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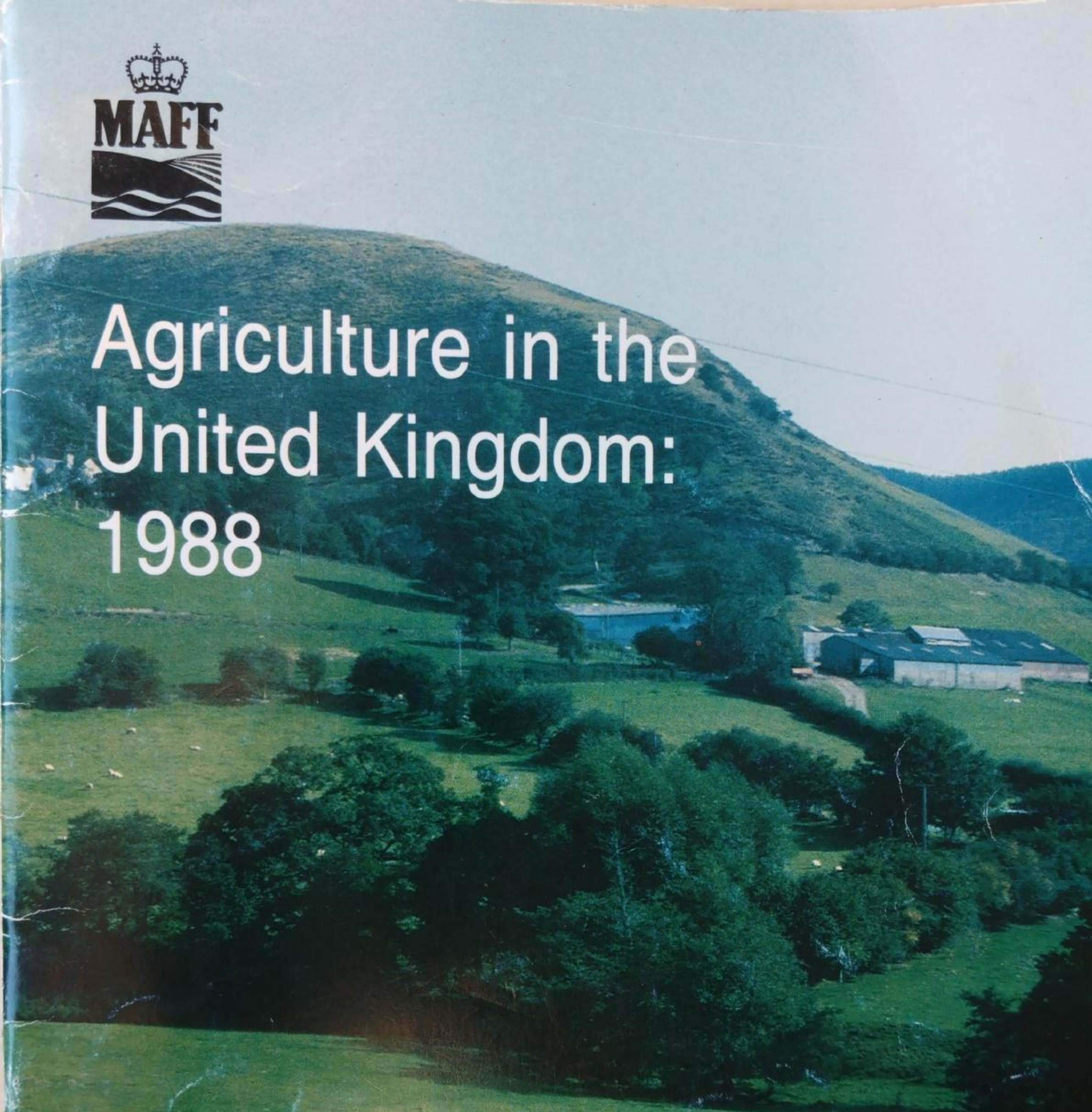
Agriculture in the United Kingdom: 1988



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

AGRICULTURE IN THE UNITED KINGDOM: 1988

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Preface

1. *Agriculture in the United Kingdom* is the successor to the *Annual Review of Agriculture* White Paper, and sets out the data considered during the Annual Review of the economic condition and prospects of the United Kingdom agricultural industry. The presentation of data has been re-arranged to give a more logical and coherent picture and the format reflects the new status of the publication. The Government will draw on this information when considering proposals by the European Commission for agricultural support in 1989/90 and when taking decisions on national support arrangements.

Statistical Tables – General Note

2. The tables in *Agriculture in the United Kingdom: 1988* cover a similar range of topics to those in the *Annual Review of Agriculture 1988* White Paper (Cmnd 299 published on 25 January 1988 and covering the year 1987) but in some cases give more information. Some of the figures in the tables differ from those in previous Annual Review White Papers because of later information, changes in the scope and nature of available data and improvements in statistical methods. Some new tables have been included to augment existing material. The forecasts for 1988 generally reflect the position up to the end of the year, as seen at November 1988.

3. The following points apply throughout:

(i) all figures relate to the United Kingdom, unless otherwise stated.
(ii) figures for imports and exports to the Eleven relate throughout to the 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). The source of Overseas Trade Statistics is HM Customs and Excise.
(iii) figures for exports include re-exports.
(iv) 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.
(v) in some cases figures may not add up to the totals shown because of roundings.

(vi) Symbols:

—	means 'nil'
. . .	means 'negligible' (less than half the last digit shown)
. .	means 'not available' or 'not applicable'

1 Introduction

Summary of the year

1. In 1988 there were major policy developments in the UK and in the European Community generally:
— the February 1988 European Council took comprehensive and far-reaching decisions, introducing budgetary discipline in the Common Agricultural Policy and improving its management;
— the 1988 price negotiations carried forward the process of reform;
— EC and UK intervention stock levels fell considerably;
— public expenditure on CAP support in the UK was £300 million lower than forecast.

2. Major policy developments in the UK included:
— introduction of set-aside, Farm Woodland and Farm Diversification Grant Schemes;
— increase in the number of Environmentally Sensitive Areas;
— reorientation of Capital Grant Scheme announced.

3. The different sectors of UK agriculture fared very differently during 1988. The situation of the industry reported in this paper is thus a complex one but the following are among its main features:
— cereal and oilseed rape yields were low due to poor weather and because of this and lower prices the value of output was significantly reduced;
— the value of output of potatoes fell sharply as a result of lower prices;
— horticulture had a relatively good year, with most parts of the sector recording a higher value of output;
— within the livestock sector, higher beef prices and increased production of lamb maintained the output value of these meats, but lower prices for pigmeat meant that this sector was depressed for much of the year;
— milk production was further reduced by the quota arrangements but the value of output was maintained by price increases;
— production of poultrymeat continued to expand but lower prices reduced the value of egg production. The forecasts exclude the effects of the disturbance in the egg market;
— there was little change in the overall quantity, average price or value of the industry's output, but with higher input costs, its net product fell by nearly 7 per cent at the end of the year;
— which, after providing for labour and interest costs and net rent, was reflected in a 25 per cent fall in aggregate farming income. However, since family and farm households and landlords and other providers of capital, play such a significant role in the agricultural industry, no single indicator of income can provide a complete picture, and other indicators of farming prosperity showed smaller falls;

— there were considerable income variations among farm types and between the different countries of the UK, with the arable sector, and hence England, faring less well than the dairying and other extensive livestock sectors, and the other countries.

Agriculture and Food in the National Economy (Table 1.1)

4. 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 within the national economy.

