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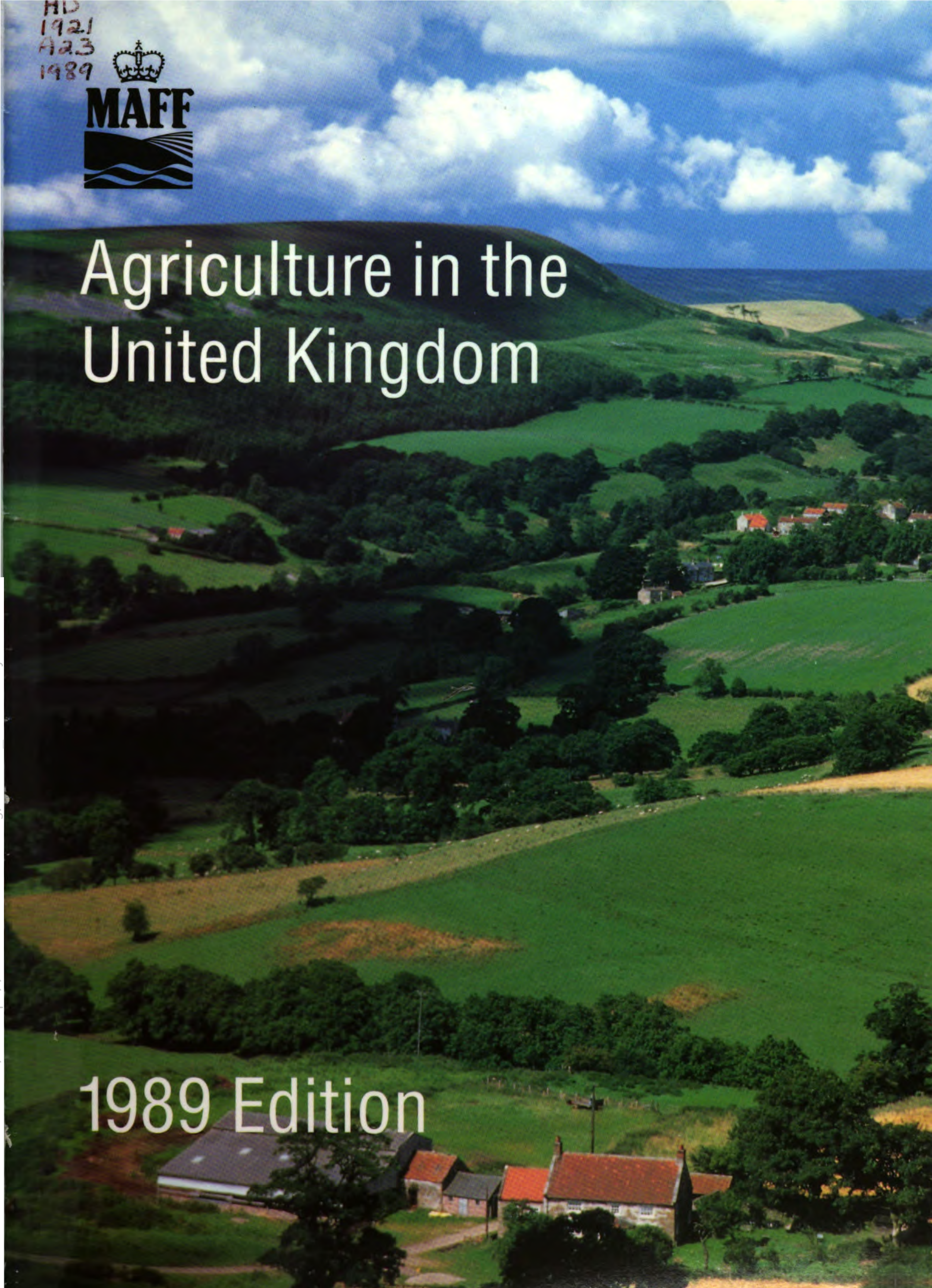
Agriculture in the United Kingdom

1989 Edition



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

AGRICULTURE IN THE UNITED KINGDOM: 1989

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Contents

Preface		*page* vii
1	**Summary of the year**	1
2	**The structure of the industry**	4
3	**Policy developments**	14
4	**Output prices and input costs**	22
5	**Commodities**	24
6	**Agricultural incomes**	51
7	**Land prices and balance sheets**	64
8	**Farm business data**	66
9	**Public expenditure on agriculture**	72

Preface

1. This issue of *Agriculture in the United Kingdom* sets out data on the economic condition of, and prospects for, the United Kingdom agricultural industry considered during the latest annual review as required under the Agriculture Act 1947. The Government will draw on this information when considering proposals by the European Commission for agricultural support in 1990/91 and when taking decisions on national support arrangements.

Statistical Tables – General Note

2. The tables in this issue are very similar to those in the first issue, *Agriculture in the United Kingdom 1988*. However some tables have been split into two and others have been extended to provide rather more information. Some of the figures for past years may differ from those published last year and in the preceding Annual Review White Papers. This is because of the use of later information, changes in the scope and nature of the available data and improvements in statistical methods. In particular two changes have been made which affect the valuation of some commodity outputs, but not the estimates of the industry's gross product or of incomes earned in the industry. These changes are described in the introduction to Section 5.

3. Most of the tables provide data on a calendar year basis, with the figures for 1989 being described as forecasts since they generally reflect the position up to the end of the year, as seen at November 1989 on the basis of the information then available. The figures presented in the tables in Sections 8 and 9 are forecasts relating respectively to years ending (on average) in mid-February and at the end of March.

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 Eleven other countries of the European Community (Belgium, Denmark, France, the Federal Republic of Germany, Greece, the Irish Republic, Italy, Luxembourg, the Netherlands, Portugal and Spain) 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 the 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 the corresponding totals because of roundings;

(v) symbols:

—	means 'nil'
...	means 'negligible' (does not round to the level of figures shown)
..	means 'not available' or 'not applicable'.

1 Summary of the year

Summary of the year

1. In the European Community reforms were agreed in January to the beef regime and in July to the sheepmeat regime. The 1989 price fixing consolidated the major reforms to the CAP agreed in 1988.

2. In the United Kingdom the new Farm and Conservation Grant Scheme was introduced in February, and in July the introduction of a pilot Nitrate Scheme, intended to reduce nitrate leaching into water sources, was announced. Farmers continued to show interest in Set-Aside, the Farm Woodland and Farm Diversification Schemes and in Environmentally Sensitive Areas.

3. The weather conditions for the 1988/89 agricultural year were generally favourable, although drought affected some crops in the early summer of 1989. Conditions were good for autumn planting and the winter was very mild and dry in most areas. Spring rainfall was near normal and after a cold April the summer was warm, dry and sunny. In Scotland and Northern Ireland the late summer was wet and rather dull, but in England and Wales the weather continued favourable for harvesting.

4. Although the different sectors of UK agriculture experienced varying fortunes, in general incomes increased from the low levels of 1988. Among the main features of the year were the following:

- the yields of the main cereals increased and production was up by over 1 million tonnes, with the increase for wheat more than offsetting the reduction in barley;
- the area planted to oilseed rape fell for the second successive year. Although yields were also slightly reduced, the higher prices resulted in an increase in the value of output from the low level of last year;
- potato yields fell slightly, but with markedly higher prices the value of output rose by 17 per cent;
- the value of output in the livestock sector increased, particularly as a result of the considerably higher prices for pigs which were only partly offset by lower production. The value of beef output showed a small increase. Owing to a rise in the level of marketings, the value of sheep output also increased;
- the value of milk and milk products sold off the farm continued to increase though there was a further slight decline in the level of milk production;
- Government assistance helped to stabilise the egg market after the fall in prices early in the year. With the reduction in output, prices recovered to end the year at high levels;

- there was little change in the overall quantity of the industry's output, but on average prices increased by over 6 per cent. Higher input prices were partly offset by a fall in the volume of inputs and the value of the industry's net product rose by 12 per cent;
- after allowing for interest, rent and labour costs the total income from farming increased by 11 per cent and farming income by 16 per cent;
- there were considerable income variations among farm types with extensive livestock farms, particularly in hill areas, faring less well than other sectors.

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

5. These developments are described in more detail in the remainder of the paper. Table 1.1 provides a very broad picture of agriculture and food in the national economy.

TABLE 1.1 Agriculture and food in the national economy

Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (provisional)
Agriculture's contribution to Gross Domestic Product (a)						
at current prices (£ million)	3,602	5,178	5,587	5,638	5,462	6,025
at constant 1985 prices (£ million)	3,923	5,178	5,048	5,067	4,979	5,103
% of national GDP (current prices)	2.1	1.7	1.7	1.6	1.4	1.4
Persons engaged in agriculture						
('000 persons)	663	616	606	594	587	573
% of total workforce in employment	2.6	2.5	2.5	2.4	2.3	2.2
Gross fixed capital formation in agriculture						
at current prices (£ million)	984	1,226	1,057	941	1,010	1,004
at constant 1985 prices (£ million)	1,374	1,226	1,023	873	869	810
% of national GFCF (current prices)	2.7	2.0	1.7	1.3	1.1	..
						(Jan – Sept)
Imports of food, feed and beverages						
(£ million)	6,541	9,823	10,473	10,658	11,002	8,611
of which: food, feed and						
non alcoholic drinks	6,122	9,010	9,507	9,618	9,869	7,802
alcoholic drinks	419	813	966	1,040	1,133	809
Volume index (1985 = 100)	92.4	100.0	109.8	111.7	113.4	116.1
Unit value (price) index (1985 = 100)	72.5	100.0	97.1	97.2	99.1	103.1
% of total UK imports	13.9	11.6	12.2	11.3	10.3	9.6
						(Jan – Sept)
Exports of food, feed and beverages						
(£ million)	2,826	4,731	5,380	5,592	5,280	4,421
of which: food, feed and						
non alcoholic drinks	1,995	3,499	4,072	4,204	3,732	3,201
alcoholic drinks	830	1,232	1,308	1,388	1,548	1,220
Volume index (1985 = 100)	80.5	100.0	113.0	115.1	110.7	117.4
Unit value (price) index (1985 = 100)	70.5	100.0	103.1	103.1	106.2	111.5
% of total UK exports	6.5	6.0	7.4	7.0	6.5	6.6
UK self-sufficiency in food and feed as a % of:						
all food and feed	55.0	57.7	56.6	57.2	54.7	56.0
indigenous type food and feed	70.0	76.5	74.6	74.3	70.6	75.0
Consumers' expenditure on food and drink						
at current prices (£ million)	34,686	55,635	60,135	64,182	71,832	78,300
of which: household food	21,005	30,726	33,059	34,400	36,687	39,100
meals out (b)	5,047	9,258	10,726	12,522	16,637	19,200
alcoholic drinks	8,634	15,651	16,350	17,260	18,508	20,000
at constant 1985 prices (£ million)	54,224	55,635	57,293	58,729	62,140	63,700
% of total consumers' expenditure	29.0	25.6	25.1	24.5	24.5	24.3
of which: household food	17.6	14.1	13.8	13.1	12.5	12.1
meals out (b)	4.2	4.3	4.5	4.8	5.7	6.0
alcoholic drinks	7.2	7.2	6.8	6.6	6.3	6.2
Retail price indices (January 1985 = 100)						
food	69.4	101.7	105.1	108.3	112.0	118.0 (c)
alcoholic drinks	56.6	103.6	108.2	112.6	118.4	124.8 (c)
all items	63.5	103.7	107.3	111.7	117.2	126.0 (c)

(a) Agriculture is here defined as in the national accounts, that is net of the landlord element and the produce of gardens and allotments.
(b) Does not cover meals that are included with accommodation.
(c) January to November 1989.

TABLE 2.1 Agricultural land use

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

'000 hectares — At June of each year

	Average of 1978-80	1985	1986	1987	1988	1989 (provisional)
Total agricultural area (total area on agricultural holdings) plus common rough grazing	18,948	18,703	18,676	18,621	18,575	18,561
This comprises:						
Total crops	4,920	5,224	5,239	5,270	5,253	5,164
Bare fallow	67	41	48	42	58	82
Total tillage	4,987	5,265	5,287	5,312	5,311	5,246
All grass under five years old	1,986	1,796	1,723	1,691	1,613	1,550
Total arable land	6,973	7,061	7,010	7,003	6,924	6,796
All grass five years old and over (excluding rough grazing)	5,132	5,019	5,077	5,112	5,161	5,236
Total crops and grass (a)	12,105	12,080	12,088	12,115	12,085	12,032
Sole right rough grazing	5,151	4,872	4,829	4,743	4,712	4,708
All other land on agricultural holdings including woodland (b)	481	535	543	547	562	585
Total area on agricultural holdings	17,737	17,487	17,459	17,406	17,359	17,325
Common rough grazing (estimated)	1,211	1,216	1,216	1,216	1,216	1,236

(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.

TABLE 2.2 Crop areas and livestock numbers

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

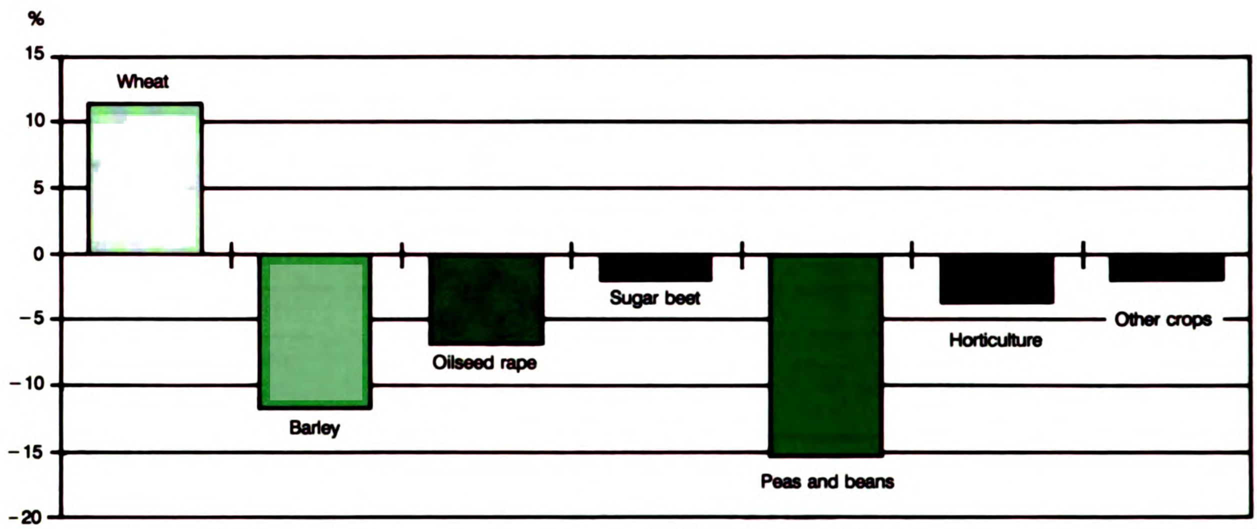
At June of each year

	Average of 1978-80	1985	1986	1987	1988	1989 (provisional)
Crop Areas ('000 hectares)						
Total	4,920	5,224	5,239	5,270	5,253	5,164
This comprises:						
Total cereals	3,877	4,015	4,024	3,935	3,896	3,902
of which: wheat	1,357	1,902	1,997	1,994	1,886	2,104
barley	2,343	1,965	1,916	1,830	1,878	1,657
oats	155	133	97	99	120	120
rye and mixed corn	23	15	14	13	12	12
triticale (a)	..	..	..	..	..	8
Other arable crops (excluding potatoes)	588	806	824	958	969	886
of which: oilseed rape	77	296	299	388	347	323
sugar beet	212	202	201	200	201	198
hops	6	5	4	4	4	4
peas for harvesting dry and field beans	78	137	150	208	260	220
other crops	216	163	165	156	156	142
Potatoes	208	191	178	177	180	175
Horticulture	246	212	213	199	209	201
of which: vegetables grown in the open	166	143	146	132	141	135
orchard fruit	48	38	38	37	37	35
soft fruit	18	16	15	15	15	15
ornamentals (b)	12	12	12	12	13	13
other	2	2	2	2	2	2
Livestock Numbers ('000 head)						
Total cattle and calves	13,561	12,911	12,533	12,158	11,872	12,016
of which: dairy cows	3,265	3,150	3,138	3,042	2,911	2,867
beef cows	1,537	1,333	1,308	1,343	1,373	1,495
heifers in calf	854	874	879	774	834	793
Total sheep and lambs	30,388	35,628	37,016	38,701	40,942	42,885
of which: ewes and shearlings	14,567	16,878	17,398	18,068	19,017	19,918
lambs under one year old	14,525	17,566	18,384	19,377	20,587	21,600
Total pigs	7,802	7,865	7,937	7,942	7,980	7,717
of which: sows in pig and other sows for breeding	730	717	716	713	703	670
gilts in pig	112	112	108	107	101	98
Total fowls (c)	128,537	119,456	120,740	128,628	130,809	..
of which: table fowls including broilers	57,803	61,311	63,807	70,754	75,305	71,546
laying fowls	48,372	39,538	38,096	38,498	37,389	34,152
growing pullets	15,768	12,503	12,502	12,230	11,236	9,528

(a) Collected separately for the first time in 1989 (Great Britain only).
(b) Hardy nursery stock, bulbs and flowers.
(c) Because of changes in coverage of poultry holdings, data for 1984 and subsequent years cannot be directly compared with data for earlier years.

CHART 2.2 Changes in crop areas and livestock numbers – %
Change from 1988 to 1989

Crop areas



Livestock numbers

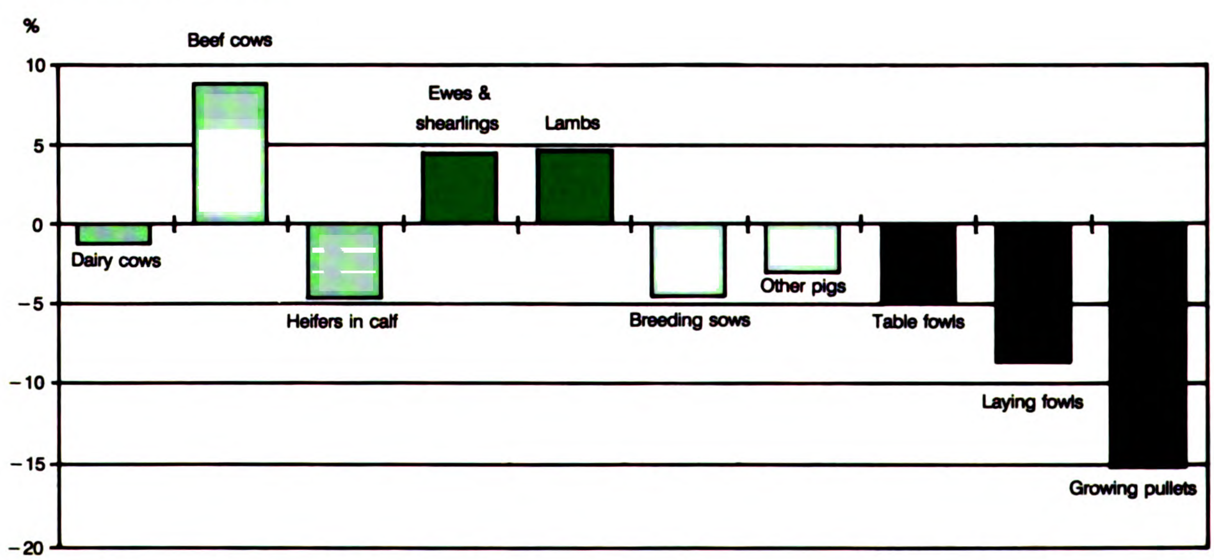


TABLE 2.3 Numbers and sizes of holdings

The data in this table exclude minor holdings — At June of each year

		1984		1989 (provisional)	
		Number of holdings ('000)	Percentage of total BSU	Number of holdings ('000)	Percentage of total BSU
Size of business (BSU)(a) (British Size Units (BSUs) measure the financial potential of the farm in terms of the margins which might be expected from its crops and stock. The margins used are gross margins standardised at average 1978-80 values. The threshold of 4 BSU is judged to be the minimum for full-time farms).	under 4.0 BSU(b)	102.7	2.7	115.3	2.6
	4.0 to under 16.0 BSU	68.8	14.1	62.3	12.9
	16.0 to under 40.0 BSU	51.7	29.5	49.1	28.1
	40.0 BSU and over	29.0	53.6	30.0	56.5
	Total	252.1	100.0	257.0	100.0
	Holdings 4 BSU and over:—				
	Average size of business (BSU)	..	29.0	..	30.4
	Average total area per holding (hectares)	..	105.1	..	107.3

		1984		1989 (provisional)	
		Number of holdings ('000)	Hectares ('000)	Number of holdings ('000)	Hectares ('000)
Crops and grass area (The numbers of holdings shown in this part of the table are lower than those presented in the BSU classification because holdings with no crops and grass are excluded).	0.1 to under 20 hectares	106.8	941	110.2	917
	20.0 to under 50 hectares	65.9	2,149	63.0	2,047
	50.0 to under 100 hectares	40.3	2,836	40.1	2,829
	100.0 hectares and over	30.6	6,065	31.1	6.160
	Total	243.6	11,991	244.0	11,952
	Average crops and grass area per holding (hectares)	..	49.2	..	49.0
	% of total crops and grass area on holdings with 100 hectares and over	..	50.6	..	51.5

(a) These figures in this section of the table cannot be compared with data appearing in the Annual Review of Agriculture White Papers for years prior to 1987 because of changes in the method of farm classification.

(b) The increased number of holdings in the smallest size group is not significant: some holdings in this category may now have fallen below the threshold for main holdings but cannot be reclassified until the results of the 1989 minor holdings survey have been fully analysed.

