	..	..	..	4.2
Calf processing aid scheme	..	..	..	..	53.8
Beef stocks transfer scheme	..	..	..	..	58.0
Beef and beef products (disposal service)	..	..	..	..	6.3
Animal feed disposal service	..	..	..	..	5.3
Selective cull	..	..	..	..	20.0
Suckler cow compensation	..	..	..	..	86.8
Special premium compensation	..	..	..	..	43.7
Beef marketing payment scheme	..	..	..	..	57.7
Veal marketing payment scheme	..	..	..	..	0.5
Meat & Livestock Commission promotion	..	..	..	..	2.5
Other measures	..	..	..	..	11.6
Total beef and veal (BSE)	..	..	..	..	1,385.3
Sheepmeat					
Internal market measures	339.0	487.1	391.7	423.5	475.8
Pigmeat					
Internal market measures	-	0.1	-	0.2	0.3
Export refunds	2.1	2.4	2.5	1.9	0.7
Total pigmeat	2.1	2.5	2.5	2.1	1.0

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

£ million	April/March (financial years)				
	1992/93	1993/94	1994/95	1995/96	1996/97 (forecast)
Milk products					
Intervention purchases/sales	-7.5	0.8	-11.2	-1.6	57.0
Intervention storage costs	1.1	0.9	0.6	0.2	0.5
Export refunds	111.6	116.6	110.6	94.4	89.3
Internal market measures	102.3	127.3	91.0	87.9	74.3
Co-responsibility/Supplementary levy	-38.7	-7.8	-21.5	-43.6	-46.2
Payments to those giving up milk production (a)	44.3	79.0	35.9	26.2	53.8
Total milk products	213.1	316.8	205.4	163.5	228.7
Processed goods					
Export refunds	55.9	66.3	55.7	51.5	45.7
Arable area payments scheme					
Internal market measures	..	784.6	1,007.0	1,287.6	1,276.9
Others					
Export refunds	45.9	26.9	3.5	2.7	0.7
Internal market measures	18.2	40.2	51.8	82.6	73.4
Miscellaneous	-5.4	-5.6	-4.1	-0.5	-
Total others	58.7	61.5	51.2	84.8	74.1
Total	1,699.6	2,610.7	2,234.6	2,656.4	4,142.4

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

TABLE 9.3 Commodity intervention in the United Kingdom

'000 tonnes

Commodity	1992/93			1993/94			1994/95			1995/96			1996/97 (forecast)		
	Closing/ opening stock (a)	Pur- chases	Sales	Closing/ opening stock (a)	Pur- chases	Sales	Closing/ opening stock (a)	Pur- chases	Sales	Pur- chases	Sales	Closing/ opening stock (a)	Pur- chases	Sales	Closing stock (a)
Wheat: feed bread	9	6	-	15	277	-	292	-	291	-	1	-	-	-	-
Barley	-	2	2	-	3	-	3	1	4	-	-	-	-	-	-
Rye	617	609	396	835	690	246	1,286	13	814	1	486	-	400	-	400
Beef: boneless bone in	-	1	-	1	-	1	-	-	-	-	-	-	-	-	-
Butter	138	65	39	164	4	78	89	-	75	-	7	7	70	13	64
Skimmed milk powder	3	-	3	-	-	-	-	-	-	-	-	-	-	-	-
	18	1	15	11	4	9	6	1	5	-	-	2	7	1	8
	6	-	5	-	6	-	6	-	5	-	1	-	28	-	28

(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.

AGRICULTURE IN THE UNITED KINGDOM: 1996

Agriculture in the United Kingdom: 1996 is the ninth 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 1997/98.

The Stationery
Office

Published by The Stationery Office and available from:

The Publications Centre

(mail, telephone and fax orders only)
PO Box 276, London SW8 5DT
General enquiries 0171 873 0011
Telephone orders 0171 873 9090
Fax orders 0171 873 8200

The Stationery Office Bookshops

49 High Holborn, London WC1V 6HB
(counter service and fax orders only)
Fax 0171 831 1326
68-69 Bull Street, Birmingham B4 6AD
0121 236 9696 Fax 0121 236 9699
33 Wine Street, Bristol BS1 2BQ
0117 9264306 Fax 0117 9294515
9-21 Princess Street, Manchester M60 8AS
0161 834 7201 Fax 0161 833 0634
16 Arthur Street, Belfast BT1 4GD
01232 238451 Fax 01232 235401
The Stationery Office Oriel Bookshop
The Friary, Cardiff CF1 4AA
01222 395548 Fax 01222 384347
71 Lothian Road, Edinburgh EH3 9AZ
(counter service only)

Customers in Scotland may
mail, telephone or fax their orders to:
Scottish Publications Sales
South Gyle Crescent, Edinburgh EH12 9EB
0131 479 3141 Fax 0131 479 3142

Accredited Agents

(see Yellow Pages)

and through good booksellers

£13

ISBN 0-11-243023-6



9 780112 430230