TABLE 1.1 Agriculture and food in the national economy

	Average of 1977-79	1984	1985	1986	1987	1988 (prov.)
					Calendar years	
Agriculture's contribution to Gross Domestic Product (a)						
at current prices (£ million)	3,337	5,810	5,159	5,597	5,649	5,436
at constant 1985 prices (£ million)	3,757	5,453	5,159	5,111	5,108	5,177
% of national GDP (current prices)	2.2	2.1	1.7	1.7	1.6	1.5
Persons engaged in agriculture						
('000 persons)	671	618	616	606	594	586
% of total workforce in employment	2.7	2.6	2.5	2.5	2.4	2.3
Gross fixed capital formation in agriculture						
at current prices (£ million)	886	1,376	1,226	1,057	941	990
at constant 1985 prices (£ million)	1,431	1,452	1,226	1,023	873	860
% of national GFCF (current prices)	2.8	2.5	2.0	1.7	1.3	..
						(Jan-Sept)
Imports of food, feed and beverages						
(£ million)	6,479	9,401	9,823	10,473	10,659	8,065
of which: food, feed and non alcoholic drinks	6,103	8,725	9,010	9,507	9,619	7,301
alcoholic drinks	376	676	813	966	1,040	764
Volume index (1985 = 100)	94.3	97.8	100.0	109.8	111.7	111.8
Unit value (price) index (1985 = 100)	85.5	96.9	100.0	97.1	97.2	98.5
% of total UK imports	15.4	11.9	11.6	12.2	11.3	10.4
						(Jan-Sept)
Exports of food, feed and beverages						
(£ million)	2,520	4,457	4,731	5,380	5,585	3,742
of which: food, feed and non alcoholic drinks	1,780	3,318	3,499	4,072	4,197	2,673
alcoholic drinks	740	1,139	1,232	1,308	1,388	1,069
Volume index (1985 = 100)	77.3	96.9	100.0	113.0	115.1	106.5
Unit value (price) index (1985 = 100)	70.1	96.5	100.0	103.1	103.1	105.3
% of total UK exports	6.7	6.3	6.0	7.4	7.0	6.3
UK self-sufficiency in food and feed as a % of:						
all food and feed	52.6	62.9	57.9	56.7	57.5	57
indigenous type food and feed	67.9	82.6	76.7	74.7	74.6	73
Consumers' expenditure on food and drink						
at current prices (£ million)	29,893	51,305	55,002	59,415	64,227	71,100
of which: household food	18,113	28,642	30,064	32,339	33,643	35,700
meals out (b)	4,282	8,347	9,287	10,726	13,324	16,800
alcoholic drinks	7,498	14,316	15,651	16,350	17,260	18,600
at constant 1985 prices (£ million)	52,766	53,849	55,002	56,841	58,961	61,900
% of total consumers' expenditure	29.3	26.0	25.6	25.0	24.6	24.4
of which: household food	17.8	14.5	14.0	13.6	12.9	12.2
meals out (b)	4.2	4.2	4.3	4.5	4.8	5.8
alcoholic drinks	7.4	7.3	7.3	6.9	6.7	6.4
Retail price indices (January 1985 = 100)						
food	62.8	98.6	101.7	105.1	108.3	111.8 (c)
alcoholic drinks	50.0	97.4	103.6	108.2	112.6	118.2 (c)
all items	55.8	97.8	103.7	107.3	111.7	116.9 (c)

(a) Agriculture is here defined net of the landlord element as in the national accounts.
(b) Does not cover meals that are included with accommodation.
(c) January to November 1988.

2 The structure of the industry

Introduction

1. The tables in this section portray the size and structure of the UK agricultural industry in 1988 and earlier years. Together they provide information on the use of land and numbers of livestock in UK agriculture, on the distribution of these between holdings and on the size of the industry's labour force and stock of fixed capital.

Crop areas and livestock numbers (Table 2.1)

2. At June 1988 the total area of agricultural land in the UK was 18.6 million hectares, some 77 per cent of the total land area of the UK. Details of the use of this land and of the main changes over the last decade are provided in Table 2.1. The broad pattern of agricultural land use changes only slowly from year to year, but between 1987 and 1988 there were noticeable increases in the areas used for oats and field beans or left fallow. There were also declines in the areas used for oilseed rape, fodder crops and young grasses. Year-to-year changes in livestock numbers (Part B of the table) tend to be more marked and in the year to June 1988 there were significant rises for beef cows and for sheep and lambs but a further decline in the dairy herd.

Sizes of holdings and enterprises (Table 2.2)

3. Table 2.2 gives an insight into the structure of UK agriculture at June 1988. It shows the distribution of total agricultural activity (BSUs), of the total crops and grass area and of particular enterprises (Part B) between holdings. Unlike other tables this one does not include estimates for 'minor' or some 'small' agricultural holdings. The table shows that 29,600 holdings in the largest size group, some 12 per cent of total holdings covered in the table, accounted for 56 per cent of total agricultural activity.

Labour (Table 2.3)

4. Table 2.3 records the number of persons engaged in UK agriculture at June of each year. It shows that the number of farmers, partners and directors is now about the same as that of family and hired workers (excluding salaried managers). The number of whole-time hired workers has continued to decline yet there has been little change in the number of part-time workers, farmers, partners and directors.

Fixed Capital Stock (Table 2.4)

5. The industry's labour force is one of the productive resources used in agriculture. Another is the industry's stock of fixed capital. Table 2.4 shows the magnitude of this in terms of both the estimated value of its physical assets (including buildings and land improvements but excluding land itself) and its stock of selected items of agricultural machinery. The valuations are at constant 1985 prices before providing for depreciation. These figures provide an indication of the productive potential of most assets over their useful lifetimes. It should be noted that figures quoted in the industry's balance sheet (Table 7.2) are quoted net of depreciation. At the end of 1987 the industry's fixed capital stock amounted to some

£24,400 million at constant 1985 prices, of which buildings and works accounted for nearly two thirds. In recent years the stock of capital in agriculture has been declining: between 1985 and 1986 it declined by about ½ per cent but between 1986 and 1987 the fall was just over 1 per cent. The estimates of the numbers of tractors show a trend towards the use of more powerful machinery within the overall decline.

TABLE 2.1 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 1977-79	1984	1985	1986	1987	1988 (prov.)
A. Land use ('000 hectares)						
Total area of agricultural land	18,946	18,720	18,703	18,676	18,619	18,579
Total cereals	3,802	4,036	4,015	4,024	3,935	3,920
of which: wheat	1,236	1,939	1,902	1,997	1,994	1,891
barley	2,368	1,978	1,965	1,916	1,830	1,895
oats	170	106	133	97	99	121
rye and mixed corn	27	14	15	14	13	13
Other arable crops (excluding potatoes)	589	716	806	824	958	964
of which: oilseed rape	65	269	296	299	388	348
hops	6	5	5	4	4	4
peas for harvesting dry and field beans	76	88	137	150	208	260
sugar beet	209	199	205	205	202	201
other crops	233	155	163	165	156	151
Potatoes	217	198	191	178	177	179
Horticulture	293	204	212	213	199	204
of which: vegetables grown in the open	213	134	143	146	132	138
orchard fruit	49	39	38	38	37	36
soft fruit	17	17	16	15	15	15
ornamentals (a)	13	12	12	12	12	13
other	2	2	2	2	2	2
Bare fallow	70	42	41	48	42	62
All grasses under five years old	2,040	1,794	1,796	1,723	1,691	1,604
All grasses five years old and over	5,108	5,105	5,019	5,077	5,112	5,159
Rough grazing:						
sole right	5,182	4,895	4,872	4,829	4,743	4,714
common (estimated)	1,209	1,212	1,216	1,216	1,216	1,214
Other land (including woodland on agricultural holdings) (b)	472	517	535	543	547	560
B. Livestock numbers ('000 head)						
Total cattle and calves	13,719	13,213	12,911	12,533	12,158	11,884
of which: dairy cows	3,278	3,281	3,150	3,138	3,042	2,911
beef cows	1,607	1,351	1,333	1,308	1,343	1,371
heifers in calf	849	811	874	879	774	839
Total sheep and lambs	29,302	34,802	35,628	37,016	38,701	41,003
of which: ewes and shearlings	14,173	16,540	16,877	17,398	18,068	19,010
lambs under one year old	13,865	17,080	17,566	18,384	19,377	20,662
Total pigs	7,783	7,689	7,865	7,937	7,942	7,995
of which: sows in pig and other sows for breeding	733	696	717	716	713	700
gilts in pig	110	105	112	108	107	103
Total fowls (c)	133,924	118,846	119,456	120,740	128,628	129,043
of which: table fowls (including broilers)	56,556	59,341	61,311	63,807	70,754	73,647
laying fowls	49,574	40,573	39,538	38,096	38,498	36,856
growing pullets	16,419	12,536	12,503	12,502	12,230	11,542

(a) Hardy nursery stock, bulbs and flowers.
(b) In Great Britain other land comprises farm roads, yards, buildings (excluding glasshouses), ponds and derelict land. In Northern Ireland other land includes land under bog, water, roads, buildings etc. and wasteland not used for agriculture.
(c) Because of changes in coverage of poultry holdings, data for 1984 and subsequent years cannot be directly compared with data for earlier years.