TABLE 2.4 Numbers and sizes of enterprises

The data in this table exclude minor holdings — At June of each year

		1984		1989 (provisional)	
		Number of holdings ('000)	Hectares ('000)	Number of holdings ('000)	Hectares ('000)
Cereals (excluding maize)	0.1 to under 20 hectares	49.9	374	40.8	332
	20.0 to under 50 hectares	21.3	686	20.1	657
	50.0 hectares and over	23.9	2,969	23.8	2,894
	Total	95.1	4,029	84.7	3,883
	Average area (hectares)	..	42.4	..	45.8
	% of total cereals area on holdings with 50 hectares and over	..	73.7	..	74.5
Oilseed rape	0.1 to under 20 hectares	6.6	73	7.2	78
	20.0 to under 50 hectares	3.7	113	4.8	136
	50.0 hectares and over	1.0	82	1.8	112
	Total	11.4	268	13.8	326
	Average area (hectares)	..	23.6	..	23.7
	% of total oilseed rape area on holdings with 50 hectares and over	..	30.7	..	34.4
Sugar beet (only grown in England and Wales)	0.1 to under 10 hectares	5.8	30	5.0	26
	10.0 to under 20 hectares	2.8	39	2.8	39
	20.0 hectares and over	2.9	130	3.0	132
	Total	11.6	199	10.8	197
	Average area (hectares)	..	17.2	..	18.2
	% of total sugar beet area on holdings with 20 hectares and over	..	65.3	..	66.9
Potatoes	0.1 to under 10 hectares	33.8	77	23.3	57
	10.0 to under 20 hectares	3.4	47	3.0	42
	20.0 hectares and over	2.1	74	2.0	74
	Total	39.3	198	28.4	173
	Average area (hectares)	..	5.0	..	6.1
	% of total potato area on holdings with 20 hectares and over	..	37.6	..	42.8

TABLE 2.4 Numbers and sizes of enterprises (continued)

The data in this table exclude minor holdings — At June of each year

		1984		1989 (provisional)	
		Number of holdings ('000)	Number of livestock ('000)	Number of holdings ('000)	Number of livestock ('000)
Dairy cows	1 to 49 dairy cows	29.5	722	22.6	587
	50 to 99	18.2	1,279	15.8	1,116
	100 and over	8.6	1,276	7.8	1,163
	Total	56.3	3,277	46.3	2,866
	Average size of herd	..	58	..	62
	% of total dairy cows in herds of 100 and over	..	38.9	..	40.6
Beef cows	1 to 19 beef cows	52.3	330	49.6	336
	20 to 49	13.8	423	15.3	472
	50 and over	6.7	582	7.5	656
	Total	72.8	1,335	72.4	1,463
	Average size of herd	..	18	..	20
	% of total beef cows in herds of 50 and over	..	43.5	..	44.8
Breeding sheep	1 to 99 breeding sheep	39.6	1,601	41.9	1,682
	100 to 499	32.3	7,237	36.8	8,431
	500 and over	8.1	7,494	10.4	9,502
	Total	80.1	16,332	89.1	19,615
	Average size of flock	..	204	..	220
	% of total breeding sheep in flocks of 500 and over	..	45.9	..	48.4
Breeding pigs	1 to 49 breeding pigs	13.6	142	9.4	99
	50 to 99	1.9	133	1.5	105
	100 and over	2.3	519	2.2	560
	Total	17.7	795	13.1	764
	Average size of herd	..	45	..	58
	% of total breeding pigs in herds of 100 and over	..	65.3	..	73.3
Fattening pigs	1 to 199 fattening pigs	10.6	469	8.7	388
	200 to 999	3.5	1,630	3.3	1,572
	1,000 and over	1.0	2,289	1.2	2,703
	Total	15.1	4,388	13.2	4,664
	Average size of herd	..	290	..	355
	% of total fattening pigs in herds of 1,000 and over	..	52.1	..	58.0

TABLE 2.4 Numbers and sizes of enterprises (continued)

The data in this table exclude minor holdings — At June of each year

		1984		1989 (provisional)	
		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	1.1	1,340	0.8	1,123
	10,000 to 99,999	0.7	25,116	0.8	31,031
	100,000 and over	0.1	32,486	0.2	39,633
	Total	2.0	58,941	1.8	71,787
	Average size of flock	..	29,456	..	40,149
	% of total broilers in flocks of 100,000 and over	..	55.1	..	55.2
Laying fowls	1 to 4,999 laying fowls	45.7	4,716	38.4	3,478
	5,000 to 19,999	1.0	9,559	0.6	6,036
	20,000 and over	0.4	27,358	0.3	24,525
	Total	47.1	41,634	39.3	34,039
	Average size of flock	..	884	..	865
	% of total laying fowls in flocks of 20,000 and over	..	65.7	..	72.0

TABLE 2.5 Number of persons engaged in agriculture

'000 persons — At June of each year

	Average of 1978-80	1985	1986	1987	1988	1989 (provisional)
Workers						
Regular whole-time:						
hired: male	138	111	102	96	91	87
female	12	10	10	10	10	11
family: male	31	31	32	31	29	28
female	6	5	5	4	4	4
Regular part-time:						
hired: male	20	19	19	18	18	18
female	25	23	22	22	22	21
family: male	14	13	13	13	13	12
female	8	7	7	7	7	7
Seasonal or casual:						
male	57	59	58	57	58	55
female	42	39	38	38	37	34
Salaried managers (a)	8	8	8	8	8	8
Total workers	361	324	315	305	298	285
Farmers, partners and directors:						
whole-time	213	199	197	194	192	189
part-time	89	93	94	95	97	100
Total	663	616	606	594	587	573
Spouses of farmers, partners and directors (engaged in farm work)	78	77	78	78	78	77

(a) The figures for salaried managers relate to Great Britain only.

TABLE 2.6 Fixed capital stock of agriculture

At end year

	Average of 1978-80	1984	1985	1986	1987	1988
Gross capital stock (£ million 1985 prices)						
Buildings and works	12,900	14,980	15,250	15,400	15,440	15,450
Plant and machinery	8,630	8,200	8,120	7,940	7,670	7,450
Vehicles	1,660	1,460	1,400	1,350	1,290	1,230
Total	23,190	24,640	24,770	24,690	24,400	24,130
Main types of agricultural machinery ('000 at December of each year, England and Wales only)						
Tractors under 40 kw	206	165	156	152	149	..
40 kw and over	203	252	265	264	266	..
Tracklaying tractors	11	11	10	10	9	..
Combine harvesters	48	45	..	45	..	..

3 Developments in 1989

European Community developments

1. In the European Community, major reforms to the beef and sheepmeat regimes were agreed in 1989.

2. The principal changes to the *beef regime*, which came into effect in April, concerned the intervention and premium arrangements:

- a ceiling of 220,000 tonnes was introduced for sales into intervention; this can only be exceeded in exceptional circumstances. Sales into intervention were made subject to tender;
- the Beef Special Premium, which is payable on male animals and was introduced in most member states in 1987, was extended throughout the Community; the rate of premium was increased and the headage limit raised to 90 animals a year per producer. At the same time the Beef Variable Premium (paid only in the United Kingdom) and the Calf Premium (paid in Italy, the Republic of Ireland and Northern Ireland) were abolished. As a result, clawback of variable premium is no longer payable on exports from the United Kingdom. In addition, the maximum rate of Suckler Cow Premium was increased; in the United Kingdom this premium is now paid at the maximum rate.

3. Member states may decide whether the Special Premium is paid on farm or at slaughter. In Great Britain the premium is being paid when animals are sold at live markets for slaughter and at slaughterhouses, the same points at which the Variable Premium was paid. In Northern Ireland, where the calf premium had been paid on farm, that method of administration (the same as in the Republic of Ireland) is being used.

4. The Council reached agreement in principle on a revised *sheepmeat regime* in July 1989; a regulation giving effect to the reforms was formally adopted in September 1989.

5. The new arrangements came into force on 1 January 1990; following a transitional period of up to three years the revised regime will be applied in full from 1993 at the latest. The principal elements of the new system for the United Kingdom are:

- Variable Premium (and clawback on exports) will be phased out and support will switch entirely to ewe premium; the first step in phasing out is a reduction in 1990 of 25 per cent in the normally calculated rate payable to producers;

- the introduction of headage limits on annual ewe premium payments. Producers will receive full rates of premium on their first 500 ewes (1,000 ewes in Less-Favoured Areas); above these thresholds payment will be at 50 per cent of the full rate.

6. There are a number of other important new elements in the revised regime. These include the option of paying two advances of ewe premium to all producers during the course of a marketing year; the introduction of different rates of ewe premium on ewes whose lambs are intended for meat production and on ewes kept for milk production; and the introduction of a revised system of aid for the private storage of lamb, which will replace the current provision for intervention buying.

7. The *1989 price fixing* consolidated the major reforms to the CAP agreed in 1988. In general common institutional prices were frozen, although prices were reduced for some Mediterranean commodities and for sugar. There were indirect reductions in support for cereals and oilseeds. A first step was taken towards the abolition of the milk coresponsibility levy. New stabilisers were introduced for apples and cauliflowers.

8. The price fixing saw a further step towards the complete dismantling of monetary gaps, and hence MCAs. The green pound devaluations agreed came into effect at the beginning of the appropriate marketing years and raised the level of support prices in the UK by 2.7 per cent in the beef sector, 3.2 per cent for crops and 4.2 per cent for sheepmeat. Since that time sterling has depreciated and UK negative MCAs have increased. At the end of the year they were between 8.1 and 11.2 percentage points larger than in January 1989.

9. In the light of 1989 production levels, *stabiliser mechanisms* led to abatements to the common prices set by the Council in the following sectors: rapeseed (3.1 per cent), sunflower seed (6.2 per cent), soya (19.3 per cent), peas and beans (8.9 per cent), sheepmeat (7 per cent in GB, 3 per cent in Northern Ireland and elsewhere), cotton (19 per cent), nectarines (19 per cent) and Spanish lemons (6 per cent). There are also likely to be reductions for olive oil, for some varieties of tobacco and for certain other fruits and vegetables. There will be a 3 per cent price reduction for cereals for 1990/91, but the Council decided that no additional coresponsibility levy would be payable for the current marketing year.

GATT Uruguay round

10. The current GATT round of multilateral trade negotiations is now entering its final year, and is scheduled to finish at the end of 1990. Agriculture is a key issue, and the outcome will be of major importance for the future development of agriculture worldwide. All participants reached agreement in April that the objective of the negotiations should be a free and market orientated agricultural trading system, to be achieved through substantial, progressive reductions in support and protection. In addition it was agreed that overall levels of support and protection would not be increased in 1989 and 1990.

United Kingdom developments

11. Major changes in *capital grants* took place as a result of the introduction of the Farm and Conservation Grant Scheme on 20 February. This replaces the Agriculture Improvement Scheme and carries further the shift towards targeting assistance on investments to combat pollution and conserve the countryside. In particular, the lowland grant rate for effluent facilities on farms was substantially increased and now stands at 50 per cent, the same rate as in the Less Favoured Areas. New conservation grants were introduced for the regeneration of heather moors and native woodlands and repairs to traditional farm buildings.

12. In July the Government announced the introduction of a pilot *Nitrate Scheme* designed to reduce nitrate leaching in water sources. Twelve areas (totalling around 15,500 ha) have been identified as candidates for designation as Nitrate Sensitive Areas. In those areas farmers will receive payments for voluntarily undertaking to observe substantial restrictions on their agricultural activities. A further nine areas (totalling 23,000 ha) have been identified as candidates for an intensive advisory campaign. Participation in the schemes will be voluntary and they will be launched in the summer of 1990.

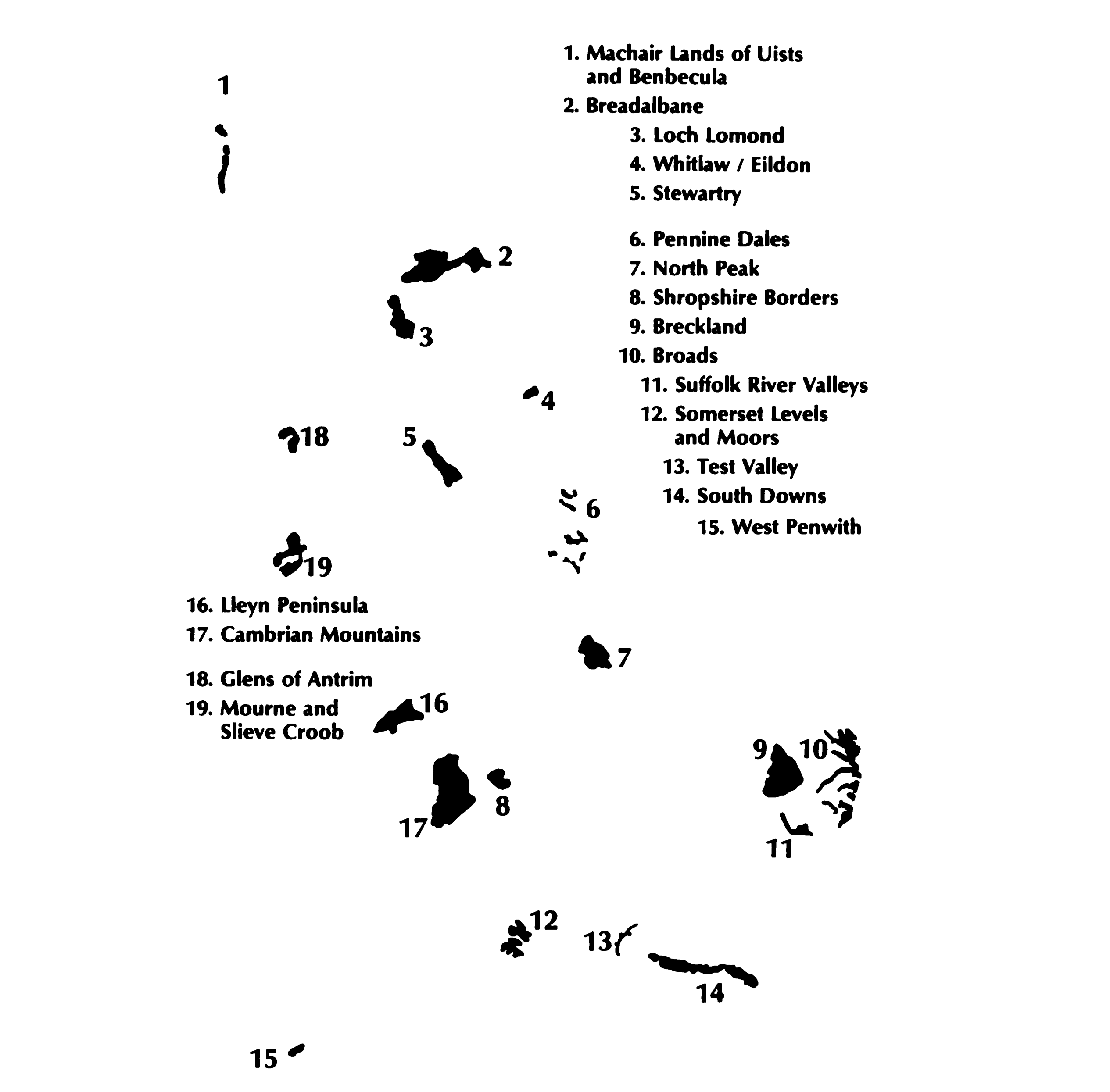
13. In the course of the year the Government introduced a comprehensive programme to tackle the problem of *salmonella* in eggs. The 19 measures are designed to tackle the problem at every point in the production chain – from the feed manufacturer through to the breeding flock and hatchery to the laying flock and on into the home. The measures include routine monitoring of layer and breeder birds for the presence of salmonella and the use of restrictions to prevent the movement of contaminated birds or eggs; compulsory slaughter of all birds in laying flocks infected with salmonella; and regular monitoring of animal protein used in feedstuffs.

Alternatives for farmers

In recent years the Government has introduced a range of new policies intended to provide farmers with opportunities to enhance the environment, improve their incomes, and diversify their enterprises, as well as to contribute directly to the reduction of surplus agricultural production. All these schemes are to a certain extent experimental. Nevertheless, they point the way forward for the future and the Government will build on the experience it acquires with them to develop its policies on farming, the environment and the rural economy over the next decade.

Environmentally Sensitive Areas are areas notable for the quality of their landscape and the wealth of their flora and fauna. This makes them vulnerable to changes in farming practices. The diverse areas in the scheme include low-lying wetland grazing marshes, chalk downs and upland tracts of heather.

Environmentally Sensitive Areas



The scheme, which in common with all these schemes is voluntary, aims to preserve the individual character of these areas by paying farmers an annual premium if they follow environmentally beneficial agricultural practices. Individual agreements are for a period of 5 years. Future arrangements will be decided on, in the light of a review of the impact of the scheme, before the first set of agreements come to an end in 1992.

Environmentally Sensitive Areas—agreements/applications since opening of scheme in 1987

	1987		1988		1989(a)		Cumulative 1987 to 1989	
	Number	Hectares	Number	Hectares	Number	Hectares	Number	Hectares
England	1,354	30,857	1,037	66,713	345	10,226	2,736	107,796
Scotland	23	5,681	136	36,752	429	41,834	588	84,267
Wales	34	4,003	201	14,366	537	18,000	772	36,369
Northern Ireland	0	0	200	3,457	449	7,103	649	10,560
United Kingdom	1,411	40,541	1,574	121,288	1,760	77,163	4,745	238,992

(a) 1989 figures are provisional since they include a number of applications which have not reached the stage of signed agreements.

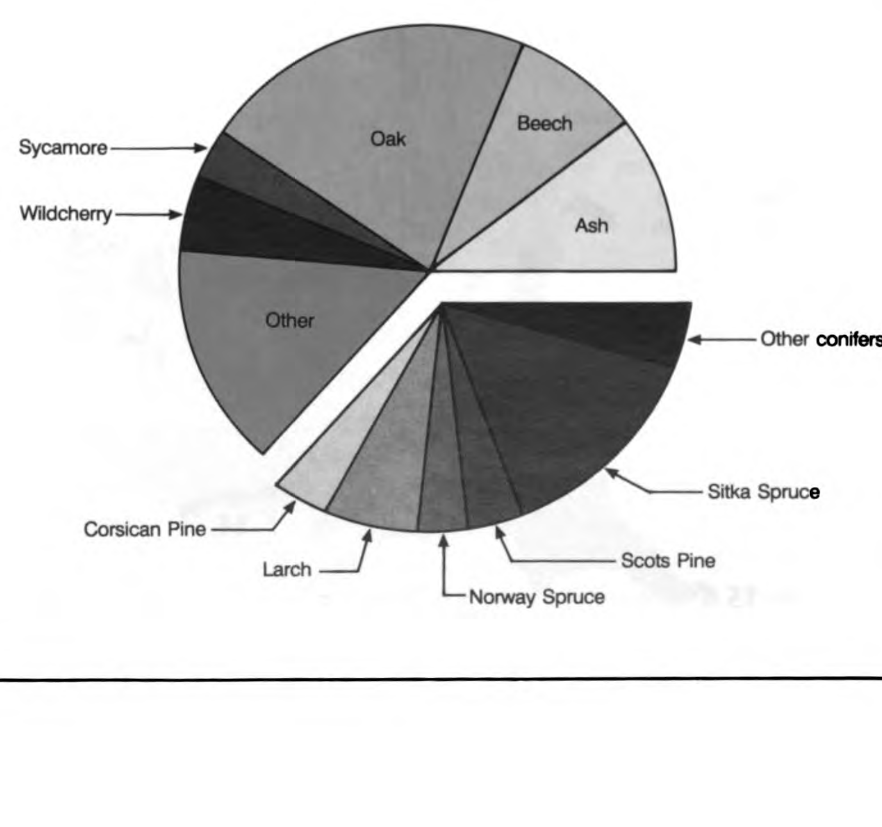
The first Environmentally Sensitive Areas were designated in 1987; more followed in 1988. There are now 19 designated areas in the United Kingdom, covering 790,000 hectares.

The Farm Woodland Scheme has a number of objectives. It is designed not simply to divert land from agricultural production, but to do so in a way that enhances the environment and contributes towards farm incomes and rural employment. It will also encourage greater interest in timber production among farmers. The scheme is aimed principally at arable land and improved grassland.

Approvals by tree category – UK

Broadleaves – 4,556,180 trees Conifers – 2,620,641 trees

(October 1988 – September 1989)



The Farm Woodland Scheme came into operation on 1 October 1988 on a three years experimental basis. For this period the target is to obtain commitments to plant 36,000 hectares. Annual payments of up to £190 hectare per year are available for up to 40 years depending on the proportion of the area to be planted with broadleaves and the species involved. Applicants must also obtain a Forestry Commission planting grant, which can amount to £1,375 per hectare.

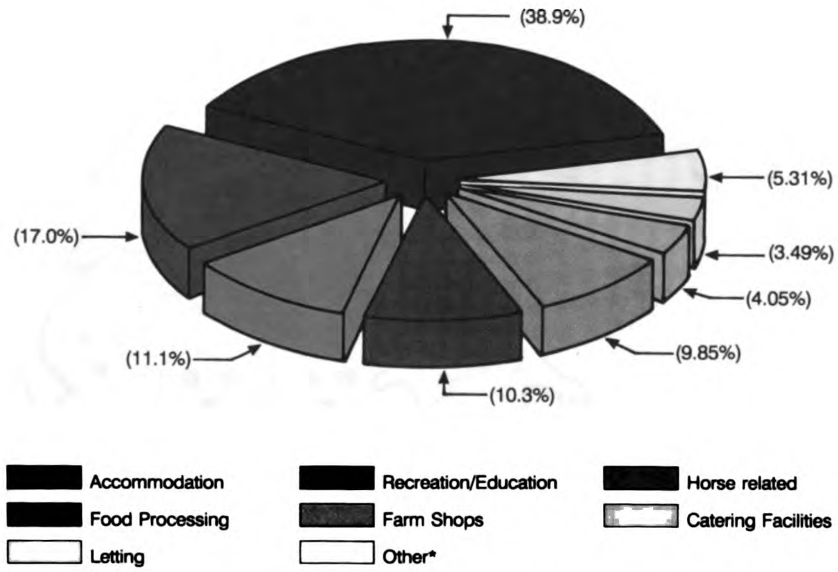
By 30 September 1989 almost 1,150 farmers had applied to plant over 7,900 hectares of woodland throughout the United Kingdom. Around 75 per cent of this area will be planted with broadleaved species. The map on page 20 shows the distribution of applications in the United Kingdom.

Many farmers, faced by reduced income from traditional farming sources, have been looking for business opportunities in other related areas which can be run from the farm. The aim of the **Farm Diversification Grant Scheme** is to encourage the development of economically viable alternative farm-based enterprises. As well as grants towards the capital costs of work, the scheme offers grants for feasibility studies and for marketing costs.