TABLE 2.2 Numbers and sizes of holdings and enterprises

A. Numbers and sizes of holdings

The data in this table exclude minor holdings

At June of each year

		1984		1988 (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	102.7	2.7	113.2	2.6
	4.0 to under 16.0 BSU	68.8	14.1	63.3	13.1
	16.0 to under 40.0 BSU	51.7	29.5	49.3	28.6
	40.0 BSU and over	29.0	53.6	29.6	55.8
	Total	252.1	100.0	255.4	100.0
	Holdings 4 BSU and over:—				
	Average size of business (BSU)	..	29.0	..	30.2
	Average total area per holding (hectares)	..	105.1	..	107.3
		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	109.9	918
	20.0 to under 50 hectares	65.9	2,149	63.0	2,058
	50.0 to under 100 hectares	40.3	2,836	40.0	2,824
	100.0 hectares and over	30.6	6,065	31.1	6,185
	Total	243.6	11,991	244.0	11,985
	Average crops and grass area per holding (hectares)	..	49.2	..	49.1
	% of total crops and grass area on holdings with 100 hectares and over	..	50.6	..	51.6

(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. Numbers and sizes of enterprises

The data in this table exclude minor holdings

At June of each year

		1984		1988 (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	42.6	337
	20.0 to under 50 hectares	21.3	686	20.8	679
	50.0 hectares and over	23.9	2,969	23.7	2,878
	Total	95.1	4,029	87.2	3,893
	Average area (hectares)	..	42.4	..	44.6
	% of total cereals area on holdings with 50 hectares and over	..	73.7	..	73.9
Oilseed rape	0.1 to under 20 hectares	6.6	73	8.6	94
	20.0 to under 50 hectares	3.7	113	4.9	147
	50.0 hectares and over	1.0	82	1.3	108
	Total	11.4	268	14.8	349
	Average area (hectares)	..	23.6	..	23.6
	% of total oilseed rape area on holdings with 50 hectares and over	..	30.7	..	30.8

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TABLE 2.2 Numbers and sizes of holdings and enterprises (continued)

B. Numbers and sizes of enterprises

The data in this table exclude minor holdings

At June of each year

		1984		1988 (provisional)	
		Number of holdings ('000)	Hectares ('000)	Number of holdings ('000)	Hectares ('000)
Sugar beet (only grown in England and Wales)	0.1 to under 10 hectares	5.8	30	5.2	27
	10.0 to under 20 hectares	2.8	39	2.8	39
	20.0 hectares and over	2.9	130	3.1	134
	Total	11.6	199	11.0	200
	Average area (hectares)	..	17.2	..	18.2
	% of total sugar beet area on holdings with 20 hectares and over	..	65.3	..	67.2
Potatoes	0.1 to under 10 hectares	33.8	77	26.1	62
	10.0 to under 20 hectares	3.4	47	3.0	42
	20.0 hectares and over	2.1	74	2.0	72
	Total	39.3	198	31.2	176
	Average area (hectares)	..	5.0	..	5.6
	% of total potato area on holdings with 20 hectares and over	..	37.6	..	41.0

		1984		1988 (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	23.9	614
	50 to 99	18.2	1,279	16.3	1,144
	100 and over	8.6	1,276	7.8	1,159
	Total	56.3	3,277	48.0	2,917
	Average size of herd	..	58	..	61
	% of total dairy cows in herds of 100 and over	..	38.9	..	39.7
Beef cows	1 to 19 beef cows	52.3	330	49.4	323
	20 to 49	13.8	423	14.3	437
	50 and over	6.7	582	6.9	598
	Total	72.8	1,335	70.5	1,358
	Average size of herd	..	18	..	19
	% of total beef cows in herds of 50 and over	..	43.5	..	44.0
Breeding sheep	1 to 99 breeding sheep	39.6	1,601	41.7	1,675
	100 to 499	32.3	7,237	35.7	8,154
	500 and over	8.1	7,494	9.7	8,937
	Total	80.1	16,332	87.1	18,765
	Average size of flock	..	204	..	215
	% of total breeding sheep in flocks of 500 and over	..	45.9	..	47.6

continued overleaf

TABLE 2.2 Numbers and sizes of holdings and enterprises (continued)

B. Numbers and sizes of enterprises

The data in this table exclude minor holdings

At June of each year

		1984		1988 (provisional)	
		Number of holdings ('000)	Number of livestock ('000)	Number of holdings ('000)	Number of livestock ('000)
Breeding pigs	1 to 49 breeding pigs	13.6	142	10.9	115
	50 to 99	1.9	133	1.6	113
	100 and over	2.3	519	2.3	568
	Total	17.7	795	14.8	796
	Average size of herd	..	45	..	54
	% of total breeding pigs in herds of 100 and over	..	65.3	..	71.3
Fattening pigs (Figures included for Northern Ireland relate to holdings engaged in fattening only purchased weaners)	1 to 199 fattening pigs	10.6	469	8.8	389
	200 to 999	3.5	1,630	3.2	1,538
	1,000 and over	1.0	2,289	1.2	2,634
	Total	15.1	4,388	13.2	4,562
	Average size of herd	..	290	..	346
	% of total fattening pigs in herds of 1,000 and over	..	52.1	..	57.7
Broilers (Includes small numbers of other table fowl in Scotland and Northern Ireland)	1 to 9,999 broilers	1.1	1,340	0.9	1,367
	10,000 to 99,999	0.7	25,116	0.9	32,305
	100,000 and over	0.1	32,486	0.2	40,282
	Total	2.0	58,941	2.0	73,954
	Average size of flock	..	29,456	..	36,940
	% of total broilers in flocks of 100,000 and over	..	55.1	..	54.5
Laying fowls	1 to 4,999 laying fowls	45.7	4,716	40.3	4,012
	5,000 to 19,999	1.0	9,559	0.7	7,143
	20,000 and over	0.4	27,358	0.4	25,828
	Total	47.1	41,634	41.4	36,983
	Average size of flock	..	884	..	896
	% of total laying fowls in flocks of 20,000 and over	..	65.7	..	69.8

TABLE 2.3 Numbers of persons engaged in agriculture

'000 persons — At June of each year

	Average of 1977-79	1984	1985	1986	1987	1988 (prov.)
Workers						
Regular whole-time:						
hired: male	143	116	111	102	96	91
female	12	10	10	10	10	10
family: male	34	30	31	32	31	29
female	7	5	5	5	4	4
Regular part-time:						
hired: male	21	19	19	19	18	18
female	25	23	23	22	22	22
family: male	14	12	13	13	13	13
female	9	7	7	7	7	7
Seasonal or casual:						
male	56	57	59	58	57	58
female	42	39	39	38	38	37
Salaried managers (a)	8	8	8	8	8	8
Total workers	370	325	324	315	305	297
Farmers, partners and directors:						
whole-time	214	202	199	197	194	192
part-time	87	91	93	94	95	97
Total	671	618	616	606	594	586
Spouses of farmers, partners and directors (engaged in farm work)	80	75	77	78	78	78

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

TABLE 2.4 Fixed capital stock of agriculture

At end year

	Average of 1977-79	1983	1984	1985	1986	1987
Gross capital stock (£ million 1985 prices)						
Building and works	12,500	14,500	14,980	15,250	15,400	15,440
Plant and machinery	8,620	8,270	8,200	8,120	7,940	7,670
Vehicles	1,650	1,500	1,460	1,400	1,350	1,290
Total	22,770	24,270	24,640	24,770	24,690	24,400
Main types of agricultural machinery ('000 at December of each year, England and Wales only)						
Tractors under 40 kw	219	180	165	156	152	149
40 kw and over	188	245	252	265	264	266
Tracklaying tractors	12	11	11	10	10	9
Combine harvesters	48	..	45	..	45	..

3 Developments in 1988

Introduction

1. 1988 was a significant year in European agricultural policy, and also one in which important new measures were taken at national level to widen the range of income-generating measures available to farmers.

European Community developments

2. On the European front, 1987 had been dominated by the need to put the Community's finances on a sound basis for the future, and to bring effective budget discipline to bear on CAP expenditure. The European Council in February 1988 adopted a comprehensive package of measures to achieve these objectives, all the elements of which have since been embodied in Community law.