Farm Diversification Grant Scheme

Numbers of approved applications for each enterprise type (capital grants)

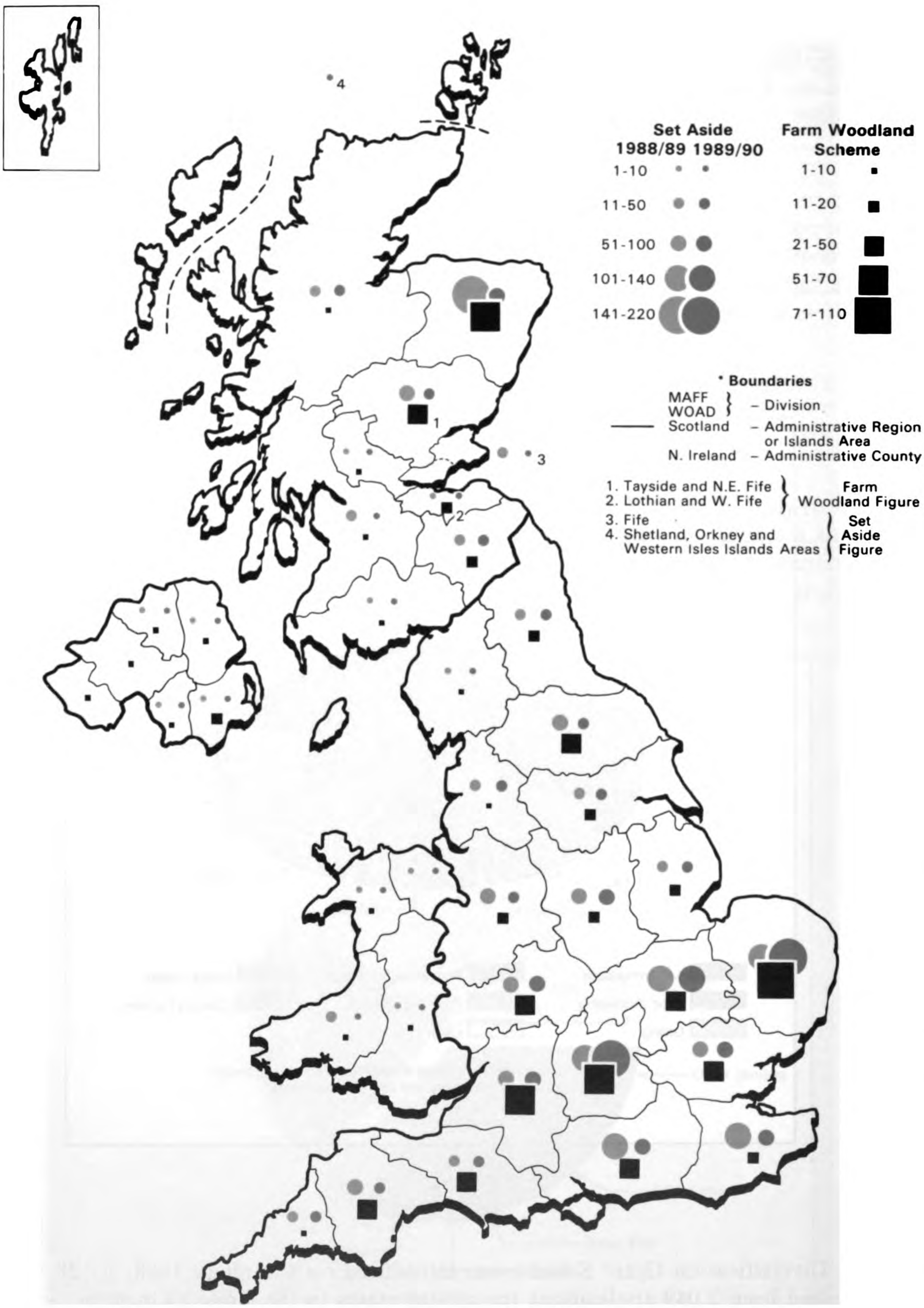
(January 1988 – September 1989)



* Other includes crafts, processing of non food produce and timber, repair of agricultural machinery and pick-your-own sales

The Farm Diversification Grant Scheme was introduced on 1 January 1988. By 30 September 1989 there had been 2,049 applications for capital grants in the United Kingdom, and 142 for grants for feasibility studies and 29 for marketing.

Set Aside and Farm Woodland Scheme Applications per Administrative Area*



The Set-Aside Scheme complements agricultural stabilisers by offering farmers an alternative to the production of arable crops and by helping support the incomes of those farmers hardest hit by reductions in agricultural support.

The Scheme was introduced in the United Kingdom in July 1988. Participants receive annual payments of up to £200 a hectare to take at least 20 per cent of their arable land (defined as the area used for arable crops, other than potatoes, in the base year 1987/88) out of agricultural production for 5 years. The land may be used for permanent or rotational fallow, woodlands (in which case it might qualify for aid under the Farm Woodland Scheme) or a range of non-agricultural uses. The most popular option has been permanent fallow, which so far has attracted around 80 per cent of uptake.

Set-Aside—numbers of farms and area set aside

	Participants 1988/89		Applicants 1989/90	
	Number of farms	Hectares set aside	Number of farms	Hectares set aside
England	1,327	41,083	1,227	47,300
Wales	31	701	16	518
Scotland	374	12,617	164	8,891
Northern Ireland	15	177	11	60
United Kingdom	1,747	54,578	1,418	56,769

Set-Aside participants in England may also qualify for **Countryside Premium** for set-aside land. This offers additional payments to farmers who agree to manage set-aside land for the benefit of wildlife, landscape and the public. This scheme was introduced in 1989 and is available initially only in Eastern England. It has so far attracted 123 applications covering some 3,641 hectares. It is administered by the Countryside Commission in consultation with the Ministry and with the Department of the Environment.

4 Output prices and input costs

Price indices
(*Table 4.1*)

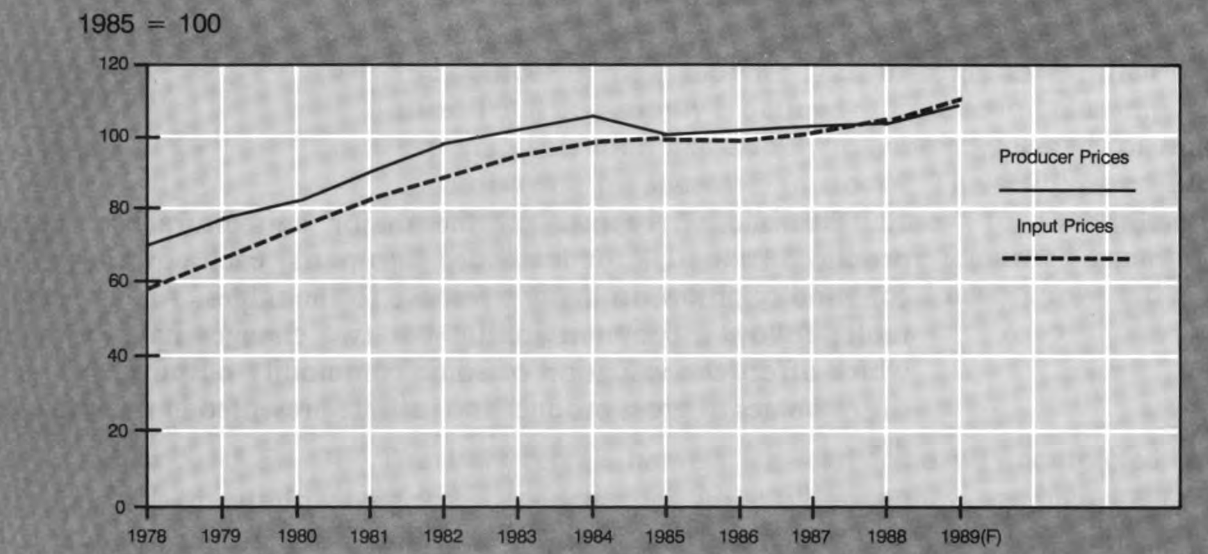
Table 4.1 shows price indices for agricultural products and inputs and Chart 4.1 portrays the main changes over recent years. Between 1988 and 1989 the index of product prices is forecast to rise by 8.0 per cent and that of input prices by 5.2 per cent. On the product side there were particularly large increases for root crops (mainly potatoes), eggs and animals for slaughter (particularly pigs) but only small increases for cereals and fresh vegetables.

TABLE 4.1 Price indices for products and inputs

Indices: 1985 = 100 — Annual average figures for calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Producer prices for agricultural products	75.5	100.0	102.0	103.4	103.6	111.9
of which:						
Crop products:	78.9	100.0	106.1	107.6	101.2	107.2
Cereals	82.4	100.0	100.4	98.9	96.2	97.1
Root crops	93.2	100.0	145.0	152.6	120.4	151.0
Fresh vegetables	66.7	100.0	93.5	104.6	101.9	103.0
Fresh fruit	67.2	100.0	117.5	108.3	114.2	122.9
Seeds	102.1	100.0	109.7	124.3	115.2	120.4
Flowers and plants	67.6	100.0	99.2	105.5	110.0	108.5
Other crop products	74.0	100.0	99.7	88.5	79.0	93.4
Animals and animal products:	73.9	100.0	99.6	100.9	105.1	114.7
Animals for slaughter	75.3	100.0	99.8	100.4	103.3	114.9
Milk	69.0	100.0	103.0	103.8	113.9	120.1
Eggs	85.3	100.0	81.5	91.4	77.5	87.2
Other animal products	92.6	100.0	100.4	99.3	93.9	99.0
Prices of agricultural inputs	66.8	100.0	99.6	101.2	106.0	111.5
of which:						
Currently consumed in agriculture:	67.8	100.0	98.3	98.8	103.2	108.4
Animal feedingstuffs	75.4	100.0	101.2	101.3	106.9	112.0
Seeds	95.3	100.0	92.5	100.6	100.7	96.4
Animals for rearing and production	56.4	100.0	98.8	102.6	111.9	116.7
Fertilisers and soil improvers	69.1	100.0	90.4	82.9	85.4	94.4
Plant protection products	74.1	100.0	102.6	106.4	110.4	115.1
Maintenance and repair of plant and machinery	57.9	100.0	106.1	111.0	117.7	124.7
Energy, lubricants	47.4	100.0	79.4	77.7	73.7	76.6
Maintenance and repair of buildings	59.4	100.0	105.2	108.2	113.2	123.1
Veterinary services	60.2	100.0	106.6	106.8	112.3	111.3
Materials and small tools	65.6	100.0	103.8	108.6	114.9	120.9
General expenses	58.2	100.0	104.9	109.4	119.5	122.2
Contributing to agricultural investment	62.7	100.0	106.8	113.9	120.8	128.1
Labour costs	57.2	100.0	104.1	110.2	115.4	120.3

CHART 4.1 Price indices for products and inputs



5 Commodities

Introduction

1. This section reports on the major agricultural commodities produced in the UK. It is divided into parts, each covering a broad commodity group, to assist reference to the tables. As last year, the tables follow a common format but two changes have been made which affect the valuation of some commodity outputs, though not the estimates of gross product and income presented in section 6. They are:

(i) all receipts and payments associated with the market support for particular commodities are included in the valuation of the output of that commodity. Previously only some forms of market support (those linked to the sale of produce or its price) were included in the separate commodity output valuations, others (eg livestock headage payments) being included in Table 6.1 as production grants or compensation payments. The purpose of the change is to make the valuation of commodity outputs less dependent on the particular form of market support. However the tables in Section 5 have been amended so as to show separately the total realised return from sales and other (market-support related) receipts. Some small receipts payable in respect of cereals or livestock, but not readily attributable to particular cereals or livestock, are shown in Table 6.1 as 'Other receipts' under the broad commodity headings. Payments which cannot be allocated to any commodity and those of a basically compensatory nature are included in that table as 'Other direct receipts';

(ii) levies paid to bodies such as the Meat and Livestock Commission and the Potato Marketing Board are treated as miscellaneous expenditures (Table 6.1). In the past some of these levies were treated in this way, while others were deducted from the valuations of commodity output.

2. These points apart, the tables follow the same common format as in *Agriculture in the United Kingdom 1988,* generally having separate blocks on the following topics:

(i) area and yield (for crops) or populations, marketings and slaughter weights (for livestock), leading to an estimate of production. Allowance for direct on-farm use (on own or other farm but without passing through merchants or millers etc), and for the net increase in the volume of stocks held on farms, gives the quantity of output (sales). Multiplication of this by a producer price or average realised return (allowing in some cases for market-support related premia and levies and marketing expenses), and addition (when appropriate) of other receipts, gives the value of output of each commodity. These valuations are combined in Table 6.1 in the calculation of the industry's total output and gross and net product and hence in the estimation of incomes from farming;

(ii) the sources of new supplies and, in some cases, their various uses. Total new supply is defined as production plus imports less exports. This total new supply may be augmented (or reduced) by a decrease (or increase) in stocks. The result after allowing for these changes is 'total domestic uses'; for the major cereals and milk the most important uses are identified separately;

(iii) home production as a per cent of total new supply and in some cases the level of closing stocks.

Cereals

Cereals (*Tables 5.1-5.6*)

3. The 1989 cereals harvest was early and was completed in ideal conditions. Production, at 22.4 million tonnes, was higher than in the previous two years. The total area sown to cereals was little different from the previous year. The area of wheat exceeded 2 million hectares for the first time, helped by the favourable planting conditions in the autumn of 1988. As a result there was a sharp reduction in the area of spring barley; the area of winter barley showed a small increase. Production of wheat was two million tonnes higher than in 1988 and a substantial proportion of the crop was of high milling quality. Production of barley was lower and, in particular, the dry conditions throughout the summer reduced supplies of premium malting barley.

4. The Commission estimated the 1989 Community harvest at 160.5 million tonnes. This exceeded the maximum guaranteed quantity of 160 million tonnes; in consequence intervention prices for the 1990/91 marketing year will be reduced by 3 per cent. The Council decided to disregard the small amount of additional coresponsibility levy (38 pence per tonne) due as a result of the Commission's harvest estimate; all additional coresponsibility levy collected in the 1989/90 season is being repaid to producers.

5. In the first half of 1989, ex-farm prices of feed wheat and barley were higher than in the corresponding period of 1988. Prices of bread wheat were generally lower than in the first half of 1988. In the second half of the year, ex-farm prices of new crop feed wheat and barley were below the intervention buying-in price until December. Bread wheat prices were £6-£10 per tonne lower than a year earlier, commanding a premium of less than £5 per tonne over the price of feed wheat. Prices of premium malting barley were £30-£40 per tonne higher than the price of feed barley.

TABLE 5.1 Wheat

'000 tonnes (unless otherwise specified) — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Area, yield, production and output						
Area ('000 hectares)	1,357	1,902	1,997	1,994	1,886	2,104
Yield (tonnes/hectare)	5.46	6.33	6.96	5.99	6.23	6.58
Production	7,419	12,046	13,911	11,940	11,750	13,843
Direct use on farms	..	810	1,046	950	774	806
Increase in farm stocks	..	−1,318	580	−395	−211	1,031
Output	6,484	12,554	12,283	11,386	11,188	12,006
Average realised price (£/tonne)	94.6	112.2	111.2	111.0	105.1	105.7
Value of output (£ million)	613	1,409	1,366	1,264	1,176	1,269
Supply and utilisation						
Production	7,419	12,046	13,911	11,941	11,750	13,843
Imports from: the Eleven	765	736	994	1,233	1,137	535
third countries	1,894	878	714	479	504	321
Exports to: the Eleven	474	1,371	3,040	1,593	1,085	1,038
third countries	72	519	950	2,525	843	2,280
Total new supply	9,532	11,770	11,628	9,535	11,463	11,381
Increase in farm and other stocks	460	849	−366	−2,407	−396	−154
Total domestic uses	9,040	10,921	11,994	11,942	11,859	11,535
of which: flour milling	4,956	4,749	4,828	4,919	5,114	5,058
animal feed	3,545	5,202	6,119	5,968	5,584	5,255
seed	277	347	359	335	357	367
other uses and waste	262	623	688	720	804	855
Production as % of total new supply for use in UK	78	102	120	125	103	122
% of home grown wheat in milling grist	63.8	76.1	63.8	77.8	65.7	82.8

TABLE 5.2 Barley

'000 tonnes (unless otherwise specified) — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Area, yield, production and output						
Area ('000 hectares)	2,343	1,965	1,916	1,830	1,878	1,657
Yield (tonnes/hectare)	4.25	4.96	5.23	5.04	4.67	4.80
Production	9,933	9,740	10,014	9,225	8,773	7,960
Direct use on farms	..	2,609	2,778	2,274	2,220	2,216
Increase in farm stocks	..	−806	−87	−114	−93	−36
Output	6,744	7,937	7,324	7,066	6,646	5,780
Average realised price (£/tonne)	86.9	106.5	105.9	105.4	103.4	107.5
Value of output (£ million)	586	842	776	745	687	621
Supply and utilisation						
Production	9,933	9,740	10,014	9,226	8,773	7,960
Imports from: the Eleven	234	198	265	235	312	317
third countries	51	...	15	...	6	...
Exports to: the Eleven	663	853	2,220	1,048	731	295
third countries	839	2,161	1,891	2,047	2,079	2,285
Total new supply	8,716	6,924	6,183	6,366	6,280	5,697
Increase in farm and other stocks	−330	217	−290	−362	−24	−580
Total domestic uses	8,870	6,707	6,473	6,728	6,304	6,277
of which: brewing/distilling	2,045	1,704	1,577	1,840	1,754	1,802
animal feed	6,235	4,536	4,418	4,455	4,110	4,080
seed	398	279	282	254	272	238
other uses and waste	192	187	196	179	168	157
Production as % of total new supply for use in UK	114	141	162	145	140	140

TABLE 5.3 Oats

'000 tonnes (unless otherwise specified) — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Area, yield, production and output						
Area ('000 hectares)	155	133	97	99	120	120
Yield (tonnes/hectare)	3.97	4.60	5.18	4.59	4.50	4.60
Production	615	614	503	452	540	550
Direct use on farms	...	297	298	191	212	255
Increase in farm stocks	...	38	−94	...	44	−10
Output	240	279	298	262	287	306
Average realised price (£/tonne)	86.0	99.2	100.9	114.7	106.4	99.8
Value of output (£ million)	21	28	30	30	31	31
Supply and utilisation						
Production	615	614	503	451	540	550
Imports from: the Eleven	34	9	15	7	8	9
third countries	4	...	2	...	1	1
Exports to: the Eleven	6	...	1	9	4	13
third countries	...	...	...	...	...	...
Total new supply	647	623	519	449	545	547
Increase in farm and other stocks	−40	35	−106	−3	59	−10
Total domestic uses	688	588	625	452	486	557
of which: milling	143	156	158	162	185	207
animal feed	493	399	433	259	262	311
seed	37	19	19	18	24	23
other uses and waste	15	14	15	13	15	16
Production as % of total new supply for use in UK	95	99	97	100	99	100

TABLE 5.4 Rye/mixed corn

'000 tonnes (unless otherwise specified) — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Area ('000 hectares)	23	15	14	13	12	12
Production	86	66	61	58	55	51
Value of output (£ million)	2	3	3	3	3	2
Imports from (a): the Eleven	16	11	13	19	26	13
third countries	5	3	1	1	...	...
Total new supply	107	80	75	78	81	64
Production as % of total new supply for use in UK	55	83	81	74	68	80

(a) Relates solely to rye.

TABLE 5.5 Maize

'000 tonnes — Calendar years

		Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Production		–	–	–	–	–	–
Imports from:	the Eleven	745	1,012	1,288	1,207	1,156	1,270
	third countries	2,364	438	183	303	191	148
Exports to:	the Eleven	20	6	12	20	7	23
	third countries	...	...	...	...	...	...
Total new supply		3,089	1,444	1,459	1,490	1,340	1,395

TABLE 5.6 Total cereals

'000 tonnes (unless otherwise specified) — Calendar years

		Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Area, production and output (a)							
Area ('000 hectares)		3,877	4,015	4,024	3,935	3,896	3,894
Production		18,053	22,466	24,489	21,675	21,118	22,403
Output		13,418	20,794	19,929	18,739	18,140	18,116
Supply and utilisation (a)							
Imports from:	the Eleven	1,794	1,966	2,575	2,701	2,639	2,144
	third countries	4,318	1,319	915	783	702	470
Exports to:	the Eleven	1,163	2,230	5,273	2,670	1,827	1,369
	third countries	911	2,680	2,841	4,572	2,922	4,565
Total new supply		22,091	20,841	19,865	17,918	19,710	19,084
Increase in stocks		90	1,101	−761	−2,772	−361	−744
Total domestic uses		21,815	19,740	20,626	20,690	20,070	19,828
Production as % of total new supply for use in UK		82	108	123	121	107	117
Stocks (of wheat, barley and oats) held at year end:	on farms	8,928	8,933	9,943	9,137	8,871	9,856
	in intervention (b)	..	6,190	4,271	1,729	1,544	619
	by processors, traders and cooperatives	..	1,816	4,110	4,857	4,934	4,161

(a) Excluding triticale (8,000 hectares in 1989).
(b) Recorded as all physical stocks held at the particular date.

Other crops

Oilseed rape (*Table 5.7*)

6. There was a further fall in the area planted to oilseed rape in 1989, from 347,000 hectares to an estimated 323,000 hectares. Production is forecast at 953,000 tonnes, a fall of nearly 30 per cent from the 1987 peak of 1.353 million tonnes. This reduction is partly due to the effect on prices of the introduction of the strengthened maximum guaranteed quantity system in 1988, and also to a switch to the lower yielding 'double-low' varieties. Although Community production has continued to fall, from 5.2 million tonnes in 1988 to an estimated 4.9 million tonnes in 1989, it remains above the maximum guaranteed quantity of 4.5 million tonnes; as a result the base-line target price was reduced by 3.1 per cent. This was a smaller reduction than in 1988, so the actual level of the support price increased by nearly 5 per cent.

Sugar beet and sugar (*Table 5.8*)

7. The area of sugar beet harvested in 1989 is expected to be around 194,000 hectares. The dry conditions in some parts of the country caused significant variation in performance with early drilled crops yielding much more heavily than those drilled later. Despite the weather and a serious outbreak of virus yellows, sugar production was comparable to recent years although somewhat below last year's record. There were two outbreaks of rhizomania affecting 60 hectares of crop. White sugar production is forecast to be about 1.25 million tonnes, compared with 1.30 million tonnes in 1988. With 102,000 tonnes of white sugar produced in excess of quota in 1988 carried forward, total supply is expected to be well in excess of the maximum quota of 1.144 million tonnes set for the United Kingdom under the European Community sugar regime. The excess has to be exported without export refunds, or carried forward to count against next year's quota.

Hops (*Table 5.9*)

8. The indications are that yields and alpha acid contents are lower than in the 1988 crop, but that prices for hops sold under contract are higher.

Peas and beans (*Table 5.10*)

9. Following the record pea and bean crop in 1988, production in 1989 is forecast to have decreased by around 27 per cent, owing to a reduction in planted area and lower yields. The reduction in plantings was due in part to concern over the initial marketing problems experienced with the very large 1988 bean harvest, difficulty in obtaining high yields, and the effect on support prices of the stabiliser introduced in 1988. Community pea and bean production fell in 1989 from 4.3 million tonnes to 4.1 million tonnes. Under the stabiliser mechanism, this resulted in a cut in the base line guide price of 8.9 per cent, slightly less than last year's 9 per cent cut.

Seeds (*Tables 5.12 and 5.13*)

10. Total production of herbage and legume seed in the year ended May 1989 increased by 3 per cent on the 16,200 tonnes produced in the previous year. At 5,000 tonnes imports of seed from other member states of the European Community during 1989/90 were at their lowest level for the past decade. The area approved for the production of herbage and legume seed in 1989/90 is expected to fall by 8.5 per cent from last year's level.

Potatoes (*Table 5.14*)

11. Low prices in England and Scotland led to the Potato Marketing Board removing some 94,000 tonnes of 1988 crop potatoes between November 1988 and April 1989. No government expenditure was involved. Under the Board's own support scheme for seed potatoes introduced for the 1988 crop and funded solely by the Board, 2,100 tonnes of seed potatoes were withdrawn. United Kingdom imports of 1988 crop ware potatoes during the early part of 1989 were considerably lower than for the comparable period of 1988.

12. Plantings in the United Kingdom (including minor holdings in Scotland and Northern Ireland) in 1989 were 175,800 hectares, 95 per cent of the target area of 184,686 hectares. Yields for the 1989 crop for ware potatoes were lower than those for 1988, due to the dry conditions, but overall yields were not reduced by as much as was originally expected. Imports of 1989 crop ware potatoes were up on 1988 levels, but remained well below comparable 1987 levels.

13. In July 1989 the Government announced that the basic elements of the marketing arrangements operated by the Potato Marketing Board would be retained beyond 30 June 1990. The continuation of the Scheme will be kept under review and is also subject to non-producer interests being given a greater influence in market management decisions. It remains the Government's intention to abolish the guarantee arrangements as soon as Parliamentary time permits but, in the meantime, it is looking to the industry to bear a greater share of the cost of its price support arrangements. Different arrangements apply in Northern Ireland and their future is being considered separately.

TABLE 5.7 Oilseed rape

'000 tonnes (unless otherwise specified) — Calendar years

		Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Area ('000 hectares)		77	296	299	388	347	323
Yield (tonnes/hectare) (a)		2.78	3.01	3.18	3.49	3.00	2.95
Production (a)		213	891	951	1,353	1,040	953
Average producer price (b) (£/tonne)		209.0	274.1	284.4	220.5	231.9	285.5
Value of output (£ million)		47	244	270	298	241	272
Imports from:	the Eleven	47	50	79	151	66	55
	third countries	77	10	180	40	16	43
Exports to:	the Eleven	1	295	496	295	160	103
	third countries	–	–	–	1	–	–
Total new supply		336	656	714	1,248	972	948
Production as % of total new supply for use in UK		63	136	133	108	107	101

(a) These figures are on the basis of a standardised (9%) moisture content.
(b) Received by farmers for the year's crop, including 'Double-low' varieties. An adjustment is made for drying costs.

TABLE 5.8 Sugar beet and sugar

'000 tonnes (unless otherwise specified) — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Sugar beet						
Area ('000 hectares) (a)	209	202	201	200	198	194
Yield (tonnes/hectare)	35.23	38.28	40.35	39.91	41.30	41.24
Production of beet	7,373	7,717	8,118	7,992	8,152	8,000
Average market price (b) (£/tonne)	25.22	30.03	28.06	27.85	29.12	29.00
Value of output (£ million)	186	232	228	223	237	232
Sugar content %	16.92	17.50	18.14	16.78	17.65	17.50
Sugar extraction rate %	87.6	90.0	89.5	91.0	91.0	89.3
Sugar ('000 tonnes refined basis)						
Production (c)	1,094	1,210	1,318	1,226	1,304	1,250
Imports from (d): the Eleven (e)	220	105	131	93	121	123
third countries	1,217	1,198	1,124	1,084	1,178	1,164
Exports to (d): the Eleven	6	22	37	40	64	80
third countries	77	322	136	288	227	307
Total new supply	2,477	2,159	2,400	2,075	2,312	2,150
Production as % of total new supply for use in UK	45	56	55	59	56	58

(a) Harvested area. This is slightly below the sown area.
(b) Estimated as the return to grower price less transport.
(c) Sugar coming out of the factory in the early part of the new year is regarded as being part of the previous calendar year's production.
(d) Includes only sugar as such and takes no account of the sugar content of processed products.
(e) Includes imports from French Overseas Departments.

TABLE 5.9 Hops

'000 tonnes (unless otherwise specified) — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Area ('000 hectares) (a)	5.7	4.9	4.4	4.2	4.0	3.8
Yield (tonnes/hectare)	1.70	1.37	1.20	1.31	1.27	1.26
Production	9.8	6.5	5.1	5.2	5.0	4.0
Farm gate price (£/tonne)	1,800	2,297	2,233	2,299	2,417	2,990
Total realised return (£ million)	18	15	11	12	12	12
Other receipts (£ million) (b)	1	1	1	1	1	1
Value of production (£ million)	19	16	12	13	14	13
Imports from: the Eleven	1.3	1.6	1.7	1.2	0.5	0.2
third countries	0.6	0.8	0.7	1.0	0.6	0.5
Exports to: the Eleven	2.0	2.0	1.4	0.8	0.2	0.6
third countries	0.2	0.1	0.2	–	–	–
Total new supply	9.5	6.5	6.0	6.6	5.9	4.1
Production as % of total new supply for use in UK	97	96	85	79	85	98

(a) This is the area 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 refers to the area in production.
(b) Production aid.

TABLE 5.10 Peas and beans for stockfeed

Calendar years

	Average of 1978-80 (a)	1985	1986	1987	1988	1989 (forecast)
Peas for harvesting dry (b)						
Area ('000 hectares)	35.6	78.0	77.4	99.1	90.6	73.0
Yield (tonnes/hectare)	3.1	2.7	3.6	2.7	3.4	3.2
Production ('000 tonnes)	111.9	213.0	281.7	262.6	306.3	233.7
Price (£/tonne)	70.2	175.4	220.4	198.3	160.5	171.0
Value of production (£ million)	8	38	62	52	49	40
Field beans (mainly for stockfeed)						
Area ('000 hectares)	42.7	45.1	59.7	91.0	153.7	133.6
Yield (tonnes/hectare)	3.2	3.4	3.8	3.2	3.9	3.2
Production ('000 tonnes)	135.3	153.8	229.2	293.9	596.4	427.5
Price (£/tonne)	40.2	169.3	211.7	193.0	156.2	168.1
Value of production (£ million)	5	26	49	57	93	72

(a) Figures relate to England and Wales only.
(b) The figures presented here cover only that part of the crop which is assumed to be used for stockfeed, the remainder is included in horticulture, Table 5.15.

TABLE 5.11 Purchased feedingstuffs (excluding direct inter-farm sales)

million tonnes (unless otherwise specified) Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Compounds for:						
cattle	4.6	4.1	4.5	3.8	3.7	3.9
calves	0.4	0.4	0.4	0.4	0.3	0.4
pigs	2.3	2.1	2.2	2.2	2.2	2.1
poultry	3.4	3.2	3.4	3.5	3.6	3.3
other	0.4	0.5	0.6	0.6	0.7	0.8
Total compounds	11.0	10.3	11.0	10.5	10.5	10.5
Straight concentrates (ie cereals, cereal offals, proteins and other high energy feeds)	3.7	4.3	4.6	4.8	4.7	4.7
Total concentrates	14.7	14.6	15.6	15.3	15.2	15.2
Non concentrates (low-energy bulk feeds expressed as concentrate equivalent) (a)	0.7	0.7	0.7	0.7	0.6	0.6
Total all purchased feedingstuffs	15.5	15.3	16.3	15.9	15.9	15.8
Cost of purchased feedingstuffs (£ million)	1,987	2,588	2,680	2,665	2,788	2,920
of which sold off the national farm (and included in output) but subsequently repurchased as an input (£ million)	506	700	727	630	634	561

(a) 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 5.12 Herbage and legume seeds (excluding field bean and field pea seeds)

'000 tonnes (unless otherwise specified) June/May years

		Average of 1978/79-1980/81	1985/86	1986/87	1987/88	1988/89	1989/90 (forecast)
Certified seed							
Area ('000 hectares)		21.9	15.8	17.0	17.8	18.4	16.8
Production		17.6	16.3	15.9	16.2	16.7	15.3
Imports from:	the Eleven	9.2	7.9	7.6	6.3	5.0	..
	third countries	5.6	3.9	4.6	3.9	4.3	..
Exports to:	the Eleven	3.3	1.8	2.1	1.3	1.4	..
	third countries	0.4	0.1	0.3	0.2	0.3	..
Total new supply		28.7	26.2	25.7	24.9	24.3	..

TABLE 5.13 Purchased seeds (excluding direct inter-farm sales)

'000 tonnes (unless otherwise specified) Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Cereals	590.7	580.0	572.0	550.4	579.8	542.4
Grass and clover	22.8	16.3	16.8	14.7	14.7	15.0
Root and fodder crops	34.6	38.1	41.2	54.1	66.3	56.3
Potatoes	299.3	273.0	269.0	251.0	260.0	281.0
Vegetables and other horticultural seeds (a)	21.9	13.9	17.5	16.0	15.4	14.6
Total cost of all purchased seeds (£ million)	207	255	268	278	289	289
of which sold value of sales off the national farm (and included in output) but subsequently repurchased as an input (£ Million)	97	120	126	131	136	136

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

TABLE 5.14 Potatoes

'000 tonnes (unless otherwise specified) — Calendar years

			Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Area, yield, production and output								
Area ('000 hectares):	early		19.8	16.7	17.2	16.6	17.5	17.6
	maincrop		188.0	175.5	161.7	162.0	163.7	158.2
Yield (tonnes/hectare):	early		20.6	24.0	21.0	23.6	24.0	20.9
	maincrop		34.6	36.8	37.4	39.0	39.6	37.3
Production:	early		408	401	361	392	420	369
	maincrop		6,500	6,462	6,051	6,322	6,479	5,900
	total		6,908	6,863	6,412	6,713	6,899	6,269
Waste			..	904	816	793	897	881
Stock increase			..	−573	−401	117	62	−414
Total output			..	6,532	5,997	5,803	5,940	5,802
Average price (£/tonne) (a) paid to registered producers for:								
early potatoes			..	65.3	104.7	119.4	103.3	133.1
maincrop potatoes			..	46.6	70.2	82.4	64.4	78.3
realised for all potatoes			..	48.7	71.7	83.4	67.3	80.7
Value of output of potatoes (£ million)			322	318	430	484	400	468
Supplies and utilisation								
Total production			6,908	6,863	6,412	6,713	6,899	6,269
Supplies from the Channel Islands			34	41	36	43	36	32
Imports			708	655	848	986	941	1,009
of which:	early from:	the Eleven	38	36	63	59	40	77
		third countries	271	191	184	133	148	149
	maincrop from:	the Eleven	45	58	198	372	230	206
		third countries	7	14	6	7	14	–
	processed (raw equivalent) from:	the Eleven	263	330	356	375	479	548
		third countries	66	14	25	19	4	2
	seed from:	the Eleven	17	11	16	21	26	27
		third countries	1	1	–	–	–	–
Exports			291	202	247	266	164	223
of which:	raw to:	the Eleven	35	33	60	39	32	66
		third countries	6	12	32	55	35	37
	processed (raw equivalent) to:	the Eleven	121	36	49	53	36	46
		third countries	20	7	6	6	2	2
	seed to:	the Eleven	2	1	31	52	35	37
		third countries	107	113	69	61	24	23
Total new supply			..	7,357	7,050	7,476	7,712	7,187
Opening stocks			..	3,684	3,111	2,710	2,827	2,889
Closing stocks			..	3,111	2,710	2,827	2,889	2,475
Net increase in farm and other stocks			..	−573	−401	117	62	−414
Total domestic uses			..	7,930	7,451	7,359	7,650	7,511
of which:	used for human consumption		..	5,954	6,074	5,985	6,034	5,906
	seed for home crops (including seed imports)		..	562	560	568	577	573
	support buying		..	530	–	–	142	90
	chats, waste and retained stockfeed		..	884	817	806	897	942
Production as % of total new supply for use in UK			..	93	91	90	89	87

(a) Including sacks.

Horticulture

Horticulture
(*Tables 5.15 and 5.16*)

15. The total area devoted to horticulture as recorded in the June agricultural census was 201,000 hectares in 1989 compared to 209,000 hectares in 1988. The areas shown in Table 5.15 however differ from these for several reasons, including multi-cropping. This table gives information about the main sectors. Table 5.16 gives details for cauliflowers, tomatoes, apples and pears, the four crops for which intervention arrangements apply.

16. The hot, dry summer resulted in increased consumer demand for *salad crops*, which was reflected in the generally high level of returns, particularly for field lettuce and celery. For *protected crops* yields were significantly up for tomatoes and down for cucumbers. Prices were generally lower than in the previous year. Imports continued to increase, in particular lettuce from Spain and cherry tomatoes from Holland. There were minimal withdrawals of tomatoes.

17. The considerable decrease in the overall area devoted to *field vegetables* and the prolonged dry weather caused a reduction in supplies but no significant rise in returns. Although the winter cauliflower crop was a rewarding one, the heat caused irregular summer cauliflower production. Withdrawals of cauliflowers were down on 1988 levels. The 1989 dry bulb onion crop achieved good quality and prices, with yields well down on last year. There was some shortfall in yield and quality, and carrot prices remained similar to those for the previous year.

18. The total area of *top fruit* continued to decline, but production was maintained. Despite the dry weather, fruit of good flavour, size, and quality was produced. Overall gross yields of Cox were at least double those of last year and the highest for more than a decade, although yields for other dessert apple varieties were in general on a par with those for 1988. For Bramley's Seedling, yields were also much higher than for last year but calcium levels were the lowest for many years. Apple prices for the 1989 crop were in general significantly below 1988 levels. Withdrawals of 1988 season apples were similar to those in 1987, but a higher level is expected from the 1989 season. Yields from the 1989 pear crop were lower, and prices higher, than those for 1988. Withdrawals of the 1988 seasons pears were substantially lower than those for the 1987 season.

19. The demand for good quality *soft fruit* increased in 1989. The strawberry season was very early and short, with high returns for good quality produce. Yields were down on 1988, with high levels of wastage due to the hot weather. The picture was similar for raspberries, but late varieties fared better, although in Scotland yields were particularly low due to the combined effect of late frost and the later prolonged dry weather. Blackcurrant yields were also down on 1988 but with strong demand resulting in prices for fresh produce considerably above those for the previous year.

20. Within the *ornamental sector*, hardy nursery stock was buoyant early in the year. However, the cool, wet spring followed by the prolonged hot weather resulted in difficult planting and growing conditions and the consequent effect on the market. Home production continued to expand for bedding plants and pot plants. The 1988 season produced good bulb crops but the market was oversupplied. Production of cut flowers continued to increase but prices were lower than those for 1988.

TABLE 5.15 Horticulture

Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Vegetables						
Grown in the open						
Area (hectares) (a)	196,483	181,184	185,871	178,450	178,020	168,126
Value of output (£ million) (a)	320	479	462	537	534	572
Protected						
Area (hectares)	3,102	3,356	3,373	3,257	3,403	3,435
Value of output (£ million)	169	255	274	310	309	306
Total value of output (£ million)	489	734	737	848	843	878
Fruit						
Orchard fruit						
Area (hectares)	46,019	35,473	34,778	35,216	33,965	33,720
Value of output (£ million)	77	113	120	115	117	115
Soft fruit						
Area (hectares)	17,935	16,013	15,073	14,573	14,834	14,662
Value of output (£ million)	69	99	111	108	121	118
Total value of output (£ million) (b)	147	212	235	223	239	233
Ornamentals						
Area (hectares)	17,069	17,567	16,950	17,912	18,092	17,950
Value of output (£ million)	156	251	280	328	380	401
of which: flower bulbs	4	10	25	27	26	31
flowers in the open	13	17	17	18	21	23
hardy nursery stock	64	114	124	144	180	181
protected crops	76	111	113	138	152	165
Seeds – value of output (£ million)	4	3	6	9	7	7
Total value of commercial horticultural output (£ million) (c)	808	1,201	1,257	1,407	1,468	1,519
Value of output of main crops (£ million):						
cabbages	41	72	62	75	73	76
carrots	32	46	47	65	81	82
cauliflowers	42	66	54	64	69	65
lettuces	48	69	69	92	82	95
mushrooms	70	135	139	145	149	143
peas (a)	43	50	58	41	47	52
tomatoes	52	53	67	79	68	68
apples	55	83	89	84	86	86
pears	8	15	15	14	13	11
raspberries	15	25	40	29	32	41
strawberries	38	58	55	63	68	60

(a) Includes peas harvested dry for human consumption.
(b) Includes glasshouse fruit.
(c) Includes a very small proportion for hedgerow fruits and nuts.

TABLE 5.16 Selected Horticultural crops

'000 tonnes (unless otherwise specified) — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Cauliflowers						
Farm gate price (£/tonne)	142.7	213.1	161.2	224.4	196.4	195.6
Output	286	307	338	285	352	340
Supplies from Channel Islands	11	8	10	10	10	10
Imports from: the Eleven	19	41	56	41	50	53
third countries	1	...	...	...	...	...
Total new supply	317	356	404	336	412	403
Output as % of total new supply for use in UK	90	86	84	85	83	84
Tomatoes						
Farm gate price (£/tonne)	399.0	492.6	545.9	629.6	518.0	509.0
Output	129	125	126	125	131	135
Supplies from Channel Islands	53	24	16	12	16	16
Imports from: the Eleven	56	148	160	152	166	162
third countries	102	105	97	104	100	92
Exports to: the Eleven	6	7	8	6	7	6
third countries	...	...	...	...	...	...
Total new supply	333	395	391	387	406	399
Output as % of total new supply for use in UK	39	32	32	32	32	34
Apples (excluding cider apples)						
Farm gate price (£/tonne)						
dessert	200.2	337.0	361.6	335.6	393.7	339.2
culinary	128.1	237.2	261.7	244.0	302.8	216.2
Output from the crop						
dessert	184	154	148	160	133	156
culinary	151	133	134	124	111	154
Imports from: the Eleven	255	282	288	291	312	283
third countries	108	146	154	152	187	174
Exports to: the Eleven	15	24	19	32	16	20
third countries	...	...	...	...	...	...
Total new supply	683	691	704	696	726	747
Increase in stocks	10	−4	3	−21	−10	82
Total domestic uses	673	695	701	717	736	830
Output as % of total new supply for use in UK	49	41	40	41	34	41
Closing stocks	113	114	117	96	86	169

TABLE 5.16 Selected Horticultural crops (continued)

'000 tonnes (unless otherwise specified) — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Pears (excluding perry pears)						
Farm gate price (£/tonne)						
dessert	206.6	305.7	330.3	308.1	303.6	331.6
Output from the crop	41	48	45	45	43	32
Imports from: the Eleven	34	51	51	55	63	67
third countries	15	18	14	22	30	28
Exports to: the Eleven	2	1	1	1	1	1
third countries	...	...	...	...	...	...
Total new supply	88	116	108	122	134	126
Increase in stocks	1	...	−6	8	−13	−3
Total domestic uses	89	115	115	113	148	129
Output as % of total new supply for use in UK	47	41	42	37	32	25
Closing stocks	20	24	18	26	13	10

Livestock

Cattle and calves: beef and veal
(Table 5.17)

21. During the first quarter of 1989 intervention continued on the same basis as in 1988. However, new support arrangements introduced in April have meant that only very small quantities of beef have been bought into intervention since then, all of it in Northern Ireland. Total purchases for the year were 10,000 tonnes, compared to 39,000 tonnes in 1988. As a result of this and steady sales during the year, intervention stocks fell from 36,000 tonnes (carcase weight equivalent) at the end of 1988 to 11,000 tonnes at the end of 1989.

22. The size of the beef breeding herd continued to rise, reaching its highest level for ten years, with the increase in beef cows more than offsetting the further decrease in the dairy herd. Throughout most of 1989 market prices remained above those of 1988.

Sheep and lambs: mutton and lamb
(Table 5.18)

23. Over the year the breeding flock continued to expand, although the rise of just under 5 per cent between 1988 and June 1989 was slightly lower than that recorded for the previous year.

24. Domestic production of sheepmeat in 1989 is estimated to be around 12 per cent higher than the levels of 1988. Exports are expected to rise by some 13 per cent and it is anticipated that there will be an increase of around 7 per cent in supplies to the home market. Estimated market prices for Great Britain are about 2 per cent above those of last year with a fall of about 4 per cent expected for Northern Ireland.

25. The breeding flock in Great Britain is forecast to expand a further 3 per cent in 1989, following on from the 4 per cent growth in 1988. Since the stabiliser mechanism for sheepmeat is calculated by comparing the cumulative expansion in the breeding flock with a 1987 base figure, a 7 per cent cut was applied to the 1989 guide price, used for determining variable premium in Great Britain. The 1988 definitive stabiliser reduction as applied to the basic price for calculating 1988 annual ewe premium, was 4 per cent for both Great Britain and Northern Ireland.