3. The settlement was complex, but the elements having the greatest impact on agricultural policy are:

(i) CAP guarantee expenditure must be held within a guideline growing at 74 per cent of the rate of growth of the Community's gross national product. Both the Commission's annual farm price proposals and the settlement reached in the Council of Ministers must respect the guideline. Real annual growth in guarantee expenditure will, in consequence, be limited to about 2 per cent on average over the four years 1988-1991, compared with 10 per cent over the last four years. Within strict limits, the budget allocation for the CAP can be adjusted up or down if there are significant changes in the dollar/ecu exchange rate. On current estimates, CAP guarantee expenditure will reduce from 65 per cent of EC expenditure in 1987 to about 59 per cent by 1992;

(ii) stabilisers have been introduced or extended in all the major CAP regimes. The purpose of stabilisers is to exert downward pressure on both surplus production and CAP expenditure. They operate generally by linking full CAP support to a specified quantity of EC production, more in line with market demand, with cuts in support if those quantities are exceeded. In the light of 1988 production levels, cuts in the common prices set by the Council were triggered in the following sectors: rapeseed (7.65 per cent), sunflower seed (19.8 per cent), soya (10.35 per cent), peas and beans (10 per cent), sheep (7 per cent in GB) and cotton (20 per cent). In addition, cuts are foreseen but not yet quantified for olive oil, tobacco, and certain fruit and vegetables. For cereals the additional coresponsibility levy for the year as a whole was set at 1.6 per cent of the wheat intervention price, and there will be a 3 per cent price cut for 1989/90;

(iii) the Commission is required to manage the markets for each major commodity so as to avoid any overrun of budgeted expenditure. The Commission has certain powers in this regard but, if further

Council action is needed, for example to strengthen stabilisers, the Council is required to take action on the basis of a Commission proposal;

(iv) in the past the Community has been able to disguise the true cost of the CAP by allowing intervention stocks to build up without proper charge to the EC budget until they came to be sold. Now, all purchased stocks have to be written down to their probable sale value within one year of acquisition.

4. The 1988 price fixing carried forward the process of reform. The Council decided on a general freeze in common prices, and a package of reductions in support mechanisms and deferred green currency devaluations (greater for the UK than those achieved by our main competitors) which respected the 1988 and 1989 guidelines.

5. In consequence of these reforms, of poor weather conditions which reduced cereals and oilseeds yields in the UK, and of the effects of the drought in North America, which raised world prices and therefore reduced EC export refunds, some £300 million was saved from expenditure in 1988 on the CAP in the UK.

United Kingdom developments

6. Following decisions reached in the 1988 price fixing, the green pound devaluations then agreed came into force on 1 January 1989. Taking into account movements in sterling, UK MCAs fell between January 1988 and January 1989 by between 7.4 and 11.4 percentage points.

7. During 1988, intervention stocks of many commodities fell, both in the EC generally, and in the UK. In the UK butter stocks fell by 80 per cent, beef stocks by 25 per cent and skimmed milk powder stocks were virtually eliminated. Over the two years 1987 and 1988, UK cereals stocks fell by 50 per cent.

New measures

8. 1988 also saw considerable developments in policies, complementary to price policy, designed to increase the range of opportunities open to farmers to generate income without exacerbating the problem of surplus production. With active UK encouragement, an EC set-aside scheme was introduced by the European Council. Despite the speed with which it had to be brought into effect, it generated substantial interest among farmers throughout the UK, with some 2,000 applications for the 1988/89 crop year covering some 60,000 hectares of land.

9. In 1988 too, a further 10 Environmentally Sensitive Areas were designated, bringing the total number to 19, and the total area covered by applications under the scheme to over 180,000 hectares.

10. The Farm Woodland Scheme was launched in September 1988 with the aim of encouraging the planting of up to 36,000 additional hectares of farm woodlands over three years, with special incentives for planting broadleaved trees.

11. The Farm Diversification Grant Scheme, which started in January 1988 to encourage new business enterprises on farms, attracted over 1,200 applications in 1988.

(d) The implementation early in 1989, of the Agricultural Improvements Scheme by the Forest and Conservancy Forest Extension Unit (Forestry) 1989. This Scheme promotes participation in conservation farm protection and in improved management of farms.

Penalties

11. The penalties we propose should be sufficient to deter the cutting of trees in the Bombing in 1988. As the year began many were in the forest and then were recovering from the damage caused by the storm in October 1987. The proposed fine penalties in section 1987 had no advisory effect on planning made at that time and therefore on the 1988 harvest, and the penalties in 1988 subsequent disappointing with a

4 Output prices and input costs

Price indices (Table 4.1)

Table 4.1 shows price indices for products and inputs. Between 1987 and 1988 the overall producer price index fell by 0.4 per cent and the overall input price index rose by 4.9 per cent. The overall fall in product prices reflects falls for many crops and for eggs which were less than fully offset by price increases for fruit, finished animals and milk. The price changes reflected in these indices clearly affect the levels of agricultural incomes (Table 6.1).

TABLE 4.1 Price indices for products and inputs

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

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
A. Producer prices for agricultural products	72.5	103.2	100.0	101.9	103.7	103.3
of which:						
Crop products	79.8	112.5	100.0	106.9	110.4	102.4
Cereals	77.3	105.0	100.0	100.8	101.0	96.2
Root crops	101.6	160.1	100.0	142.9	148.3	119.3
Fresh vegetables	67.0	95.8	100.0	95.5	107.0	97.7
Fresh fruit	73.4	95.0	100.0	100.5	97.6	111.9
Seeds	127.7	150.8	100.0	110.7	133.7	130.2
Flowers and plants	64.1	86.0	100.0	98.3	108.5	107.1
Other crop products	67.1	110.2	100.0	102.7	90.4	89.2
Animals and animal products	68.7	98.4	100.0	99.3	100.3	103.8
Animals for slaughter	69.8	100.4	100.0	98.3	98.8	103.3
Milk	63.9	92.9	100.0	103.7	104.8	109.9
Eggs	79.3	106.7	100.0	88.9	93.0	83.4
Other animal products	93.5	92.7	100.0	97.2	96.9	97.0
B. Prices of agricultural inputs	62.9	99.0	100.0	101.0	102.9	107.9
of which:						
Currently consumed in agriculture	64.6	100.0	100.0	99.6	100.9	105.5
Animal feedingstuffs	71.6	103.6	100.0	100.9	101.1	106.4
Seeds	109.1	131.5	100.0	108.2	120.2	117.2
Animals for rearing and production	53.8	101.3	100.0	97.7	101.6	110.3
Fertilisers and soil improvers	60.9	94.0	100.0	90.3	83.0	84.7
Plant protection products	67.5	95.8	100.0	103.0	106.9	111.6
Maintenance and repair of plant and machinery	51.6	91.7	100.0	105.6	111.3	117.7
Energy, lubricants	41.2	92.4	100.0	85.0	85.6	88.2
Maintenance and repair of buildings	52.2	93.6	100.0	104.6	113.3	118.5
Veterinary services	53.8	95.5	100.0	108.9	109.8	113.5
Materials and small tools	58.3	93.8	100.0	103.4	107.8	113.6
General expenses	51.8	94.3	100.0	106.6	115.1	123.5
Contributing to agricultural investment	55.2	94.8	100.0	106.9	111.5	118.1
C. Labour costs	48.5	93.4	100.0	104.1	110.2	115.2

5 Commodities

Introduction

1. This section reports on the major agricultural commodities produced in the UK. The tables follow a common format:

(i) a section showing areas and yields (for crops) or animal populations and marketings (for livestock) leading to an estimate of the production of each commodity. Allowance for direct on-farm use (on own or other farm but without passing through merchants or millers etc) then gives the quantity of output (sales). Multiplication of this by a producer price or average producer return (allowing in some cases for marketing expenses and levies etc) gives the value of output for each commodity. These valuations are then 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 farming income;

(ii) a section on the sources of new supplies and, in some cases, their various uses. Total new supply is defined as production plus imports less exports. The trade figures in this and other tables reflect country of consignment for imports and country of reported final destination for exports. Exports include exports from intervention stocks. Stockbuilding (if positive) may then account for part of total new supply or (if negative) increase this supply. The result after allowing for these changes is 'total domestic uses': in some cases (the major cereals and milk) the most important uses are identified separately;

(iii) a section giving measures of UK self-sufficiency and stocks.

2. The section is broken into parts, each covering a broad commodity group, to assist reference to the tables.

Cereals

Cereals (Tables 5.1-5.6)

3. The 1988 cereals harvest was a disappointing one, at 21 million tonnes the lowest since 1981. Adverse weather conditions in the latter half of 1987 made drilling conditions difficult, and led to a marked reduction in the area of winter cereals. In the spring, drilling conditions on heavy land were again difficult, and although increased areas of both spring barley and spring wheat were sown – indeed, the area of spring barley exceeded the area of winter barley for the first time since 1983 – yields were disappointing. The quality of the 1988 harvest was much improved on the previous year, particularly for wheat. Lower production and weaker prices resulted in a significant fall in the value of cereals output.

4. 1988 saw a major reform of the cereals regime with the introduction of stabilisers. A maximum guaranteed quantity for cereals of 160 million tonnes in the EC was agreed for four years. If production in the

Community exceeds that figure in any year, intervention prices for the following year are cut by 3 per cent. These price cuts are permanent and cumulative. Furthermore, an additional coresponsibility levy was introduced from the beginning of the 1988/89 marketing year, set initially at 3 per cent of the common wheat intervention price. However, if production in any year is below the maximum guaranteed quantity, or exceeds it by less than 3 per cent, the additional levy for that year is wholly or partially refunded to producers. The Commission has determined that the Community harvest for 1988 was 162.5 million tonnes; intervention prices will therefore be reduced by 3 per cent for the 1989/90 marketing year and the definitive rate of the additional coresponsibility levy for 1989/90 has been set at 1.6 per cent of the wheat intervention price; there will also be a partial repayment of additional levy already paid. The prices quoted in the tables are net of coresponsibility levies.

5. In the first half of 1988 ex-farm prices went against the normal seasonal trend and weakened, particularly for feed grain. In the second half, prices of new crop bread wheat were £20-£25 per tonne below the high prices achieved a year earlier. prices of other milling wheat and malting barley were somewhat lower than a year earlier, but prices of feed wheat and barley were little changed and above the effective support price.

TABLE 5.1 Wheat

'000 tonnes — Calendar years

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Area, yield, production and output						
Area ('000 hectares)	1,236	1,939	1,902	1,997	1,994	1,891
Yield (tonnes/hectare)	5.14	7.71	6.33	6.96	5.99	6.14
Production	6,354	14,958	12,046	13,911	11,941	11,605
Direct use on farms	..	796	810	1,046	952	791
Increase in farm stocks	..	1,416	−1,318	580	−395	−231
Output	5,309	12,746	12,554	12,283	11,387	11,044
Average realised price (£/tonne)	89.08	114.59	112.25	111.18	111.00	104.83
Value of output (£ million)	473.2	1,460.6	1,409.2	1,365.6	1,263.9	1,157.7
Supply and utilisation						
Production	6,354	14,958	12,046	13,911	11,941	11,605
Imports from: the Eleven	1,360	285	736	994	1,233	1,169
third countries	1,829	838	878	714	479	411
Exports to: the Eleven	200	941	1,371	3,040	1,593	1,060
third countries	42	1,274	519	950	2,525	832
Total new supply	9,301	13,839	11,770	11,628	9,535	10,293
Increase in farm and other stocks	611	3,214	849	−366	−2,407	−1,853
Total domestic uses	8,690	10,625	10,921	11,994	11,942	12,146
of which: flour milling	5,071	4,697	4,749	4,828	4,919	5,218
animal feed	3,119	5,167	5,202	6,119	5,968	5,819
seed	260	325	347	359	335	336
other uses and waste	240	436	623	688	720	773
Production as % of total new supply for use in UK	68	108	102	120	125	113
% of home grown wheat in milling grist	45.8	78.2	76.1	63.8	77.8	67.8

TABLE 5.2 Barley

'000 tonnes — Calendar years

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Area, yield, production and output						
Area ('000 hectares)	2,368	1,978	1,965	1,917	1,831	1,895
Yield (tonnes/hectare)	4.22	5.59	4.95	5.22	5.04	4.62
Production	9,997	11,064	9,740	10,014	9,226	8,765
Direct use on farms	..	2,729	2,609	2,778	2,273	1,899
Increase in farm stocks	..	60	−806	−87	−114	201
Output	6,178	8,276	7,937	7,324	7,066	6,664
Average realised price (£/tonne)	82.01	112.36	106.50	105.89	105.39	103.43
Value of output (£ million)	507.0	929.9	841.7	775.6	744.7	689.3
Supply and utilisation						
Production	9,997	11,064	9,740	10,014	9,226	8,765
Imports from: the Eleven	345	58	198	265	235	231
third countries	177	51	—	15	—	7
Exports to: the Eleven	630	1,925	853	2,220	1,048	801
third countries	482	1,943	2,161	1,891	2,047	1,783
Total new supply	9,407	7,305	6,924	6,183	6,366	6,419
Increase in farm and other stocks	467	12	236	−290	−362	58
Total domestic uses	8,940	7,293	6,688	6,473	6,728	6,361
of which: brewing/distilling	2,035	1,859	1,704	1,577	1,840	1,825
animal feed	6,322	4,908	4,478	4,418	4,455	4,093
seed	405	319	319	282	254	280
other uses and waste	178	207	187	196	179	163
Production as % of total new supply for use in UK	106	151	141	162	145	137

TABLE 5.3 Oats

'000 tonnes — Calendar years

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Area, yield, production and output						
Area ('000 hectares)	170	106	133	97	99	121
Yield (tonnes/hectare)	3.99	4.89	4.59	5.16	4.58	4.61
Production	679	517	614	503	451	557
Direct use on farms	..	250	297	298	191	278
Increase in farm stocks	..	52	38	−94	—	—
Output	248	215	279	299	262	281
Average realised price (£/tonne)	78.63	123.01	99.17	100.87	114.74	107.01
Value of output (£ million)	19.4	26.4	27.7	30.1	30.1	30.1
Supply and utilisation						
Production	679	517	614	503	451	557
Imports from: the Eleven	27	10	9	15	7	6
third countries	16	30	—	2	—	1
Exports to: the Eleven	6	—	—	1	9	4
third countries	—	—	—	—	—	1
Total new supply	716	557	623	519	449	559
Increase in farm and other stocks	−33	52	38	−106	−3	—
Total domestic uses	749	505	585	625	452	559
of which: milling	147	143	156	158	162	167
animal feed	550	315	394	433	259	352
seed	36	24	24	19	18	25
other uses and waste	16	12	14	15	13	15
Production as % of total new supply for use in UK	95	93	99	97	100	100

TABLE 5.4 Rye/Mixed Corn

'000 tonnes — Calendar years

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Area ('000 hectares)	28	14	15	14	13	12
Production	101	63	66	61	58	54
Value of output (£ million)	1.9	2.8	2.5	2.5	2.6	2.5
Imports from (a): the Eleven	17	13	11	13	19	31
third countries	7	1	3	1	1	1
Total new supply	125	77	80	75	78	86
Production as % of total new supply for use in UK	81	82	83	81	74	63

(a) Relates solely to rye.

TABLE 5.5 Maize

'000 tonnes — Calendar years

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Production	2	–	–	–	–	–
Imports from: the Eleven	478	1,043	1,012	1,288	1,207	1,187
third countries	3,137	415	438	183	303	190
Exports to: the Eleven	27	10	6	12	20	10
third countries	–	–	–	–	–	–
Total new supply	3,590	1,448	1,444	1,459	1,490	1,367

TABLE 5.6 Total Cereals

'000 tonnes — Calendar years

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Area, production and output						
Area ('000 hectares)	3,802	4,036	4,015	4,026	3,936	3,919
Production	17,134	26,602	22,466	24,489	21,676	20,980
Output	11,760	21,267	20,794	19,929	18,739	18,013
Value of output (£ million)	1,001.5	2,419.7	2,281.1	2,173.8	2,041.2	1,879.6
Supply and utilisation and output						
Imports from: the Eleven	2,228	1,409	1,968	2,575	2,701	2,624
third countries	5,166	1,335	1,319	915	783	610
Exports to: the Eleven	865	2,876	2,230	5,273	2,670	1,875
third countries	525	3,217	2,680	2,841	4,572	2,616
Total new supply	23,138	23,253	20,843	19,865	17,918	19,723
Increase in stocks	1,032	3,611	1,104	–761	–2,772	–796
Total domestic uses	22,106	19,948	19,718	20,626	20,690	20,519
Production as % of total new supply for use in UK	74	114	108	123	121	106
Stocks (of wheat, barley and oats) held at year end: on farms	8,840	11,019	8,933	9,943	9,137	9,102
in intervention (a)	..	2,930	6,190	4,271	1,729	1,271
by processors, traders and cooperatives	..	1,880	1,816	4,110	4,857	4,556

(a) Recorded as all physical stocks held at the particular date.