26. The Agriculture Departments continue to pay compensation to sheep producers whose activities have been affected by the restrictions imposed following the Chernobyl accident in 1986. Compensation to date is in excess of £6.5 million.

Pigs and pigmeat
(Table 5.19)

27. Reduced supplies throughout the EC due to a sharp contraction in the Community pig herd caused UK prices to rise to very high levels by the autumn. The shortfall in home production was largely offset by an increase in imports, so that total supplies were only slightly down on 1988 levels.

Poultry and poultrymeat
(Table 5.20)

28. Oversupply on the market, coupled with some reduction in demand as a result of consumer concerns about food safety, caused prices for chicken to fall at the beginning of the year. However prices recovered as supplies reduced and by the autumn they were well up on levels in autumn 1988. The virulent strain of Gumboro disease caused mortalities in broiler flocks and losses to producers in the second half of the year. Production of other poultry continued to expand.

TABLE 5.17 Cattle and calves: beef and veal

Calendar years

	Average of 1978-80	1985	1986	1987(a)	1988	1989 (forecast)
Populations						
Total cattle and calves ('000 head at June)	13,561	12,911	12,533	12,158	11,872	12,016
of which: dairy cows	3,265	3,150	3,138	3,042	2,911	2,867
beef cows	1,537	1,333	1,308	1,343	1,373	1,495
dairy heifers in-calf	680	703	711	598	612	569
beef heifers in-calf	174	171	168	176	222	224
other	7,907	7,554	7,208	6,998	6,753	6,860
Selected market prices						
Store cattle (£ per head) (b):						
1st quality Hereford/cross bull calves (c)	97	130	133	134	186	195
1st quality beef/cross yearling steers (d)	231	343	347	360	414	434
Finished cattle (p per kg liveweight): All clean cattle	72.7	94.7	94.4	96.0	109.2	114.3
Marketings, production and returns						
Total home-fed marketings ('000 head)	4,508	4,355	4,130	4,462	3,599	3,667
of which: steers, heifers and young bulls	..	3,237	3,058	3,074	2,619	2,648
calves	..	254	284	459	286	325
cows and adult bulls	..	865	788	929	694	693
Average dressed carcase weights (dcw) (kgs) (e)						
steers, heifers and young bulls	..	275.2	273.7	276.0	284.0	288.1
calves	..	51.9	47.3	51.3	55.2	53.6
cows and adult bulls	..	267.3	271.3	272.9	277.1	278.1
Production ('000 tonnes, dcw)						
Home-fed production	1,078	1,132	1,062	1,118	947	967
Gross indigenous production (f)	..	1,109	1,038	1,103	926	957
Average realised return (p per kg dcw) (g)	129	174	172	177	200	201
Total realised return (£ million)	1,394	1,969	1,825	1,981	1,897	1,942
Other receipts (£ million) (h)	37	74	78	88	84	132
Value of home-fed production (£ million)	1,431	2,043	1,903	2,069	1,982	2,074
Supplies ('000 tonnes, dcw) (i)						
Home-fed production	1,078	1,132	1,062	1,118	947	967
Imports from: the Eleven (j)	263	157	212	209	238	212
third countries	45	53	49	50	53	38
Exports to: the Eleven (k)	141	131	140	164	120	128
third countries	10	60	79	60	36	36
Total new supply	1,235	1,151	1,104	1,153	1,082	1,053
Increase in stocks	−9	46	−30	−7	−22	−36
Total domestic uses	1,244	1,105	1,134	1,160	1,104	1,089
Home-fed production as % of total new supply for use in UK	87	98	96	97	88	92
Closing stocks	32	148	118	110	88	52

(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) Average dressed carcase weight of animals fed and slaughtered in the UK.
(f) 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 pure-bred breeding animals and, for imported animals, includes only the weight added since arrival in the country.
(g) Average realised return per kg of home-fed production net of marketing expenses. Includes variable premium but not other receipts.
(h) Comprising hill livestock compensatory amounts, suckler cow premium, calf subsidy and beef special premium.
(i) Does not include meat offals or trade in preserved or manufactured meat products. Boneless meat has been converted to bone-in weights.
(j) Includes meat from finished animals imported from Irish Republic.
(k) Adjusted, as necessary, for unrecorded trade in live animals.

TABLE 5.18 Sheep and lambs: mutton and lamb

Calendar years

	Average of 1978-80	1985	1986	1987(a)	1988	1989 (forecast)
Populations						
Total sheep and lambs ('000 head at June)	30,388	35,628	37,016	38,701	40,942	42,885
of which: ewes	11,787	13,893	14,252	14,780	15,461	16,087
shearlings	2,779	2,984	3,146	3,288	3,557	3,830
lambs under 1 year old	14,525	17,566	18,384	19,377	20,587	21,600
other	1,296	1,184	1,234	1,256	1,338	1,367
Selected market prices						
Store sheep (£ per head):						
1st quality lambs, hoggets and tegs (b)	25.9	36.4	36.7	37.5	37.5	36.5
Finished sheep (p per kg estimated dcw):						
Great Britain (c)	..	167.1	175.3	196.7	177.0	181.0
Northern Ireland	..	177.5	200.1	213.7	208.0	200.2
Marketings, production and returns (excluding clip wool)						
Total home-fed marketings ('000 head)	13,137	16,367	16,056	16,494	18,157	20,338
of which: clean sheep and lambs	11,763	14,682	14,534	14,842	16,466	18,398
ewes and rams	1,374	1,685	1,522	1,652	1,691	1,940
Average dressed carcase weights (dcw) (kgs)(d)						
clean sheep and lambs	..	18.3	17.9	18.0	18.2	18.0
ewes and rams	..	27.1	26.8	26.2	25.8	26.1
Production ('000 tonnes, dcw)						
Home-fed production	257	314	302	311	343	383
Gross indigenous production (e)	..	313	301	310	342	382
Average realised return (p per kg dcw) (f)	132	195	205	207	206	198
Total realised return (£ million)	339	611	617	644	706	758
Other receipts (£ million) (g)	34	155	175	171	199	189
Value of home-fed production (£ million)	373	766	792	815	905	947
Supplies ('000 tonnes, dcw) (h)						
Home-fed production	257	314	302	311	343	383
Imports from: the Eleven (i)	...	...	...	...	1	1
third countries	208	168	136	146	130	130
Exports to: the Eleven (j)	45	55	70	88	94	106
third countries	4	4	2	3	3	4
Total new supply	416	423	366	366	377	404
Increase in stocks	1	11	−15	−5	−6	4
Total domestic uses	415	412	381	371	383	400
Home-fed production as % of total new supply for use in UK	62	74	82	85	91	95
Closing stocks	21	44	29	24	18	22

(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) Market prices in Great Britain for animals certified under the sheep variable premium scheme.
(d) Average dressed carcase weight of animals fed and slaughtered in the UK.
(e) See footnote (f) to Table 5.17.
(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 amounts 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 Irish Republic.
(j) Adjusted, as necessary, for unrecorded trade in live animals.

TABLE 5.19 Pigs and pigmeat

Calendar years

	Average of 1978-80	1985	1986	1987(a)	1988	1989 (forecast)
Populations						
Total pigs ('000 head at June)	7,802	7,865	7,937	7,942	7,980	7,717
of which: sows in-pig and other sows for breeding	730	717	716	713	703	670
gilts in-pig	112	112	108	107	101	98
other	6,960	7,037	7,113	7,122	7,176	6,949
Selected market price						
Clean pigs (p per kg deadweight)	82.7	102.8	98.1	97.6	91.0	114.7
Marketings, production and returns						
Total home-fed marketings ('000 head)	14,420	15,359	15,667	15,651	15,862	14,707
of which: clean pigs	14,062	15,024	15,324	15,303	15,471	14,366
sows and boars	358	335	343	348	391	340
Average dressed carcase weights (dcw) (kgs) (b)						
clean pigs	..	61.9	61.3	62.3	62.6	62.9
sows and boars	..	134.4	132.7	133.4	135.4	139.2
Production ('000 tonnes, dcw)						
Home-fed production	917	975	985	999	1,022	951
Gross indigenous production (c)	..	976	986	1,000	1,023	952
Averaged realised return (p per kg dcw) (d)	80	99	94	93	87	110
Value of home-fed production (£ million)	730	961	927	932	884	1,043
Supplies of pork ('000 tonnes, dcw) (e)(f)						
Home-fed production	674	743	753	780	802	741
Imports from: the Eleven	33	29	30	44	57	105
third countries	6	7	4	5	4	5
Exports to: the Eleven (g)	19	48	54	47	59	53
third countries	...	2	3	4	1	1
Total new supply	694	729	730	778	803	797
Increase in stocks	...	−1	2	1	...	−1
Total domestic uses	694	730	728	777	803	798
Home-fed production as % of total new supply for use in UK	97	102	103	100	100	93
Closing stocks	4	5	7	8	8	7
Supplies of bacon and ham ('000 tonnes, product weight) (e)						
Home-cured production	213	203	206	197	197	193
Imports from: the Eleven (h)	291	262	256	259	255	257
third countries	14	2	2	1	1	1
Exports to: the Eleven	3	6	6	5	5	6
third countries	...	...	...	...	...	...
Total new supply	515	461	458	452	448	445
Increase in stocks	...	...	...	2	1	...
Total domestic uses	515	461	458	450	447	445
Home-cured production as % of total new supply for use in UK	41	44	45	44	44	43
Closing stocks	2	4	4	5	6	6

(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 5.17.
(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 5.20 Poultry and poultrymeat

Calendar years

	Average of 1978-80	1985	1986	1987(a)	1988	1989 (forecast)
Population as at June ('000 head)						
chickens and other table fowls	57,803	61,311	63,807	70,754	75,305	71,546
hens (boiling fowls)	11,929	10,391	8,318	9,963	8,777	8,109
turkeys (b)	6,085	7,864	8,952	8,840	9,403	9,628
ducks	1,295	1,496	1,583	1,557	1,634	1,751
geese	137	152	158	177	186	199
Slaughterings (millions)						
fowls	410	466	484	515	547	505
turkeys	22	26	29	31	31	33
ducks	7	8	8	8	9	10
geese	2	2	2	2	2	2
Production ('000 tonnes deadweight)						
chickens and other table fowls	551	658	689	755	812	759
boiling fowls (culled hens)	65	58	58	53	51	48
turkeys	112	134	152	160	165	175
ducks	15	17	18	18	19	21
geese	1	1	1	1	1	1
Average producer price (p/kg live weight) for:						
chickens and other table fowls	62.0	56.6	56.4	55.5	53.8	56.4
boiling fowls (culled hens)	26.5	28.5	28.9	25.6	12.7	18.6
turkeys	..	90.9	96.5	90.2	86.4	85.7
ducks	..	96.1	99.8	102.3	106.1	116.8
geese	..	139.7	189.7	187.3	192.0	187.6
Value of output (£ million)						
fowls	360	518	540	577	592	583
turkeys, ducks, geese	119	176	209	207	207	223
total	480	694	750	785	799	806
Supplies of poultry meat ('000 tonnes deadweight)						
Production	..	867	918	987	1,048	1,004
Imports from: the Eleven	..	61	88	82	80	78
third countries	..	–	1	1	–	–
Exports to: the Eleven	..	28	29	40	47	56
third countries	..	3	9	10	14	14
Total new supply	..	897	969	1,020	1,067	1,012
Increase in stocks	..	−5	5	15	1	−19
Total domestic uses	..	902	964	1,005	1,066	1,031
Production as % of total new supply	..	97	95	97	98	99

(a) For comparability with other years, the figures have been adjusted from a 53-week to a 52-week basis.
(b) Data relates to November and to England and Wales only.

Livestock products

Milk and milk products *(Tables 5.21 and 5.22)*

29. Largely on account of the dry summer, milk production fell by an estimated 1.5 per cent in 1989, leading to lower production of butter (down by 9 per cent), skimmed milk powder (down by 11.5 per cent) and cheese (down by 8.5 per cent) in the first nine months of the year. Production of whole milk powder in 1989 was estimated to be broadly the same as in 1988, whilst condensed milk production rose by an estimated 9 per cent. Although the dry summer accentuated the seasonal trough in UK milk production, particularly in England and Wales, there were clear indications that milk producers were responding to seasonal incentives to increase summer calving, which are designed to bring milk production into better balance with demand throughout the year.

30. Despite the continuing surpluses both of milk fat and milk protein in the Community as a whole, market prices for dairy products remained high due to the continued high level of Community subsidies, both on exports and on internal disposal. Prices received by milk producers rose in 1989 following general increases in the prices charged by the Milk Marketing Boards for milk for all uses, and assisted by the larger proportion of milk being used for higher value outlets. Producers also benefited from significant reductions in EC coresponsibility levy. Intervention stocks continued to dwindle and, in the case of skimmed milk powder, were cleared in the UK.

31. In February the Council agreed to make a special quota allocation to certain producers who had been denied primary quota as a result of their commitments under the Non-Marketing of Milk and Dairy Herd Conversion Schemes. In the UK about 155.5 million litres of quota were provisionally allocated to around 850 successful applicants, out of a Community total of about 488 million litres. In September the Council agreed arrangements for the continued import of New Zealand butter into the UK under special terms in the period 1989 to 1992.

Eggs *(Table 5.23)*

32. Following the severe disruption of the egg market at the end of 1988 due to concern about salmonella, prices at the beginning of the year were very low. Two government emergency measures – the Egg Industry Scheme and the Slaughter of Hens Scheme – helped to stabilise the market and a wide range of measures were taken to deal with the salmonella problem which helped to restore consumer confidence to a considerable extent. With egg supplies low following cutbacks in chick placings early in the year, prices became very firm by the autumn.

Wool *(Table 5.24)*

33. The guaranteed price for the 1989 wool clip remained unchanged at 129p per kg. A weakening of the wool market resulted in prices for the 1989 clip falling below the guarantee level at a number of UK wool sales. The Government intends to end the guarantee arrangements for wool as soon as Parliamentary time permits.

TABLE 5.21 Milk

Million litres (unless otherwise specified) | Calendar years

	Average of 1978-80	1985	1986	1987	1988 (a)	1989 (forecast)
Production and output						
Dairy herd (annual average, '000 head) (b)	3,301	3,207	3,191	3,072	2,953	2,895
Average yield per cow (litres per annum)	4,656	4,881	4,972	4,895	4,972	4,999
Production of milk from the dairy herd (c)	15,436	15,653	15,865	15,039	14,684	14,473
Production of milk from the beef herd	33	22	22	19	19	19
less wastage and milk fed to stock	178	246	260	247	259	244
Output for human consumption	15,291	15,429	15,627	14,811	14,444	14,246
Average total return (pence per litre) (d)	11.65	15.57	16.07	16.47	17.74	19.30
Value of output of milk and farmhouse manufacture of milk products (£ million)	1,781	2,403	2,512	2,439	2,562	2,749
Utilisation of the output for human consumption						
Sales through MMB schemes:						
for liquid consumption	7,294	6,898	6,851	6,814	6,792	6,773
for manufacture	7,837	8,350	8,597	7,804	7,429	7,238
of which: butter (e)	3,667	4,363	4,712	3,763	3,023	2,860
cheese (f)	2,304	2,551	2,562	2,619	2,894	2,739
cream (g)	1,027	554	447	410	449	455
condensed milk—full cream (h)	528	428	432	408	411	443
milk powder—full cream	218	367	354	512	549	618
other	93	87	91	93	103	123
Total sales (i)	15,131	15,263	15,460	14,630	14,234	14,023
Milk used on farms (j)	164	166	167	181	211	223

(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) Includes a small quantity of milk utilised to manufacture anhydrous milk fat (AMF).
(f) Includes farmhouse cheese made under milk marketing schemes.
(g) Excludes cream made from residual fat of low fat milk production.
(h) Includes condensed milk used in the production of chocolate crumb.
(i) From 1981 total sales will not equal liquid plus manufacture sales as the measurement of liquid sales is now adjusted for waste in transit.
(j) Includes farmhouse manufacture of butter, cheese, and full cream, milk consumed in farm households and sales outside milk marketing schemes.

TABLE 5.22 Milk products

'000 tonnes (unless otherwise specified) — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Butter (a)						
Production (b)	165	202	222	176	140	134
Imports from: the Eleven	133	63	69	52	54	54
third countries	119	78	76	72	74	65
Exports to: the Eleven (c)	58	21	29	128	115	68
third countries	8	5	5	6	4	4
Total new supply (c)	351	317	333	166	149	181
Increase in stocks (d)	−20	33	59	−103	−138	−29
Total domestic uses (c) (d)	371	284	274	269	287	210
Production as % of total new supply for use in UK	48	64	67	106	94	74
Closing stocks (d)	116	264	323	220	82	53
Cheese						
Production (b)	229	256	258	266	301	285
Imports from: the Eleven	112	145	156	142	180	158
third countries	7	17	17	18	18	17
Exports to: the Eleven	8	17	21	20	17	21
third countries	7	15	13	16	11	16
Total new supply	333	386	397	389	471	423
Increase in stocks	−4	9	8	−10	33	−6
Total domestic uses	337	377	389	399	438	429
Production as % of total new supply for use in UK	69	66	65	68	64	67
Closing stocks	98	115	123	113	146	140
Cream—fresh, frozen, sterilized						
Production (b) (e)	85	45	39	36	38	39
Imports from: the Eleven	5	3	3	4	2	2
third countries	...	...	–	–	...	...
Exports to: the Eleven	1	...	...	...	1	2
third countries	...	...	1	2	3	2
Total new supply	89	48	41	38	36	37
Increase in stocks	–	–	–	–	–	–
Total domestic uses	89	48	41	38	36	37
Production as % of total new supply for use in UK	96	94	95	95	106	105
Closing stocks	–	–	–	–	–	–

TABLE 5.22 Milk products (continued)

'000 tonnes (unless otherwise specified) — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Condensed milk—full cream (f)						
Production	205	181	174	180	183	201
Imports from: the Eleven	3	6	9	11	9	10
third countries	...	...	1	...	...	...
Exports to: the Eleven	8	13	5	6	44	33
third countries	30	23	22	30	25	37
Total new supply	170	151	157	155	123	141
Increase in stocks	−1	−12	−1	3	1	1
Total domestic uses	171	163	158	137	122	140
Production as % of total new supply for use in UK	121	120	111	116	149	143
Closing stocks	16	8	7	9	10	11
Milk powder—full cream						
Production	27	61	57	94	104	105
Imports from: the Eleven	5	8	13	12	4	3
third countries	...	...	...	...	...	...
Exports to: the Eleven	4	8	7	16	17	27
third countries	17	36	38	36	55	48
Total new supply	12	25	25	54	36	33
Increase in stocks	...	−1	−1	2	3	−2
Total domestic uses	12	26	26	52	33	35
Production as % of total new supply for use in UK	241	244	228	174	289	318
Closing stocks	2	3	2	4	7	5
Skimmed milk powder						
Production	260	241	268	194	136	129
Imports from: the Eleven	15	20	16	15	9	10
third countries	...	...	...	1	...	...
Exports to: the Eleven (c)	73	91	137	71	44	43
third countries	54	53	38	38	40	37
Total new supply (c)	147	117	109	101	61	59
Increase in stocks	−25	−44	−22	−22	2	2
Total domestic uses (c)	172	161	131	123	59	57
Production as % of total new supply for use in UK	185	206	246	192	223	219
Closing stocks	44	64	42	20	22	24

(a) From 1980 includes butter other than natural (ie butterfat and oil, dehydrated butter and ghee).
(b) Includes farmhouse manufacture.
(c) These figures include the use of these products for animal feed.
(d) 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.
(e) Excludes cream made from the residual fat of low fat milk products.
(f) Includes condensed milk used in the production of chocolate crumb.

TABLE 5.23 Eggs

Calendar years

	Average of 1978-80	1985	1986	1987(a)	1988	1989 (forecast)
Number of layers and output of eggs						
Numbers of fowls in lay in commercial flocks (annual average, millions) (b)(c)	60.94	49.48	49.79	50.37	51.11	46.00
Average yield per layer (number of eggs)	230.7	243.0	242.4	244.1	244.4	246.0
Gross commercial production (b)(c) (million dozen)	1,171	1,002	1,006	1,025	1,041	943
Output of eggs for human consumption from fowls (including production on non-commercial holdings but excluding waste and eggs used for hatching) (million dozen)	1,156	998	997	1,009	1,022	922
Average realised price for eggs from fowls (p per dozen)	38.8	50.3	45.0	50.5	46.4	50.8
Value of output of eggs from fowls (£ million)	448	502	449	509	475	469
Value of output of all eggs (£ million)	450	506	453	513	479	474
Utilisation of UK output for human consumption and other supplies (million dozen)						
Total UK output of hen and duck eggs for human consumption (d)	1,160	1,002	1,002	1,013	1,027	927
of which: hen eggs sold in shell	1,123	951	947	953	954	842
hen eggs processed	37	47	50	56	68	80
Imports from (e): the Eleven	28	56	44	34	38	41
third countries	1	–	–	–	–	–
Exports to (e): the Eleven	40	21	20	17	20	36
third countries	5	1	1	1	1	1
Total new supply	1,144	1,036	1,025	1,029	1,044	931
Output as % of total new supply for use in UK	101	97	98	98	98	99

(a) For comparability with other years, the figures have been adjusted from 53-week to a 52-week basis.
(b) Excludes fowls and production on non commercial holdings.
(c) Includes breeding flocks.
(d) Includes farmhouse consumption.
(e) Includes shell egg equivalent of whole dried, frozen and yolk but excludes albumen.

TABLE 5.24 Wool

Million kg, greasy weight equivalent (unless otherwise specified) — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Skin wool (valued within output from sheep and lambs)						
Production	13	17	17	17	18	20
Clip wool (a)						
Production	36	41	42	45	49	53
Producer price for clip (p per kg) (b)	94.3	101.5	98.7	98.4	97.9	97.7
Value of output (£ million)	34	42	41	43	48	52
Supplies						
Total production	50	58	59	62	67	73
Imports from: the Eleven	14	21	25	41	31	18
Imports from: third countries	108	124	121	131	102	86
Exports to: the Eleven	22	25	39	42	34	31
Exports to: third countries	8	20	35	39	38	26
Total new supply	142	158	131	153	128	120
Production as % of total new supply for use in UK	35	37	45	41	52	61

(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.