Other crops

Oilseed rape (Table 5.7)

6. The area planted to oilseed rape in 1988 was significantly lower than last year's record, and with lower average yields production fell from 1.353 million tonnes in 1987 to just over 1 million tonnes in 1988. Uncertainty over the level of support prices following the introduction of a strengthened maximum guaranteed quantity system, together with the changeover to 'double-low' varieties, combined to discourage producers from planting this year on the scale of last. In the event, reduced Community production of oilseed rape meant that a cut of 7.65 per cent was imposed in 1988 (resulting in a price increase of 2.35 per cent compared with 1987 when a cut of 10 per cent was imposed).

Sugar beet and Sugar (Table 5.8)

7. The area of sugar beet harvested in 1988 is expected to be around 200,000 hectares. Sowing conditions for the crop were good and subsequent conditions have resulted in a high average sugar content per root. An extensive testing programme has revealed no further sign of rhizomania, the first UK outbreak of which occurred in 1987. White sugar production is forecast to be about 1.35 million tonnes, the second highest on record, compared with 1.23 million tonnes in the previous year. This, together with the 102,000 tonnes of white sugar produced in excess of quota and carried forward from the previous marketing year, exceeds 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. There were regional variations in yield, alpha acid content, and storage quality. Indications are that prices for hops sold under contract are about the same as last year.

Peas and Beans (Table 5.10)

9. Production of peas and beans continued to increase in 1988 to new record levels. Partly as a result of the record crop, prices in the first half of the marketing year remained at or around the minimum price levels. The maximum guaranteed quantity system which applied to peas and beans for the first time in 1988 resulted in an institutional price reduction for both crops of about 10 per cent.

Seeds (Table 5.12)

10. In 1988/89 there was an increase of some 7 per cent in the area approved for the production of certified herbage and legume seed: total production of these types of seed is estimated at 17,000 tonnes, an increase of 23 per cent over 1987/88 levels. In addition, it is estimated some 50,000 tonnes of certified pea and bean seed was produced, an increase of 4 per cent over 1987/88.

Potatoes (Table 5.13)

11. Low prices in Scotland and most of England and Wales necessitated some intervention by the Potato Marketing Board at the end of the 1987/88 season. Some 142,000 tonnes of potatoes were removed from the Great Britain market from April to June 1988 funded solely by the Potato Marketing Board.

12. United Kingdom imports of 1987 crop ware potatoes during the early part of 1988 were more than twice those in the same period of 1987, reflecting significantly lower maincrop prices in Europe than in the United Kingdom.

13. Plantings in the United Kingdom (including minor holdings in Scotland and Northern Ireland) in 1988 were over 180,000 hectares, 97 per cent of the target area of 186,500 hectares. Imports of the 1988 crop ware potatoes have been far less than in 1987 because of much lower United Kingdom prices during the first part of the season. A new scheme designed to provide support for seed potatoes in Great Britain was introduced for the 1988 crop season by the Potato Marketing Board, to be funded solely by the Board.

14. The Government has announced its intention to introduce legislation, as soon as Parliamentary time permits, to abolish the potato guarantee arrangements, under which it provides financial support for potatoes in Great Britain. The industry is being consulted on consequent future policy. The guarantee arrangements are expected to remain at least until June 1991. Different arrangements apply to Northern Ireland and these are being considered separately.

TABLE 5.7 Oilseed rape

'000 tonnes — Calendar years

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Area ('000 hectares)	64	269	296	299	388	348
Yield (tonnes/hectare) (a)	2.54	3.43	3.01	3.18	3.49	2.99
Production (a)	165	923	891	951	1,353	1,039
Average producer price (b) (£/tonne)	186	275	274	284	220.5	233.6
Value of output (£ million)	31.2	253.8	244.3	270.2	298.3	242.2
Imports from: the Eleven	59	59	50	79	151	47
third countries	72	8	10	180	40	–
Exports to: the Eleven	2	166	295	496	295	102
third countries	1	1	–	–	1	8
Total new supply	292	823	656	714	1,248	976
Production as % of total new supply for use in UK	57	112	136	133	108	106

(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 — Calendar years

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
A. Sugar beet						
Area ('000 hectares) (a)	206	196	202	201	200	200
Yield (tonnes/hectare)	34.14	45.90	38.28	40.35	39.91	42.50
Production of beet	7,041	9,017	7,717	8,118	7,992	8,500
Average market price (b) (£/tonne)	23.54	27.79	30.03	27.98	27.42	27.55
Value of output (£ million)	165.7	250.6	231.7	227.1	219.1	234.2
Sugar content %	15.91	16.40	17.50	18.14	16.78	17.97
Sugar extraction rate %	84.1	88.9	90.0	89.5	91.0	88.0

continued overleaf

TABLE 5.8 Sugar beet and sugar (continued)

'000 tonnes

	Calendar years					
	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
B. Sugar ('000 tonnes refined basis)						
Production (c)	1,042	1,314	1,210	1,318	1,226	1,350
Imports from (d): the Eleven (e)	297	126	105	131	93	115
third countries	1,287	1,143	1,198	1,124	1,084	1,126
Exports to (d): the Eleven	5	14	22	37	40	80
third countries	102	244	322	136	288	200
Total new supply	2,519	2,325	2,159	2,400	2,075	2,311
Production as % of total new supply for use in UK	41	57	56	55	59	58

(a) Harvested area. This is slightly below the sown area in Table 2.1.
(b) Estimated as the return to grower price less transport and other minor allowances.
(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

	Calendar years					
	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Area ('000 hectares)	5,850	5,091	4,748	4,232	3,985	3,985
Yield (tonnes/hectare)	1.53	1.55	1.37	1.20	1.31	1.30
Production	9.0	7.9	6.5	5.1	5.2	5.2
Farm gate price (£/tonne)	1,521	3,307	2,297	2,233	2,299	2,384
Value of production (£ million)	13.7	26.1	14.9	11.3	12.0	12.3
Imports from: the Eleven	1.4	1.2	1.6	1.7	1.2	1.2
third countries	0.7	0.5	0.8	0.7	1.0	1.0
Exports to: the Eleven	1.0	2.2	2.0	1.4	0.8	1.0
third countries	0.3	0.2	0.1	0.2	–	0.1
Total new supply	9.8	7.2	6.5	6.0	6.6	6.3
Production as % of total new supply for use in UK	109	110	96	85	79	76

TABLE 5.10 Peas and beans for stockfeed

'000 tonnes

	Calendar years					
	Average of 1977-79(a)	1984	1985	1986	1987	1988 (forecast)
A. Peas for harvesting dry (b)						
Area ('000 hectares)	36.6	39.0	78.0	77.4	99.1	89.9 90.6
Yield (tonnes/hectare)	3.1	4.1	2.7	3.6	2.7	3.2 3.38
Production	114.4	160.8	213.0	281.7	262.6	286.8 306
Price (£/tonne)	52.45	178.79	175.45	220.42	198.28	159.17 160.5
Value of production (£ million)	6.0	28.7	37.5	62.1	52.1	45.7 49.1
B. Field beans (mainly for stockfeed)						
Area ('000 hectares)	39.0	32.4	45.1	59.7	91.0	154.5 153.7
Yield (tonnes/hectare)	3.2	3.9	3.4	3.8	3.2	3.3 3.88
Production	123.0	125.1	153.8	229.2	293.9	514.0 596
Price (£/tonne)	35.77	178.79	169.26	211.68	193.02	153.04 156.2
Value of production (£ million)	4.4	22.4	26.0	48.5	56.7	78.7 93.2

(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.

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

million tonnes — Calendar years

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Compounds for:						
cattle	4.6	4.4	4.1	4.5	3.8	3.8
calves	0.4	0.4	0.4	0.4	0.4	0.3
pigs	2.3	2.1	2.1	2.2	2.2	2.1
poultry	3.3	3.2	3.2	3.4	3.5	3.5
other	0.3	0.5	0.5	0.6	0.6	0.7
Total compounds	10.9	10.6	10.3	11.0	10.5	10.4
Straight concentrates (ie. cereals, cereal offals, proteins and other high energy feeds)	3.9	4.6	4.9	4.9	5.3	5.3
Total concentrates	14.8	15.2	15.2	16.0	15.8	15.7
Non concentrates (low-energy bulk feeds expressed as concentrate equivalent) (a)	0.7	0.8	0.7	0.7	0.7	0.6
Total all purchased feedingstuffs	15.5	16.0	15.9	16.7	16.4	16.3
Cost of purchased feedingstuffs (£ million)	1,896.9	2,858.4	2,677.0	2,749.4	2,751.5	2,832.6
of which this part (£ million) represents the value of sales off the national farm included in output but subsequently repurchased as an input	..	771.1	711.2	725.2	628.4	640.6

(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 Seeds

A. Production and supply of herbage and legume seeds (excluding field bean and field pea seeds)

'000 tonnes — June/May years

	Average of 1977/78-1979/80	1984/85	1985/86	1986/87	1987/88	1988/89 (forecast)
Certified seed:						
Area ('000 hectares)	20.4	15.0	15.7	15.7	17.0	18.2
Production	17.2	19.1	13.4	16.2	13.7	..
Total production of seed	17.2	19.2	13.6	16.4	13.7	16.8
Imports from: the Eleven	10.5	8.5	7.9	7.6	6.3	..
third countries	6.1	4.3	3.9	4.6	3.9	..
Exports to: the Eleven	2.3	2.0	1.8	2.1	1.3	..
third countries	0.3	0.2	0.1	0.3	0.2	..
Total new supply	31.2	29.8	23.5	26.2	22.4	..

B. Purchased seeds (excluding direct inter-farm sales)

'000 tonnes — Calendar years

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Cereals	587.0	584.0	580.0	572.0	549.0	610.2
Grass and clover	22.5	17.7	16.3	16.8	14.8	14.3
Root and fodder crops	17.7	29.5	38.1	41.2	54.2	66.5
Potatoes	317.0	266.0	273.0	269.0	251.0	230.0
Vegetables and other horticultural seeds (a)	21.0	13.6	13.9	17.5	16.7	16.7
Total cost of all purchased seeds (£ million)	206.8	259.7	254.6	267.7	286.1	313.1
of which this part (£ million) represents the value of sales off the national farm included in output but subsequently repurchased as an input	97.2	122.1	119.7	127.6	132.4	147.2

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

TABLE 5.13 Potatoes

'000 tonnes

		Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
				Calendar years			
Area, yield, production and output							
Area ('000 hectares):	early	20.5	21.2	16.7	17.2	16.6	17.5
	maincrop	196.0	178.5	175.5	161.7	162.0	162.7
Yield (tonnes/hectare):	early	19.4	18.7	24.1	21.2	23.7	24.2
	maincrop	32.8	39.2	36.7	37.6	39.3	39.3
Production:	early	397	397	403	363	395	425
	maincrop	6,416	7,001	6,489	6,083	6,365	6,387
	total	6,813	7,398	6,892	6,447	6,760	6,812
Waste and stock increase		1,291	1,361	151	87	538	422
Total output		5,521	6,037	6,741	6,360	6,222	6,390
Average price (£/tonne) (a)							
paid to registered producers for maincrop potatoes		59.32	97.78	46.54	70.21	84.87	63.32
realised for all potatoes		61.67	96.92	47.17	70.30	85.76	66.07
Value of output of potatoes (£ million)		340.5	585.1	318.0	447.1	533.6	422.2
Supplies and utilisation							
Total production		6,813	7,398	6,892	6,447	6,760	6,812
Supplies from the Channel Islands		36	32	41	36	43	33
Imports		608	755	655	849	990	925
of which: early from:	the Eleven	79	27	36	63	59	41
	third countries	250	267	191	184	133	148
maincrop from:	the Eleven	75	73	58	198	372	285
	third countries	17	4	14	5	7	18
processed (raw equivalent) from:	the Eleven	71	329	330	355	375	369
	third countries	108	42	14	26	19	34
seed from:	the Eleven	8	12	11	17	26	30
	third countries	–	1	1	–	–	–
Exports		158	246	194	264	231	208
of which: raw and processed (raw equivalent) to:	the Eleven	40	76	69	109	92	80
	third countries	29	25	18	37	62	54
seed to:	the Eleven	24	63	1	37	35	43
	third countries	65	82	106	81	42	31
Total new supply		7,299	7,939	7,394	7,068	7,562	7,562
Increase in farm and other stocks		252	753	−289	−174	139	−65
Total domestic uses		7,047	7,186	7,683	7,242	7,423	7,627
of which:	used for human consumption	4,973	5,813	6,087	6,388	6,431	6,419
	seed for home crops (including seed imports)	701	657	635	593	593	579
	compensation and stockfeed buying programmes	333	113	530	–	–	142
	chats, waste and retained stockfeed	1,040	608	440	261	399	487
Production as % of total new supply for use in UK		93	93	93	91	89	90

(a) Including sacks.

Horticultural crops

Horticultural crops (Table 5.14)

15. The total area devoted to horticulture as recorded in the census was 204,000 hectares in 1988 compared with 199,000 hectares in 1987. The areas shown in Table 5.14 however differ from these for several reasons including multi-cropping. The table gives information about the main sectors and details for apples, pears, tomatoes and cauliflowers, the four UK crops for which intervention arrangements apply.

16. Poor weather in July affected demand for salad crops, and prices for protected crops throughout 1988 were down on the previous year. However, energy costs continued fairly low and growers retained the benefit of enhanced rates of grant for replacement of heated glass and heating equipment. There were no withdrawals of tomatoes.

17. The overall area devoted to field vegetables has shown a slight increase. 1988 was reasonably good for most field vegetables although supplies of some salad crops exceeded demand. Cauliflowers were in good supply throughout the year and achieved higher prices than in 1987. Withdrawals were well down on 1987 levels. Trade in other brassicas was steady and prices good. Prices for carrots were also above last year's level but those for onions were slightly lower. Prices for outdoor salad crops were relatively low for much of the summer.

18. In the top fruit sector orchards already damaged as a result of the storm in October 1987 also suffered frost damage which reduced cropping potential in affected areas. Amounts of £2 a tree could be claimed by growers to assist with replanting of orchard trees lost or damaged in the storm under the Storm Damage Recovery Scheme. Prices of Cox's Orange Pippin showed a marked increase at the beginning of 1988 reflecting industry marketing initiatives. New season yields of Cox's Orange Pippin and Bramley's Seedling were significantly lower than last year, but prices for the crop are slightly higher. Withdrawals of 1987 season apples were well down on the previous year. Lower yields for the new season pears have resulted in prices well above those for 1987. Withdrawals for 1987 season's pears showed an increase on the previous year.

19. Despite poor weather conditions demand for good quality soft fruit was sustained. Wastage was higher than average for strawberries and the 'Pick Your Own' strawberry season was marred by wet weather. However, prices for strawberries were better than in 1987. The Scottish raspberry crop was badly affected by storm damage but raspberry production in England fared slightly better than the previous year although prices were not as high. Blackcurrant production increased by 18 per cent and attracted higher prices.

20. The ornamental sector continues to be buoyant and progressive, with pot and bedding plant sectors expanding to meet increasing demand. Prices for cut flowers remained fairly static with continued pressure from Dutch imports.