6 Agricultural incomes

Introduction

1. This section provides information on the incomes from agriculture of those engaged, in various ways, in the industry.

Output, input and net product
(Tables 6.1 and 6.2)

2. Table 6.1 presents estimates (and 'forecasts' for 1989) of the value of the industry's gross output and gross input. The difference between these is its gross product which, after allowing for the depreciation of its fixed assets, leads to its net product. This provides the source of remuneration of the various groups providing resources to the industry in the form of financial capital, let land, labour input and managerial skills. The derivation of gross and net product, and of the income measures referred to in this section, is shown diagrammatically in Chart 6.1.

3. The table begins by drawing together the estimates of the value of output of each of the commodities covered in Section 5. Together with the value of output of various other commodities, and other items (including the value of the physical increase in on-farm stocks of various commodities), this gives the industry's gross output. The value of this is forecast to have risen by 6.5 per cent compared to 1988, mainly as a result of increased prices. The cost of the industry's gross input is forecast to have risen by 3.8 per cent with a 1.4 per cent reduction in the quantity of its usage of inputs being offset by a 5.3 per cent increase in their prices. The result is an increase of 9.8 per cent in the industry's gross product and, given a lower increase in its depreciation bill, an increase of 12.0 per cent in its net product.

4. This increase, of some £508 million, is reflected in the incomes flowing from the industry's net product. Interest, paid to the providers of much of the industry's financial capital, is forecast to have risen by £259 million and net rent, received by landlords, to be virtually unchanged. The result is an increase of £251 million or 7.4 per cent in the incomes of those engaged in the industry (line 24 in Table 6.1). Deducting the cost of hired farm workers gives an increase in *total income from farming* (line 26) of £217 million, or 11.1 per cent. This measure reflects the total incomes from agriculture of the group with an entrepreneurial interest in the industry (farmers and spouses, non-principal partners and directors and their spouses and family workers). It provides the basis for the measure used by the EC to compare trends in incomes from farming across member states. In order to derive *farming income* (which covers farmers and spouses) it is necessary to attribute earnings to non-principal partners and directors (and their spouses) and family workers and this is done on the basis of the earnings of hired workers. The result is an increase of £200 million (16.1 per cent) in *farming income*.

5. Table 6.2 details the forecast changes in the components of the industry's gross output and gross input between 1988 and 1989 in both absolute and percentage terms (and separately for the underlying volume and price elements). These changes are also portrayed in Chart 6.2. The main contribution to the absolute increase in gross output came from the livestock and livestock products sectors (and within them from cattle, pigs and milk). About one-half of the increase in gross inputs was due to feedingstuffs; the remainder was spread over other gross input items. The higher interest charges affect incomes from farming but not the industry's gross product.

Output volume and productivity *(Table 6.3)*

6. Table 6.3 provides comparisons, over a number of years, of the industry's gross output at constant prices and of one measure of its productivity. This, the index of gross agricultural product at constant prices per whole-time man equivalent, reflects, amongst other things, technical improvements in plant and animal breeding, alterations in the organisation of farming, changes in the skill and utilisation of the agricultural labour force and short-term fluctuations caused by factors such as the weather. The index has risen by nearly 60 per cent over the last decade, including a forecast rise of 4.8 per cent in the last year. The ratio of the volume of gross output to the volume of productive inputs employed (including labour, usage of capital items and material inputs) provides an alternative measure of productivity. This indicator is forecast to have risen by nearly 21 per cent over the last ten years and by 1.6 per cent between 1988 and 1989.

Trends in agricultural incomes *(Table 6.4)*

7. No single indicator of income can portray the fluctuating fortunes of those involved in an industry such as agriculture, in which family workers play such an important role and in which a sole person or family unit may be the provider(s) of labour input, managerial skills and financial capital. Table 6.4 therefore shows changes over the last decade in three measures of agricultural incomes covering various types of incomes and groups of income recipients. In addition the table includes two measures of cash flow from farming which may reflect more closely the variations as perceived by farmers and farm households. The three income series show increases in both money and real purchasing power terms between 1988 and 1989 though these are clearly not sufficient to offset the declines in the real values of incomes and cash flow over the preceding years. Trends in the main income measures are portrayed in Chart 6.3.

Survey of personal incomes *(Table 6.5)*

8. Some farmers have other sources of income and some information on farmers' total income is provided by the Survey of Personal Incomes conducted by the Board of Inland Revenue. While not comparable with other farm income data, the survey does indicate the importance of the other sources of income of those with a self-employment income from agriculture and horticulture. The latest information, which relates to the 1987/88 year of assessment, indicates that farmers' income from self-employment (virtually all arising from agriculture and horticulture) provided less than two-thirds of their total income assessed for tax, with that from employment, pensions and investment income providing over a third.

Capital formation *(Table 6.6)*

9. Information on agriculture's investment in new equipment and other fixed assets and on changes in the industry's stocks and work in progress is shown in Table 6.6. Overall, gross fixed capital formation is forecast to have declined by about 0.5 per cent in 1989 to £1,004 million, with small rises for buildings and works and vehicles more than offset by a reduction for plant and machinery. However, in volume terms, falls are forecast for all three components in 1989 so that, at constant 1985 prices, the decline in total fixed investment is forecast to have amounted to almost 7 per cent. This compares with a fall of little more than 0.5 per cent in 1988. On the other hand the industry increased its stocks of both outputs and inputs, notably of cereals.

Hired labour *(Table 6.7)*

10. The aggregate costs associated with the employment of hired labour in agriculture and the average weekly earnings and hours of full-time hired men in the industry are shown in Table 6.7. Total hired labour costs are forecast to have risen by 2.4 per cent to £1,465 million in 1989. An increase of around 7 per cent in average weekly earnings was partly offset by a decline in the numbers of most types of hired labour, especially full-time hired men. These workers are forecast to have earned around £166 for a working week of 46.5 hours in 1989 compared with £155.40 for an average week of 46.6 hours in 1988. This rise reflects increases during 1989 of between 7.5 and 8.0 per cent in the statutory minimum weekly wage rates payable in the different countries of the United Kingdom.

Interest *(Table 6.8)*

11. Details of interest charges payable on farmers' borrowings for current farming purposes and buildings and works are shown at Table 6.8. These interests payments are forecast to have risen by £259 million in 1989 to a level of £949 million. Almost 80 per cent of this increase can be attributed to the marked rise in the average rate of interest payable on advances compared with 1988, which included periods of relatively low interest rates in the early part of the year.

Farm rents *(Table 6.9)*

12. Average farm rents (per hectare) in Great Britain more than doubled in six years up to 1985, since then the rate of increase has declined markedly. They are forecast to have risen by 2.6 per cent between 1988 and 1989. However an increase in aggregate gross rent was more than offset by other changes, principally an increase in landlords' depreciation. The net rent received by landlords thus fell slightly.

13. These forecasts are based on the provisional results of the annual rent enquiry in England and Wales and the continuing field surveys in Scotland. Of the farms in England and Wales due a rent review during the year to October 1989, 43 per cent incurred an increase, 7 per cent a decrease and there was no change for the remaining 50 per cent.

TABLE 6.1 Outputs, inputs and net product

£ million — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Output (a)						
Cereals						
Wheat	613	1,409	1,366	1,264	1,176	1,269
Barley	586	842	776	745	687	621
Oats	21	28	30	30	31	31
Rye and mixed corn	2	3	3	3	3	2
Other receipts (b)	...	...	...	1	1	2
1. Total cereals	1,222	2,281	2,174	2,043	1,898	1,926
Other crops						
Oilseed rape	47	244	270	298	241	272
Sugar beet	186	232	228	223	237	232
Hops	19	16	12	13	14	13
Peas and beans for stockfeed	13	64	111	109	142	112
Fodder and other minor crops (c)	41	62	64	73	71	71
2. Total other crops	306	617	685	716	706	700
Potatoes						
3. Total potatoes	322	318	430	484	400	468
Horticulture						
Vegetables (d)	536	804	807	928	923	961
Fruit (d)	160	232	256	243	260	254
Ornamentals	156	251	280	328	380	401
Other (e)	4	4	6	9	7	7
4. Total horticulture	856	1,290	1,348	1,508	1,569	1,623
Livestock						
Finished cattle and calves	1,431	2,043	1,903	2,069	1,982	2,074
Finished sheep and lambs	373	766	792	815	905	947
Finished pigs	730	961	927	932	884	1,043
Poultry	480	694	750	785	799	806
Other livestock (f)	76	104	108	120	124	138
Other receipts (g)	11	4	4	2	1	...
5. Total livestock	3,099	4,572	4,483	4,723	4,695	5,009
Livestock products						
Milk and milk products (farm manufacture only)	1,781	2,403	2,512	2,439	2,562	2,749
Eggs	450	506	453	513	479	474
Clip wool	34	42	41	43	48	52
Other (h)	14	23	26	26	28	27
6. Total livestock products	2,280	2,974	3,032	3,022	3,116	3,302
Own account capital formation (i)						
Breeding livestock	−18	13	5	−29	32	32
Other assets	63	116	103	98	115	122
7. Total own account capital formation	45	128	108	69	147	154
8. Total output (1+2+3+4+5+6+7)	8,130	12,180	12,259	12,564	12,531	13,182
9. Other direct receipts (j)	35	43	64	47	98	132
10. Total receipts (8+9)	8,165	12,223	12,322	12,611	12,629	13,314
Value of physical increase in:						
Work-in-progress (k)	−21	−73	−32	−87	−35	14
Output stocks	8	−157	12	−33	−23	68
11. Total value of physical increase	−14	−230	−20	−120	−58	81
12. Gross output (10+11)	8,151	11,994	12,302	12,491	12,572	13,395
Intermediate output (l)						
Feed	506	700	727	630	634	561
Seed	97	120	126	131	136	136
13. Total	604	820	852	761	770	697
14. Final output (12-13)	7,548	11,174	11,450	11,730	11,802	12,698

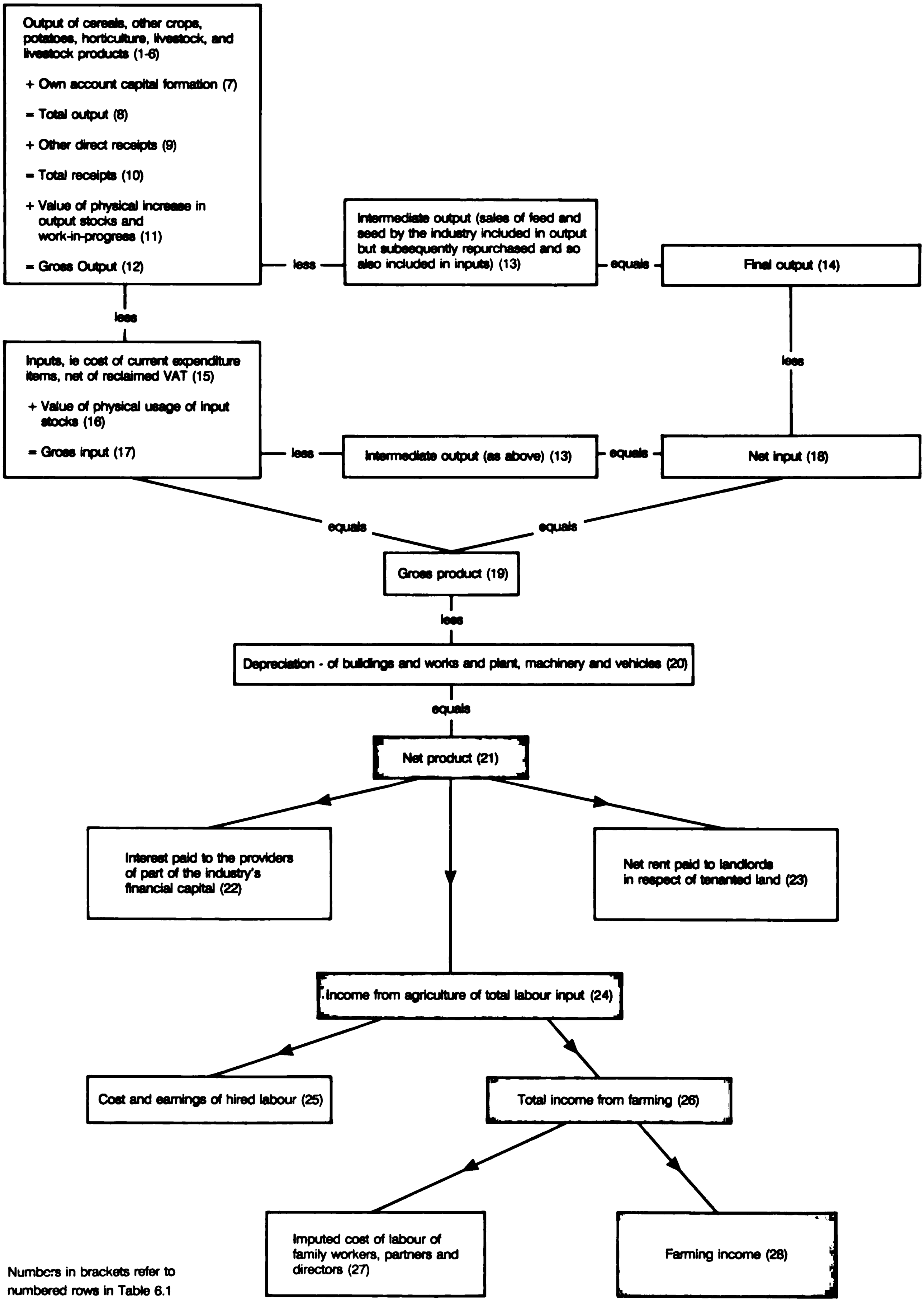
TABLE 6.1 Outputs, inputs and net product (continued)

£ million | Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Inputs						
Expenditures (net of reclaimed VAT) (m)						
Feedingstuffs	1,987	2,588	2,680	2,665	2,788	2,920
Seeds	207	255	268	278	289	289
Livestock (imported and inter-farm expenses)	154	206	197	186	201	174
Fertilisers and lime	563	901	801	710	671	757
Pesticides	147	313	318	335	396	440
Machinery: repairs	275	467	491	516	550	590
fuel and oil	255	476	349	321	287	300
other	54	89	97	107	118	122
Farm maintenance (n)	164	262	270	295	303	315
Veterinary expenses and medicines	74	133	147	155	161	162
Electricity	28	134	135	135	141	148
Miscellaneous expenditures (o)	395	661	707	743	778	831
15. Total expenditure	4,363	6,484	6,460	6,446	6,681	7,050
16. Value of physical usage of input stocks (p)	7	12	−75	62	85	−28
17. Gross input (15+16)	4,370	6,497	6,386	6,508	6,766	7,022
18. Net input (17-13)	3,766	5,677	5,533	5,748	5,997	6,325
19. **Gross product** (12-17) or (14-18)	3,782	5,497	5,917	5,982	5,805	6,373
Depreciation: Building and works (n)	316	508	546	574	604	640
Plant, machinery and vehicles	655	921	902	921	974	999
20. Total depreciation	970	1,430	1,448	1,496	1,579	1,638
21. **Net product** (19-20)	2,811	4,067	4,469	4,487	4,227	4,735
22. Interest (q)	322	704	700	637	690	949
23. Net rent (n)	63	154	158	161	156	154
24. Income from agriculture of total labour input (21-22-23)	2,426	3,210	3,611	3,689	3,380	3,632
25. Labour: hired (r)	910	1,401	1,369	1,375	1,431	1,465
26. Total income from farming (24-25)	1,516	1,809	2,242	2,314	1,950	2,167
27. Labour: family, partners and directors (s)	358	649	685	691	709	726
28. Farming income (t) (26-27)	1,158	1,160	1,557	1,623	1,240	1,441

(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) Payment to small-scale cereal producers.
(c) Hay and dried grass, grass and clover seed, root and fodder crop seed, straw, mustard and other minor crops.
(d) Includes the value of the produce of gardens and allotments.
(e) Seeds, hedgerow fruits and nuts.
(f) Horses, breeding animals exported, poultry for export, rabbits and game, knacker animals and other minor livestock.
(g) Guidance premium for beef and sheepmeat.
(h) Honey, goats milk, exports of eggs for hatching and minor livestock products.
(i) This comprises the cost of that part of investment in buildings and works which is physically undertaken by the farmer or farm labour and the value of the physical increase in breeding livestock.
(j) This includes the Milk Outgoers Schemes, compensation for milk quota cuts and set-aside payments. Some items previously included as 'Compensation payments and sundry receipts' or as 'Production grants' have now been included in the valuation of the appropriate commodity outputs.
(k) Work in progress is livestock other than breeding livestock. Output stocks comprise cereals, potatoes and some fruits.
(l) Sales included in output but subsequently re-purchased and so reappearing as input.
(m) Expenditure is net of VAT reclaimed in the normal way, but each heading includes VAT paid without recovery by, for example, producers not registered for VAT.
(n) Landlords' expenses are included within farm maintenance, miscellaneous expenditure and depreciation on 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.
(o) Including drainage, water and general rates, fees, insurance and telephones.
(p) Input stocks comprise fertilisers and purchased feed.
(q) Interest charges on loans for current farming purposes and buildings and works less interest on money held on short term deposit.
(r) Including employers' national insurance contributions.
(s) The estimate in respect of family workers (except spouses), non-principal partners and directors is calculated on the basis of the earnings of hired labour.
(t) The return to farmers and spouses for their labour, management skills and own capital invested after providing for depreciation.

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



Numbers in brackets refer to numbered rows in Table 6.1

TABLE 6.2 Changes in outputs and inputs

	Change between 1988 and 1989 (forecast)			
	Total Change		% Change in	
	£m	%	Price	Quantity
Outputs				
Cereals	28	1.5	1.3	0.2
Other crops	−5	−0.8	10.0	−9.8
Potatoes	68	17.0	20.5	−2.8
Horticulture	54	3.4	2.5	0.9
Livestock	313	6.7	5.8	0.8
Livestock products	186	6.0	8.7	−2.5
Other items (a)	179	..	..	..
Gross output	824	6.5	6.3	0.3
Inputs				
Feedingstuffs	132	4.8	4.9	−0.1
Seeds	–	0.1	7.5	−6.9
Livestock	−26	−13.1	0.1	−12.9
Fertilisers and lime	86	12.9	4.2	8.3
Pesticides	44	11.0	4.3	6.5
Machinery (total current expenses)	57	6.0	6.7	−0.6
Farm maintenance	13	4.2	6.2	−1.9
Miscellaneous (inc vets and electricity)	62	5.8	6.2	−0.4
Other items (b)	−113	..	..	..
Gross input	256	3.8	5.3	−1.4
Gross product	568	9.8	7.3	2.3

(a) Covers own account capital formation, other direct receipts and the value of the physical increase in output stocks and non-breeding livestock work-in-progress.
(b) Covers value of the physical usage of feed and fertiliser stocks.

CHART 6.2 Changes in gross outputs and gross inputs

Changes in value of outputs and inputs between 1988 and 1989 forecast

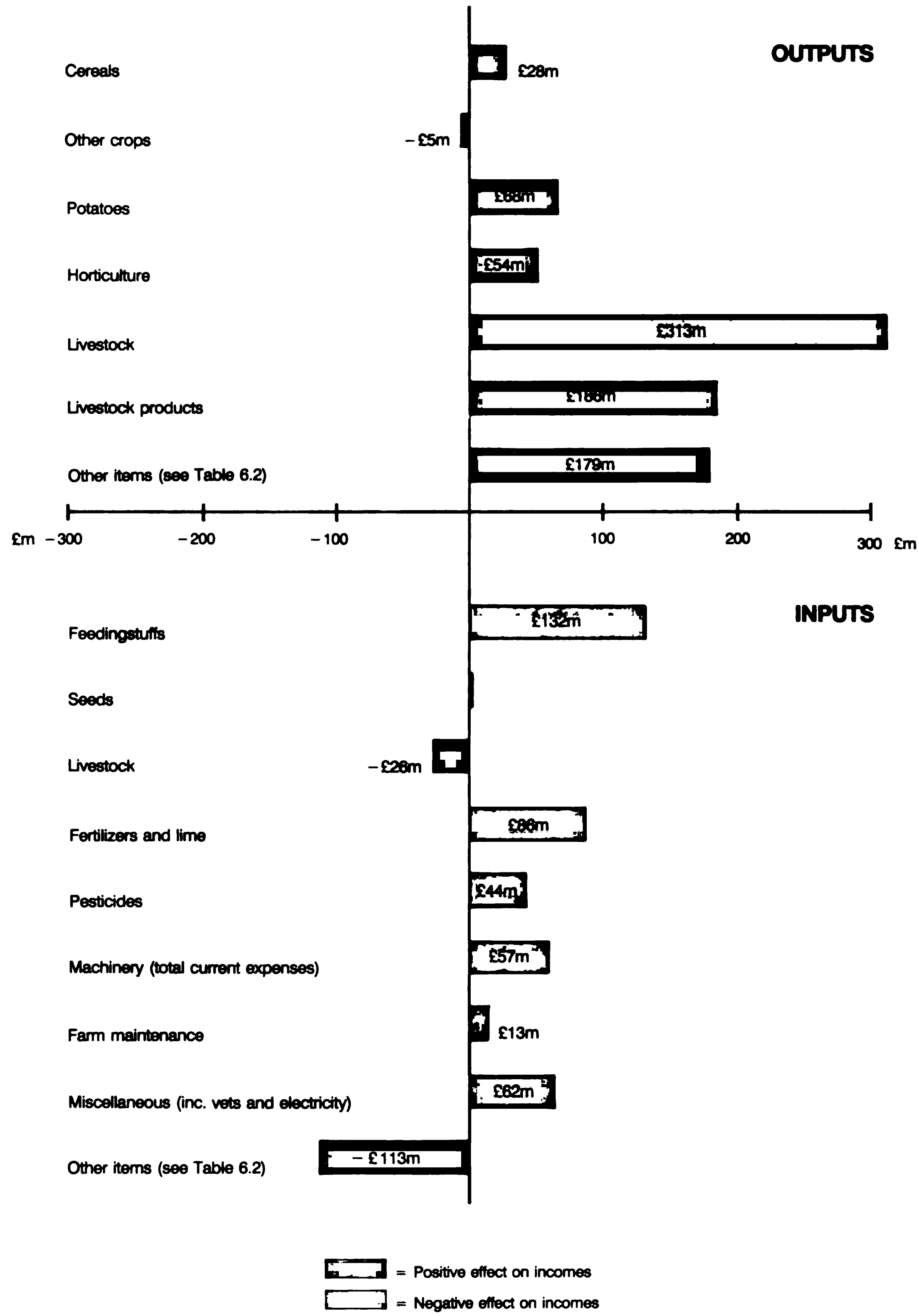


TABLE 6.3 Output volume and productivity

Calendar years: 1985 = 100

Year	Gross output (as defined in Table 6.1) at constant 1985 prices	Gross product (as defined in Table 6.1) at constant 1985 prices per whole-time man equivalent (a)
1978	86.6	66.4
1979	87.5	68.0
1980	90.8	78.6
1981	90.3	82.1
1982	96.4	88.8
1983	95.4	84.6
1984	102.6	104.1
1985	100.0	100.0
1986	99.2	99.4
1987	99.9	102.3
1988	99.1	102.4
1989 (forecast)	99.4	107.3

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

TABLE 6.4 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	
		Total income from farming (of farmers, non-principal partners 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					
1978	2,592	1,557	1,253	1,571	1,266
1979	2,802	1,508	1,161	1,605	1,258
1980	3,038	1,482	1,060	1,783	1,361
1981	3,549	1,892	1,420	2,273	1,801
1982	4,109	2,324	1,809	2,497	1,982
1983	3,876	1,977	1,422	2,127	1,572
1984	4,803	2,785	2,197	2,888	2,300
1985	4,067	1,809	1,160	2,363	1,714
1986	4,469	2,242	1,557	2,640	1,955
1987	4,487	2,314	1,623	3,093	2,402
1988	4,227	1,950	1,240	2,622	1,913
1989 (forecast)	4,735	2,167	1,441	2,656	1,930
Indices in real terms (deflated by RPI: 1985 = 100)					
1978	120.5	162.8	204.2	125.6	139.6
1979	115.0	139.2	167.1	113.4	122.5
1980	105.8	116.1	129.5	106.9	112.5
1981	110.3	132.3	154.7	121.6	132.8
1982	117.7	149.7	181.7	123.1	134.7
1983	106.2	121.9	136.7	100.3	102.2
1984	125.2	163.3	200.8	129.6	142.3
1985	100.0	100.0	100.0	100.0	100.0
1986	106.3	119.9	129.8	108.0	110.3
1987	102.4	118.8	129.9	121.5	130.1
1988	92.0	95.4	94.6	98.2	98.7
1989 (forecast)	95.5	98.3	101.9	92.2	92.4

CHART 6.3 Trends in incomes from farming

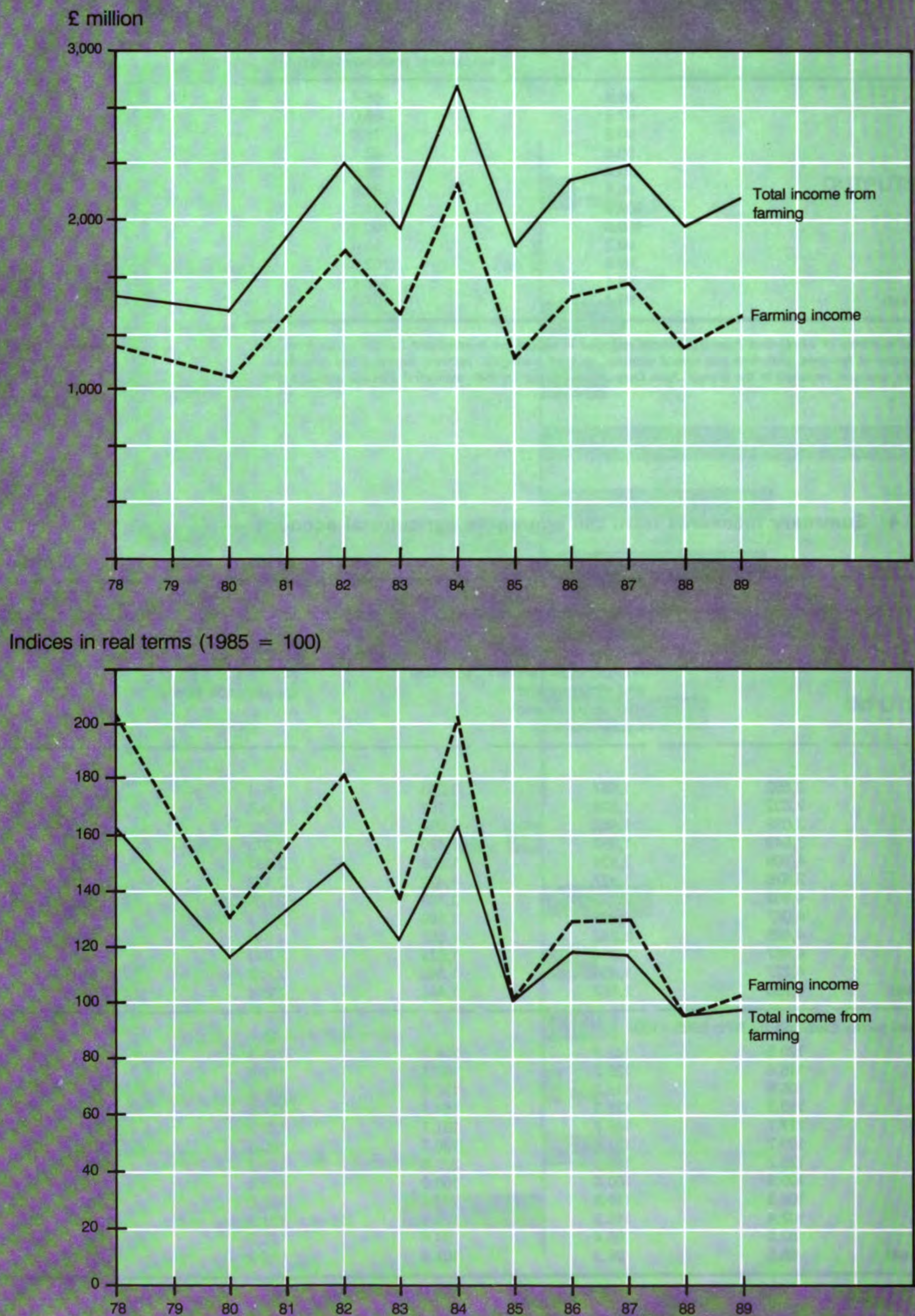


TABLE 6.5 Estimated income of self-employed persons in agriculture as assessed for tax (a)

£ million April/March years

Year of assessment	Income from self-employment (in accounting years ending in the preceding tax year) from: agriculture and horticulture	other trades	Other earned income	Pensions and investment income	Total income
1978/1979	899		212	310	1,421
1979/1980	1,011		256	400	1,667
1980/1981	1,011		258	457	1,727
1981/1982	999	58	412	604	2,074
1982/1983	1,160	59	434	610	2,264
1983/1984	1,392	66	338	606	2,402
1984/1985	1,540	107	408	694	2,749
1985/1986	1,834	85	549	807	3,276
1986/1987	2,404		546	817	3,767
1987/1988	2,253		499	859	3,611

(a) These estimates are derived by the Inland Revenue by raising the results of a 1% sample of confidential and annonymised tax returns (the Survey of Personal Incomes) of those registered as having a self-employment income from agriculture or horticulture. Direct comparisons should not however be made between the information from the SPI and the aggregate farm income data in Table 6.4 and the Farm Business Survey data in Tables 8.1 and 8.2. This is because of important differences in scope, timing and definition between the series. The SPI data covers only those persons registered as self-employed and thus excludes farming companies and their directors and people with no tax records. The self-employment incomes assessed for tax in any one year are those earned in accounting years ending in the preceding tax year; thus incomes assessed for tax in 1987/88 will have been earned mainly in 1986 but also partly in 1985 and 1987. Assessed income from other sources will however reflect that received in the year of assessment. On arriving at income from self-employment deductions have been made for losses, stock relief and capital allowances, the arrangements for which have changed over time.

TABLE 6.6 Gross capital formation and stocks

£ million Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Gross capital formation at current prices						
Gross Fixed Capital Formation						
Building and works	429	515	440	371	345	362
Plant and machinery	462	595	495	447	538	513
Vehicles	94	116	122	123	127	129
Total	984	1,226	1,057	941	1,010	1,004
Breeding livestock capital formation	– 18	13	5	– 29	32	32
Gross capital formation	916	1,239	1,062	912	1,042	1,036
Gross capital formation at constant 1985 prices						
Gross Fixed Capital Formation						
Building and works	579	515	415	334	293	290
Plant and machinery	646	595	495	433	474	424
Vehicles	149	116	114	106	101	96
Total	1,374	1,226	1,023	873	869	810
Breeding livestock capital formation	– 20	13	5	– 28	32	29
Gross capital formation	1,354	1,239	1,028	846	901	839
Stocks (of outputs and inputs and including work-in-progress)						
Increase in book value of stocks and work-in-progress	239	– 41	– 130	– 105	55	278
Stock appreciation	259	201	– 184	78	144	169
Value of physical increase in stocks and work-in-progress:						
at current prices	– 20	– 242	54	– 183	– 143	109
at constant (1985) prices	– 24	– 242	73	– 194	– 147	108

TABLE 6.7 Costs and earnings of hired labour

Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Hired labour costs (£ million)						
Wages and salaries (a)	811	1,277	1,258	1,266	1,318	1,348
Insurance payments	97	118	104	102	106	110
Other payments (b)	2	7	7	7	7	7
Total	910	1,401	1,369	1,375	1,431	1,465
Hours and earnings of regular whole-time male workers, 20 years and over						
Hours per week (c)	45.9	46.9	46.7	46.5	46.6	46.5
Earnings per week (£) (d)	73.2	134.1	140.8	148.0	155.4	166.0
Index of earnings in real terms, (deflated by the RPI, 1985 = 100)	85.0	100.0	101.5	102.4	102.6	101.8

(a) Includes perquisites.
(b) Includes redundancy payments, Workers' Pension Scheme and Youth Training Scheme.
(c) All hours worked and statutory holidays.
(d) Earnings include pay for statutory holidays and payments in kind which are valued at rates set down by the Agricultural Wages Boards. Payments in kind comprise houses (the principal benefit in England and Wales valued at £1.50 per week since 20 January 1976), board and lodging and milk.

TABLE 6.8 Interest

£ million (unless otherwise specified) — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (forecast)
Interest rates						
Base lending in the UK (percentage)	12.8	12.2	10.9	9.7	10.1	13.9
Average rate of interest on bank advances to agriculture (percentage)	15.5	14.7	13.4	12.1	12.5	16.2
Interest charges (for current farming purposes and building and works) on:						
Bank advances	325	677	656	595	637	882
AMC loans	4	6	6	7	7	9
Instalment credit	16	33	30	29	31	38
Other credit (a)	11	55	61	46	50	72
Less interest on deposits (b)	35	67	54	40	34	52
Total	322	704	700	637	690	949

(a) This total includes interest paid on loans from the Agricultural Credit Corporation, from the Department of Agriculture for Northern Ireland, from private sources and leasing charges.
(b) Interest earned on money held on short term deposit.

TABLE 6.9 Farm rents

Average farm rents per hectare

Index numbers (1985 = 100) — Calendar years

	Average of 1978-80	1985	1986	1987	1988	1989 (provisional) (a)
England	48.4	100.0	106.3	109.7	111.5	113.9
Wales	45.4	100.0	102.0	103.6	109.4	117.1
Scotland	45.1	100.0	105.4	109.9	112.8	117.3
Great Britain	47.8	100.0	105.7	109.4	111.3	114.2

(a) Final results from the 1989 Rent Enquiry are due to be published in February 1990.

Outcome of rent reviews due in the year ending October 1989

	England	Wales
Number of farms due a rent review	5,513	410
% of those farms in which the review outcome per hectare was		
an increase		
of 0-4.9%	9.5	8.0
5-9.9%	8.8	17.3
10-19.9%	11.3	24.1
20-29.9%	3.7	13.2
30-39.9%	2.3	8.0
40% and over	3.8	11.7
a standstill	53.1	12.9
a decrease		
of 0-4.9%	2.2	2.0
5-9.9%	1.2	1.0
10-19.9%	2.2	0.7
20-29.9%	1.0	0.5
30-39.9%	0.4	0.2
40% and over	0.5	0.2

7 Land prices and balance sheets

Agricultural land prices
(Table 7.1)

1. This section reports on developments in average agricultural land prices and in the balance sheets for agriculture.

2. Compared with 1987 the comprehensive Inland Revenue series on agricultural land prices indicates that, in 1988, the average price of land sold with vacant possession increased in England and in Wales. In Scotland there was virtually no change but average prices declined in Northern Ireland. In England the average price per hectare rose by 20 per cent but in Wales the increase was much greater (93 per cent) owing to the 1987 average price having been considerably depressed by large sales of low quality land in that year. In Northern Ireland the average price fell by about 11 per cent in 1988. For tenanted land sold in England the average price was 31 per cent higher than in 1987; the increase in Scotland was 6 per cent. The Ministry survey, which monitors current land price changes, suggests that in 1989 the average price of land sold with vacant possession in England rose by about 10 per cent over 1988 but the regional changes varied considerably.

Balance sheet
(Table 7.2)

3. Estimates of the aggregate balance sheet show that in 1988 the industry's net worth at current prices rose by 13.7 per cent over its 1987 level. The total value of assets (net of depreciation) rose by 12.7 per cent, reflecting in the main an increase in the value of land and buildings. The value of total liabilities rose by 8.2 per cent. In real terms, net worth rose between 1987 and 1988, reflecting a larger rise in the real value of assets than of liabilities.

TABLE 7.1 Agricultural land prices

£ per hectare — Calendar years

	Average of 1978-80	1985	1986	1987	1988 (b)
England (a)					
With vacant possession	3,100	3,784	3,397	3,516	4,220
Tenanted	2,135	2,197	2,070	2,340	3,061
Wales (a)					
With vacant possession	2,199	2,585	2,480	1,912	3,693
Scotland (a)					
With vacant possession	1,663	1,568	1,521	1,434	1,450
Tenanted	1,121	623	761	847	900
Northern Ireland (a)					
With vacant possession	3,058	3,130	3,128	3,204	2,855

(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 and Northern Ireland are subject to retrospective revision. Reliable prices for tenanted land in Wales are not available due to insufficient sales and virtually all land in Northern Ireland is owner-occupied.

(b) For Scotland and Northern Ireland figures for most recent years are based on sales notified up to June 1989.

TABLE 7.2 Aggregate balance sheets for agriculture

£ million — As at December each year

	Average of 1977-79	1984	1985	1986	1987	1988 (provisional)
At current prices						
Assets						
Fixed (a): Land and buildings	29,200	38,350	35,050	33,700	34,100	39,850
Plant, machinery and vehicles	3,550	4,600	4,650	4,650	4,700	5,000
Breeding livestock	2,750	3,500	3,750	3,050	3,800	3,600
Current	4,600	7,200	6,900	7,150	6,950	7,400
Total	40,100	53,650	50,350	48,500	49,550	55,850
Liabilities						
Bank loans and overdrafts	1,900	5,050	5,500	5,600	5,600	6,000
Other	1,550	2,600	2,750	2,750	2,950	3,250
Total	3,450	7,650	8,250	8,350	8,550	9,250
Net worth	36,650	46,000	42,100	40,200	41,000	46,600
Indicators in real terms (deflated by RPI, December 1985 = 100)						
Total assets	143	112	100	93	91	97
Total liabilities	75	98	100	98	97	98
Net worth	156	115	100	92	90	96

(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.

8 Farm business data

Introduction

1. Information on the incomes, assets and liabilities of full-time farm businesses in the United Kingdom is provided by a continuing series of Farm Business Surveys. These are conducted by Universities and Agricultural Colleges in Great Britain and by the Department of Agriculture in Northern Ireland. Summary results of these surveys (weighted according to the distribution of holdings by type and size recorded in the June Census) are presented and described in this section. It should, however, be noted that the accounting concepts and practices adopted in these Farm Business Surveys differ in a number of respects from those employed in calculating the aggregate increases reported in Section 6. Income measures deriving from the two sources are not, therefore, directly comparable.

Farm incomes
(Tables 8.1-8.3)

2. Table 8.1 shows movements in net farm income over recent years by farm type and country. This income measure is a long-standing indicator of the economic performance of farm businesses and treats all land as tenanted in order to achieve comparability between farms of different types of tenure. It represents the return to the farmer and spouse for their manual and managerial labour and on the tenant-type assets of the business such as crops, livestock and machinery (but not land or buildings). Net farm income figures for 1988/89 (an accounting year ending on average in February 1989) show that there were further marked rises for dairy farms in all countries of the United Kingdom, while for hill and upland (LFA) livestock farms, there were pronounced increases in Great Britain but a decline in Northern Ireland. In the case of lowland livestock farms, there was a moderate rise in net farm income in Scotland but a fall in England. For specialist cereal and other cropping farms, however, there were declines in both countries. Pig and poultry farms also suffered a significant fall in net farm income in 1988/89.

3. Forecasts for 1989/90 are based on information from a variety of sources but should be regarded only as broad indicators of possible income developments, assuming normal weather patterns between November 1989 and February 1990.

4. Dairy farm incomes are forecast to benefit from a significant increase in the value of milk output, arising principally from higher prices, more than offsetting increases in feed and other costs. Hill and upland (LFA) and, to a lesser extent, lowland livestock farms are expected to suffer from lower market returns than in 1988/89, particularly for sheep, and higher feed costs. These latter result largely from the long, dry summer of 1989 leading to increased requirements of purchased fodder at significantly higher prices than in 1988/89. Cropping farms have benefitted from higher cereal yields and with

higher potato prices are forecast to show some recovery in incomes over 1988/89. For pig and poultry farms, a substantial turnaround in net farm income is forecast in 1989/90. This reflects a considerable strengthening in the prices of the major outputs of these farms, particularly pigs, combined with only modest increases in the costs of feed and other inputs.

5. Table 8.2 provides information on net farm income in 1987/88 and 1988/89 according to farm type, country and business size. Farm business size is measured in financial terms and is based upon standard gross margins per hectare of crops and per head of livestock. Dairy farms generally had the highest absolute level of net farm income in 1988/89 within each country and individual size group. Although the change in average net farm income for each farm type and country was usually reflected across all three size groups, there were exceptions to this pattern for LFA livestock farms in Northern Ireland and for lowland livestock and cropping farms in England.

6. Net farm income is not the only measure of farm performance: occupier's net income may reflect more realistically changes in farm income as perceived by farmers in relation to their actual tenure and indebtedness. Occupier's net income represents the return to the farmer and spouse for their manual and managerial labour and on all of their assets invested in the farm business, including land and buildings. Occupier's net income results, by farm type, country and tenure are shown at Table 8.3. It should be noted, however, that these figures are generally based upon a slightly smaller sample of farms than the net farm income results, so that movements between years may not always correspond for the two measures, particularly where changes are relatively small. Movements in occupier's net income were, however, generally similar to those in net farm income between 1987/88 and 1988/89.

Assets and liabilities
(Table 8.4)

7. Information on the assets, liabilities and net worth of farm businesses in 1987/88 and 1988/89, according to country and type of tenure, is presented at Table 8.4. This shows that the average asset value of farm businesses increased somewhat in 1988/89 across all countries and types of tenure, with rises in both fixed and current assets. There was in general an increase in the level of liabilities, with rises usually more marked for short-term loans, but the average net worth of farm businesses increased across all of the countries and types of tenure represented in the sample. In England average external liabilities represented about 27 per cent of the business assets of tenanted farms, around 12 per cent of the assets of owner-occupied farms and some 15 per cent of the assets of mixed tenure farms at 1988/89 closing valuations. The equivalent figures for Wales were 11 per cent for tenanted farms, 9 per cent for owner-occupied farms and 14 per cent for mixed tenure farms. In Scotland the figures for wholly or mainly owner-occupied farms and wholly or mainly tenanted farms were 15 per cent and 23 per cent respectively. In Northern Ireland nearly all farms are owner-occupied and, for this group, average liabilities represented only about 5 per cent of total assets at the close of 1988/89.

TABLE 8.1 Net farm income by country and farm type

Indices (1982/83 = 100) of average net farm income per farm — Accounting years ending on average in February

Country and farm type	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90 (forecast)
At current prices						
England						
Dairy	60	76	85	103	132	150
LFA livestock	95	100	73	100	123	80
Lowland livestock	64	32	12	29	25	15
Cereals	134	23	53	9	7	15
Other cropping	110	32	107	45	43	80
Pigs and poultry	188	136	111	94	56	140
Wales						
Dairy	61	93	92	123	152	165
LFA livestock	135	118	119	129	182	135
Scotland						
Dairy	73	50	49	119	170	195
LFA livestock	95	81	44	104	117	105
Lowland livestock	58	−9	24	52	62	60
Cereals	90	−79	54	65	37	65
Other cropping	59	−110	110	57	33	65
Northern Ireland						
Dairy	90	55	51	109	128	140
LFA livestock	111	32	34	125	107	70
United Kingdom						
Dairy	65	74	80	108	136	155
LFA livestock	106	92	72	109	133	100
Lowland livestock	60	28	16	34	31	20
Cereals	130	14	55	14	10	25
Other cropping	108	25	113	49	45	80
Pigs and poultry	188	136	111	94	56	140
In real terms (ie – deflated by the RPI)						
United Kingdom						
Dairy	59	64	66	86	102	110
LFA livestock	97	79	60	87	101	70
Lowland livestock	55	24	13	27	23	15
Cereals	119	12	46	11	6	15
Other cropping	98	21	94	39	31	60
Pigs and poultry	171	117	93	75	43	100

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 of the second year of each pair quoted

Farm type and country	Farm Business Survey data											Census data		
	Net farm income (£'000 per farm)								Average farm area including rough grazing (hectares per farm) 1988/89			Number of holdings at June 1988		
	Small		Medium		Large		All size groups							
	1987/88	1988/89	1987/88	1988/89	1987/88	1988/89	1987/88	1988/89	Small	Medium	Large	Small	Medium	Large
Dairy														
England	8.9	11.4	17.3	22.5	38.3	47.8	19.8	25.2	32	64	142	6,604	11,991	5,199
Wales	9.7	10.3	17.2	21.9	42.0	54.7	17.1	21.1	30	63	148	2,207	2,516	618
Scotland	1.5	3.7	15.0	17.6	31.6	39.1	17.9	25.6	29	71	141	176	1,338	1,073
N. Ireland	9.0	11.3	24.6	27.5	..	..	14.4	16.9	41	72	..	3,779	1,981	..
LFA livestock														
England	5.0	5.7	13.5	17.6	22.6	26.7	10.1	12.4	92	247	477	4,350	3,060	951
Wales	3.9	6.5	15.0	19.3	37.3	54.2	10.1	14.3	88	257	557	5,206	3,294	630
Scotland	5.7	6.3	10.6	11.5	24.1	27.3	9.2	10.3	232	549	1,581	4,937	3,147	886
N. Ireland	6.9	5.6	18.2	11.3	..	..	6.9	5.9	81	235	..	3,535	256	..
Lowland livestock														
England	3.8	1.9	7.6	7.9	18.7	24.3	5.9	5.0	52	96	153	9,889	3,519	1,100
Scotland	3.1	4.3	4.4	5.8	18.1	18.6	6.7	8.0	55	88	192	338	438	202
Cropping														
England	4.4	2.0	3.0	2.4	11.2	11.8	6.8	6.3	42	83	254	10,349	11,700	14,090
Scotland	1.9	−1.0	4.6	2.3	15.0	8.7	8.3	4.3	54	92	215	866	1,699	1,778
Pigs and poultry														
England	11.0	5.6	13.5	2.2	35.6	30.9	18.1	10.9	6	24	96	2,186	1,777	1,430

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

With comparative data on average farm area and number of holdings

Accounting years ending on average in February of the second year of each pair quoted.

Farm type and country	Farm Business Survey data											Census data		
	Occupier's net income (£'000 per farm)								Average farm area including rough grazing (hectares per farm) 1988/89			Number of holdings at June 1988		
	Owner-occupied		Tenanted		Mixed tenure		All types of tenure							
	1987/88	1988/89	1987/88	1988/89	1987/88	1988/89	1987/88	1988/89	Owner-occupied	Tenanted	Mixed tenure	Owner-occupied	Tenanted	Mixed tenure
Dairy														
England	19.0	24.4	15.8	21.5	20.5	26.4	18.7	24.3	64	65	90	10,290	5,872	7,632
Wales	13.6	18.6	..	..	18.6	21.1	15.1	19.4	56	..	85	3,056	947	1,338
Scotland(a)	18.3	23.5	15.2	19.8	..	..	17.4	22.4	89	116	..	1,831	756	..
N. Ireland(b)	12.1	14.3	..	..	..	..	..	..	50	..	..	5,760	..	..
LFA livestock														
England	6.4	8.8	11.2	10.7	12.0	17.4	9.1	11.6	120	296	266	3,865	2,110	2,386
Wales	8.7	14.0	..	..	9.7	12.8	8.4	12.9	179	..	179	5,648	1,255	2,227
Scotland(a)	8.7	10.3	10.9	11.1	..	..	9.5	10.6	414	569	..	5,450	3,510	..
N. Ireland(b)	5.5	4.1	..	..	..	..	..	..	84	..	..	3,791	..	..
Lowland livestock														
England	6.0	4.6	5.9	5.2	7.6	8.6	6.4	5.6	59	71	94	8,348	2,512	3,648
Scotland(a)	5.2	6.5	13.5	20.6	..	..	8.0	11.2	107	152	..	653	325	..
Cropping														
England	8.3	7.2	6.9	4.9	7.9	6.8	7.8	6.5	134	146	166	14,517	8,779	12,843
Scotland(a)	7.9	5.5	7.0	3.1	..	..	7.6	4.6	102	102	..	2,645	1,698	..
Pigs and poultry														
England	11.2	0.8	..	..	20.2	14.5	12.2	3.2	30	29	65	3,866	547	980

(a) All survey farms in Scotland are classified according to the main tenure category of the land on the holding.
(b) Practically all farms in Northern Ireland are owner-occupied.

TABLE 8.4 Assets and liabilities of farm businesses

Closing valuations by country and type of tenure

£'000 per farm — Averages for accounting years ending on average in February of the second year quoted

		Owner-occupied		Tenanted		Mixed tenure		All types of tenure	
		1987/88	1988/89	1987/88	1988/89	1987/88	1988/89	1987/88	1988/89
England	Total assets	446.4	469.3	132.1	138.5	474.3	500.3	390.8	411.2
	of which: fixed assets	400.8	419.6	82.7	86.7	407.9	430.0	338.1	354.9
	current assets	45.6	49.7	49.4	51.8	66.4	70.4	52.6	56.4
	Total external liabilities	48.8	54.5	35.2	36.8	70.6	75.6	52.6	57.2
	of which: long and medium term loans	18.1	20.8	4.5	4.8	25.7	26.4	17.7	19.2
	short-term loans	30.7	33.7	30.7	32.0	44.8	49.2	34.9	38.0
	Net worth	397.6	414.8	96.9	101.7	403.7	424.7	338.2	354.0
	Occupier's Net Income 1988/89 year		10.5		11.3		13.9		11.7
Wales	Total assets	313.8	324.1	72.3	79.6	294.2	307.6	279.1	289.7
	of which: fixed assets	293.6	302.5	56.2	61.0	267.9	279.3	257.9	266.9
	current assets	20.2	21.6	16.1	18.6	26.3	28.3	21.2	22.8
	Total external liabilities	29.0	29.3	8.3	8.6	38.5	42.0	28.7	29.8
	of which: long and medium term loans	10.4	10.2	1.1	0.8	14.4	14.8	10.2	10.1
	short-term loans	18.6	19.2	7.2	7.8	24.1	27.2	18.5	19.7
	Net worth	284.8	294.7	64.0	71.0	255.7	265.6	250.4	259.9
	Occupier's Net Income 1988/89 year		15.1		12.4		15.0		14.7
Scotland (a)	Total assets	318.5	330.0	123.5	126.0	..	..	245.7	258.9
	of which: fixed assets	268.6	277.7	67.5	68.6	..	..	198.6	199.7
	current assets	49.9	52.3	56.0	57.3	..	..	52.1	54.2
	Total external liabilities	50.7	50.8	32.5	31.7	..	..	44.0	43.7
	of which: long and medium term loans	8.2	8.7	5.7	5.2	..	..	7.3	7.4
	short-term loans	42.5	42.1	26.9	26.4	..	..	36.7	36.3
	Net worth	267.7	279.2	90.9	94.3	..	..	201.8	210.2
	Occupier's Net Income 1988/89 year		11.1		10.5		..		10.9
Northern Ireland (b)	Total assets	214.2	224.2	..	..	..	..	..	..
	of which: fixed assets	187.2	195.0	..	..	..	..	..	..
	current assets	27.0	29.2	..	..	..	..	..	..
	Total external liabilities	10.4	10.7	..	..	..	..	..	..
	of which: long and medium term loans	4.2	4.5	..	..	..	..	..	..
	short-term loans	6.2	6.2	..	..	..	..	..	..
	Net worth	203.8	213.5	..	..	..	..	..	..
	Occupier's Net Income 1988/89 year		8.7		..		..		..

(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

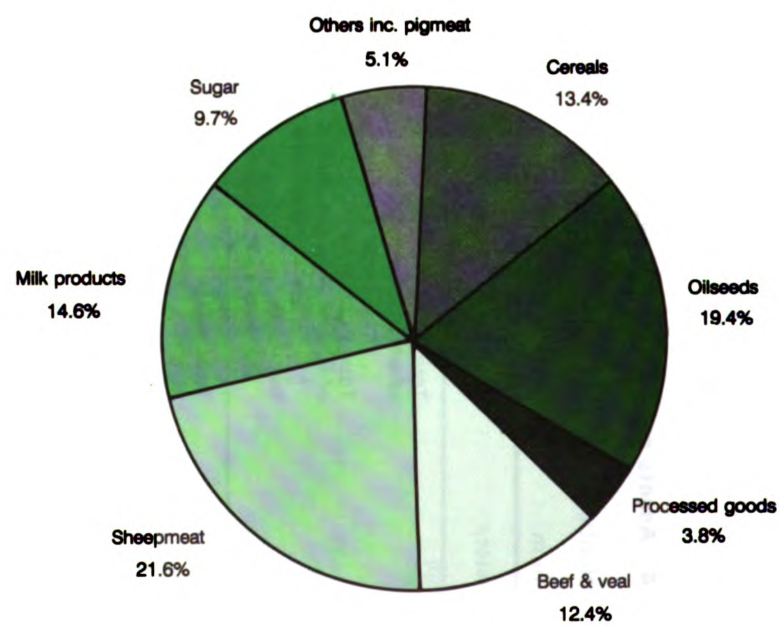
1. Table 9.1 shows public expenditure under the Common Agricultural Policy (CAP) and on national grants and subsidies, while Table 9.2 provides more detailed information on the costs of market regulation under the CAP. The tables exclude other expenditure which may benefit farmers (eg expenditure on 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 years up to and including 1988/89 represent actual expenditure recorded in the Appropriation Accounts. The figures for 1989/90 are the latest estimates of expenditure.

Public expenditure
(Tables 9.1 and 9.2)

2. Expenditure in the United Kingdom on market regulation under the CAP is estimated to be about £998 million in 1989/90 compared to some £1,156 million in 1988/89. Chart 9.1 illustrates the breakdown for each commodity sector. This expenditure includes export refunds and monetary compensatory amounts; the net cost of buying, storing and selling commodities bought into intervention; and

CHART 9.1 Public expenditure under the CAP by IBAP and the Agricultural Departments

Forecast 1989 - 90



a variety of grants and subsidies, such as the beef and sheepmeat variable premium schemes (although the beef scheme ended in 1989/90), the beef special premium and suckler cow premium schemes, the annual premium on ewes, the oilseed crushing subsidy and payments to producers giving up milk production. Receipts from the milk co-responsibility and supplementary levies and the cereals co-responsibility and additional levies are netted off expenditure on those commodities.

3. The major changes from 1988/89 to 1989/90 arise from the reform of the beef regime (where the saving from the ending of the variable premium scheme is partly offset by the cost of the new special premium and increased payments on the suckler cow subsidy); reduced expenditure on the annual premium on ewes; reduced purchases of beef, cereals and butter into intervention while sales continued; and increased receipts of cereals coresponsibility levy and the additional levy (introduced during 1988/89), and of sheepmeat clawback because of increased exports and higher premium rates; and lower receipts of milk levies reflecting the reduced rate agreed for 1989/90.

4. Other expenditure on agricultural support in the United Kingdom is estimated to be £257 million in 1989/90 compared with £224 million in 1988/89. This expenditure includes capital grants, assistance for agriculture in special areas and price guarantees. Increased expenditure in 1989/90 is mainly due to the introduction of the set-aside scheme and the new Northern Ireland agricultural development programme; higher levels of uptake under the agricultural development programme for the Scottish Islands in the second year of this new scheme and under the scheme for conservation in environmentally sensitive areas in its third year; and slippage from 1988/89 of hill livestock compensatory allowance payments in England.

Intervention stocks
(Table 9.3)

5. Table 9.3 shows the level of opening and closing stocks, purchases into and sales out of intervention in the United Kingdom for the years 1985 to 1989. This indicates how the stocks of cereals, beef, butter and skimmed milk powder have rapidly decreased over recent years.

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

£ million — April/March (financial years)

	1985/86	1986/87	1987/88	1988/89	1989/90 (forecast)
I Market regulation under the CAP					
(i) Expenditure by the Intervention Board for Agricultural Produce (a)					
Cereals	654.0	114.5	229.4	210.1	87.9
Oilseeds	88.6	118.4	208.3	177.8	193.8
Sugar	83.9	117.2	151.1	118.8	96.7
Beef and veal	328.3	229.7	201.4	149.5	59.2
Sheepmeat	110.0	102.3	119.4	133.2	98.1
Pigmeat	−1.2	−2.4	−1.9	0.3	1.4
Milk products	353.7	299.6	251.1	48.9	81.0
Processed goods	40.9	41.6	47.6	45.6	38.1
Others (b)	24.3	18.1	16.6	27.2	49.1
Sub-total	1,682.5	1,039.0	1,222.9	911.4	705.3
(ii) Expenditure by the Agriculture Departments					
Repayment of cereals levies	..	..	1.7	2.2	46.5
Suckler Cow Premium Scheme	26.9	26.9	36.7	37.7	55.2
Annual Premium on Ewes	128.2	101.7	80.6	130.7	117.0
Milk Non-Marketing Premiums	2.6	...	..	..	..
Payments to producers giving up some milk production	..	..	51.0	74.1	64.2
Beef Special Premium Scheme – Northern Ireland(c)	..	..	..	..	10.1
Sub-total	157.7	128.6	170.0	244.6	292.8
Total I	1,840.2	1,167.6	1,392.9	1,156.0	998.1
II Price guarantees					
Potatoes (d)	7.5	...	–	–	–
Wool (d)	1.5	8.1	0.7	0.1	2.0
Assistance to the Egg Industry	..	..	..	2.9	...
Total II	9.0	8.1	0.7	3.1	2.0
III Support for capital and other improvements					
Farm and Conservation Grant Scheme (EC) (e)	..	..	..	..	3.0
Agriculture Improvement Scheme (EC) (e)	...	7.5	18.9	25.9	22.8
Agriculture and Horticulture Development Scheme (e) (f)	65.6	45.3	32.3	21.6	15.6
Farm structures	0.3	0.3	0.4	0.4	0.3
Agriculture and Horticulture Grant Scheme (e) (g)	65.4	25.6	3.6	1.0	0.4
Agriculture Improvement Scheme (National) (e)	0.2	8.9	9.0	7.1	3.6
Northern Ireland Agricultural Development Programme (e) (h)	4.9	4.0	2.0	1.1	3.7
Farm Woodlands	..	..	..	..	0.6
Farm and Conservation Grant Scheme (National) (e)	..	..	..	..	15.2
Guidance Premiums	3.8	3.2	2.3	1.0	0.3
Farm accounts	0.8	0.7	0.7	0.4	0.3
Environmentally Sensitive Areas	..	..	2.9	6.8	9.9
Others (i)	0.5	0.2	0.3	0.2	0.3
Total III	141.3	95.7	72.4	65.6	75.8

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

£ million — April/March (financial years)

	1985/86	1986/87	1987/88	1988/89	1989/90 (forecast)
IV Support for agriculture in special areas					
Hill Livestock Compensatory Allowances:					
Cattle	45.5	53.2	52.0	50.0	53.3
Sheep	59.4	68.5	69.0	62.6	68.1
Additional benefit under AHDS, NIADP, AHGS, AIS (EC), AIS (Nat), FCGS (EC), FCGS (Nat)	28.8	29.9	20.9	19.6	19.4
Others (j)	6.1	4.9	4.1	4.9	10.2
Total IV	139.8	156.5	145.9	137.1	151.0
V Other payments					
Set-Aside	..	..	..	..	10.7
Milk outgoers scheme (h)	9.6	9.5	11.1	11.4	6.4
Weather Aid 1985	16.7	..	..	..	..
Storm Damage 1987	..	..	..	0.2	1.0
Sheep compensation scheme 1986	..	4.3	1.0	0.9	0.9
Cooperation grants (k)	4.3	2.7	1.7	1.2	1.5
Crofting building grants and loans (net)	2.3	3.2	3.3	3.1	3.2
Farm Diversification:					
Capital Grants	..	..	..	0.5	3.4
Marketing and Feasibility grants	..	..	..	–	0.6
Others (l)	1.4	1.4	1.0	0.8	1.0
Total V	34.3	21.1	18.1	18.2	28.5
Total I to V (m)	2,164.6	1,449.0	1,630.0	1,380.1	1,255.5

(a) The figures are net of receipts treated as negative expenditure. Receipts from levies on the production and storage of sugar and isoglucose and on third country exports, which are regarded as Community Own Resources, are excluded.
(b) Includes eggs, poultrymeat, fruit and vegetables, hops, herbage seeds, dried fodder, peas and beans, 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, grapemust and hemp).
(c) Payments in Great Britain are made by the Intervention Board and included in beef and veal expenditure in Section I.
(d) Payments in respect of potatoes and wool relate partly to the crop or clip of the year indicated and partly to the crop or clip in the preceding year or years.
(e) Farmers in special areas are also eligible for additional assistance. The estimated benefit is shown separately in Section IV of the table.
(f) Includes the Farm and Horticulture Development Scheme.
(g) Includes the Farm and Horticulture Capital Grant Schemes.
(h) Except for the Northern Ireland Agricultural Development Programme (NIADP) and the Milk Outgoers Scheme expenditure in Northern Ireland is excluded.
(i) Includes loan guarantees, grants for agricultural drainage in Scotland, and farm structure loans.
(j) Includes the integrated development programme for the Western Isles, the agricultural development programme for the Scottish Islands and grants for crofting improvements.
(k) Scheme cash limited in 1987/88.
(l) Includes producer organisations and forage groups (both cash limited in 1987/88) and Shetland wool producers.
(m) Receipts from the European Community (to which the UK contributes) are set out below. Receipts do not always relate to expenditure in the year in which they are received. Reimbursement of spending on structural measures (Section III) is normally a year in arrears. Receipts for 1988/89 and 1989/90 reflect the arrangements for depreciation of stocks agreed at the European Council in February 1988.

1985/86	1986/87	1987/88	1988/89	1989/90 (forecast)
1,282.3	1,480.8	1,127.7	1,550.9	1,359.1

TABLE 9.2 Public expenditure under the CAP by IBAP and the agriculture departments – major commodities

£ million April/March (financial years)

	1985/86	1986/87	1987/88	1988/89	1989/90 (forecast)
Cereals	654.0	114.5	231.1	212.3	134.3
Intervention purchases/sales	430.8	−64.0	−88.5	0.7	−64.3
Intervention storage costs	90.1	79.2	59.6	32.6	21.6
Export refunds	115.2	109.9	273.8	238.7	216.4
Disposal measures	17.9	15.9	26.9	25.5	17.5
Coresponsibility/Additional levy	...	−26.5	−42.3	−86.8	−59.6
Production support	...	–	1.7	1.7	2.7
Oilseeds	88.6	118.4	208.3	177.8	193.8
Intervention purchases/sales	...	...	...	−0.5	...
Intervention storage costs	...	...	...	0.2	...
Export refunds	...	...	...	...	...
Production support	88.6	118.4	208.3	178.1	193.8
Sugar	83.9	117.2	151.1	118.8	96.7
Intervention storage	25.3	20.1	24.2	18.4	24.8
Export refunds	58.0	94.5	121.3	86.1	58.9
Disposal measures	0.6	2.4	5.5	6.6	6.6
Production support	–	0.3	–	7.7	6.4
Beef and veal	355.2	256.6	238.1	187.2	124.4
Intervention purchases/sales	101.0	57.9	47.9	6.4	−8.8
Intervention storage costs	33.3	31.6	20.3	12.5	5.1
Export refunds	66.3	9.2	−2.8	16.0	19.3
Production support	154.6	157.9	172.7	152.3	108.8
Sheepmeat	238.2	204.0	200.0	263.9	215.1
Production support	238.2	204.0	200.0	263.9	215.1
Pigmeat	−1.2	−2.4	−1.9	0.3	1.4
Intervention storage	0.2	0.2	0.5	0.4	–
Export refunds	−1.4	−2.6	−2.4	−0.1	1.4
Milk products	356.3	299.6	302.0	123.0	145.2
Intervention purchases/sales	150.0	141.4	92.8	−59.7	−17.7
Intervention storage costs	19.2	26.1	20.2	7.8	2.2
Export refunds	97.4	60.4	82.5	93.3	70.6
Disposal measures	133.0	119.9	121.2	65.4	64.8
Production support	4.3	...	...	...	...
Coresponsibility/Supplementary levy	−50.3	−48.2	−65.6	−58.0	−38.9
Payments to those giving up some milk production	2.6	–	51.0	74.0	64.2
Processed goods	40.9	41.6	47.6	45.6	38.1
Export refunds	40.9	41.6	47.6	45.6	38.1
Others	24.3	18.1	16.6	27.2	49.1
Export refunds	26.0	19.9	16.1	22.3	39.7
Disposal measures	2.2	2.9	2.7	0.7	2.5
Production support	6.6	5.5	4.3	6.4	6.8
Miscellaneous	−10.6	−10.2	−7.5	−2.3	0.1
Total	1840.2	1167.6	1392.9	1156.0	998.1

TABLE 9.3 Commodity intervention in the United Kingdom

'000 tonnes | Calendar years

Commodity	1985			1986			1987			1988			1989			
	Closing/ Opening Stock (a)	Pur-chases	Sales	Closing/ Opening Stock (a)	Pur-chases	Sales	Closing/ Opening Stock (a)	Pur-chases	Sales	Closing/ Opening Stock (a)	Pur-chases	Sales	Closing Stock (a)	Pur-chases (Forecasts)	Sales (Forecasts)	Closing Stock (a) (Forecasts)
Wheat – feed	1,945	2,280	553	3,672	604	1,663	2,615	. . .	2,109	511	289	352	447	. . .	357	90
– bread	78	4	81	. . .	–	. . .	–	–	–	–	14	14	–	–	–	–
Barley	808	1,647	425	2,028	254	1,089	1,179	44	619	601	335	229	707	2	228	482
Rye	–	. . .	. . .	. . .	. . .	. . .	–	–	–	–	. . .	. . .	. . .	–	. . .	–
Oilseeds	–	–	–	–	–	–	–	–	–	–	30	30	–	–	–	–
Beef – boneless	28	32	7	51	28	39	39	26	31	34	26	33	24	5	25	5
– bone in	25	12	. . .	34	6	24	17	8	5	20	2	20	2	1	1	2
Butter	144	90	34	202	77	41	238	67	156	160	2	138	24	–	19	6
Skimmed milk powder	93	10	67	41	23	41	23	. . .	22	1	–	1	. . .	–	. . .	–

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

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