TABLE 5.14 Horticultural crops

A. Total output

'000 tonnes

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
			Calendar years			
Vegetables						
Grown in the open						
Area (hectares)	204,763	174,957	181,184	185,871	180,650	181,459
Value of output (£ million)	313.2	493.9	479.4	462.3	534.4	558.2
Protected						
Area (hectares)	3,085	3,335	3,356	3,373	3,361	3,361
Value of output (£ million)	153.8	249.6	254.8	274.5	306.5	304.9
Total value of output (£ million)	467.0	743.5	734.2	736.8	840.9	863.1
Fruit						
Orchard fruit						
Area (hectares)	47,523	36,290	35,473	34,778	30,853	29,857
Value of output (£ million)	73.8	122.4	112.9	120.5	114.6	122.1
Soft fruit						
Area (hectares)	16,888	16,579	16,013	15,073	14,572	14,836
Value of output (£ million)	65.3	99.8	99.6	114.1	107.5	119.9
Total value of output (£ million)	139.1	222.2	212.5	234.6	222.1	242.0
Ornamentals						
Area (hectares)	13,052	12,941	12,920	12,612	13,255	13,403
Value of output (£ million)	136.4	232.3	251.2	279.7	327.7	384.6
of which: flower bulbs	3.1	8.2	9.8	9.3	10.2	10.2
flowers in the open	12.6	17.4	16.6	17.2	18.3	21.3
hardy nursery stock	53.7	107.1	113.9	124.1	144.0	180.0
protected crops	67.0	99.6	110.8	129.2	155.2	173.1
Seeds—value of output (£ million)	4.1	3.1	3.3	5.6	5.8	6.1
Total value of output (£ million) (a)	746.7	1,201.2	1,201.7	1,256.7	1,396.4	1,496.0
Value of output of selected crops (£ million)						
cabbages	46.1	70.3	72.0	61.6	75.4	76.9
carrots	31.1	54.6	46.2	47.1	64.6	76.1
cauliflowers	34.1	60.7	65.5	54.4	63.8	73.6
lettuces	47.6	74.9	69.1	64.3	91.6	84.3
mushrooms	60.5	119.2	134.7	138.7	145.0	149.2
peas	42.2	63.9	49.5	58.3	41.1	48.0
tomatoes	48.4	62.4	52.9	68.9	78.7	67.7
apples	55.1	88.9	83.4	88.4	84.0	90.0
pears	7.5	12.8	14.6	15.0	14.0	14.3
raspberries	12.5	26.7	24.8	40.2	31.5	34.6
strawberries	36.3	58.6	58.2	54.8	58.9	64.2

(a) Includes a very small addition for hedgerow fruits and nuts.

TABLE 5.14 Horticultural crops (continued)

B. Prices, supplies and utilisation of selected crops

Calendar years

'000 tonnes

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Apples (excluding cider apples)						
Farm gate price (£/tonne)						
dessert	207.98	343.98	337.03	361.64	335.61	417.44
culinary	130.48	240.22	237.15	261.68	243.99	320.09
Output from the crop						
dessert	171.4	167.5	154.0	147.8	160.2	134.3
culinary	149.4	130.2	132.7	133.5	123.8	106.2
Imports from: the Eleven	260.9	265.4	282.2	287.7	291.4	282.3
third countries	90.7	135.5	146.2	154.5	152.1	174.6
Exports to: the Eleven	16.7	19.8	23.7	19.1	31.7	21.8
third countries	0.1	0.2	0.2	0.2	0.1	0.5
Total new supply	655.6	678.6	691.2	704.2	695.7	675.1
Increase in stocks	0.5	11.9	−4.0	3.3	−20.9	−14.7
Total domestic uses	655.1	666.7	695.2	700.9	716.6	689.8
Output as % of total new supply for use in UK	49	44	41	40	41	36
Closing stocks	106.1	117.5	113.5	116.8	95.9	81.2
Pears (excluding perry pears)						
Farm gate price (£/tonne)						
dessert	170.86	297.56	305.67	330.34	308.07	314.43
Output from the crop	43.6	43.0	47.6	45.3	45.3	45.3
Imports from: the Eleven	31.2	52.4	51.2	50.8	55.3	51.7
third countries	15.0	13.6	18.2	13.5	21.9	37.1
Exports to: the Eleven	2.3	1.2	1.2	1.1	0.8	1.7
third countries	0.1	. . .	0.3	0.2	. . .	. . .
Total new supply	87.4	107.8	115.5	108.3	121.7	132.4
Increase in stocks	7.6	1.0	0.4	−6.4	8.5	−7.8
Total domestic uses	79.8	106.8	115.1	114.7	113.2	124.6
Output as % of total new supply for use in UK	50	40	41	42	37	34
Closing stocks	22.0	23.7	24.1	17.7	26.2	18.4
Cauliflowers						
Farm gate price (£/tonne)	124.73	179.67	213.06	161.22	224.39	197.01
Output	280.0	338.0	307.0	338.0	285.0	374.0
Supplies from Channel Islands	8.0	17.0	8.0	10.0	10.0	10.0
Imports from: the Eleven	18.0	51.0	41.0	56.0	41.0	58.0
third countries	—	—	—	—	—	—
Total new supply	306.0	406.0	356.0	404.0	336.0	442.0
Output as % of total new supply for use in UK	92	83	86	84	85	85
Tomatoes						
Farm gate price (£/tonne)	377.40	544.20	492.63	545.88	629.64	521.43
Output	126.0	126.0	125.0	126.0	125.0	130.0
Supplies from Channel Islands	53.0	26.0	24.0	16.0	12.0	16.0
Imports from: the Eleven	17.0	133.0	148.0	160.0	152.0	162.0
third countries	97.0	102.0	105.0	97.0	104.0	94.0
Exports to: the Eleven	7.0	7.0	7.0	8.0	6.0	6.0
third countries	—	—	—	—	—	—
Total new supply	286.0	380.0	395.0	391.0	387.0	396.0
Output as % of total new supply for use in UK	44	33	32	32	32	33

Livestock

Cattle and calves, beef and veal (Table 5.15)

21. During 1988 intervention buying of forequarters continued on the basis of the revised arrangements introduced in April 1987. These arrangements, together with higher market prices, led to the suspension of intervention for some grades of beef in the United Kingdom. Intervention was suspended completely in Great Britain for two months in the autumn. Purchases were therefore lower at 38,000 tonnes compared to 44,000 tonnes in 1987. As a result of this and the continued high sales for processing, intervention stocks in the United Kingdom dropped from 50,000 tonnes (carcase weight equivalent) at the end of 1987 to 36,000 tonnes at the end of 1988.

22. The higher market prices led to beef variable premium being paid at less than its maximum rate in the autumn, the first time since 1986 that this has happened. The beef herd continues to increase, with beef heifers in calf showing a rise of 28 per cent over the previous year at the June 1988 Agricultural Census. Exports of calves to the Continent, although higher than in most recent years, dropped back from the levels of 1987. Negotiations began on a further reform of the beef regime on the basis of proposals by the European Commission.

Sheep and lambs, mutton and lamb (Table 5.16)

23. The breeding flock continued to expand, the rise of around 5 per cent between June 1987 and June 1988 being slightly higher than that recorded for the previous year.

24. Home-fed production of sheepmeat in 1988 is expected to be around 11 per cent higher than the levels of 1987. However, with exports expected to rise by some 12 per cent it is anticipated that there will be only a slight increase in supplies to the home market. Estimated market prices for Great Britain are likely to be about 7 per cent below those of last year with a fall of around 2 per cent expected for Northern Ireland.

25. In February 1988 the European Council agreed a budgetary stabiliser mechanism for sheepmeat. The stabiliser came into effect on 23 May 1988 with the Great Britain guide price for determining variable premium being reduced by 3 per cent from that date.

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 up to the end of March 1989 is expected to be £6.4 million.

27. In October the European Commission produced revised proposals for the review of the European Community's sheepmeat regime. These envisage a number of changes to both the internal and external aspects of the regime and form the basis of discussions about its future shape.

Pigs and pigmeat (Table 5.17)

28. A relatively high level of supplies in the United Kingdom, and throughout the European Community, caused United Kingdom pig prices at the beginning of the year to fall to their lowest level since 1980. Prices recovered somewhat later in the year but the benefit to producers was offset to some extent by the rise in the price of feedingstuffs – particularly soya – due to the drought in the United States of America.

Poultry and poultrymeat (Table 5.18)

29. Production of poultrymeat continued to grow in response to increasing demand and it now provides the largest single contribution by volume to the national meat supply. Chicken and turkey prices showed a slight decrease on 1987 levels.

TABLE 5.15 Cattle and calves: beef and veal

Calendar years

	Average of 1977-79	1984	1985	1986	1987(a)	1988 (forecast)
Cattle and calves: numbers and output						
Total cattle and calves ('000 head at June)	13,719	13,213	12,911	12,533	12,158	11,884
of which: dairy cows	3,278	3,281	3,150	3,138	3,042	2,911
beef cows	1,607	1,351	1,333	1,308	1,343	1,371
dairy heifers in-calf	665	658	703	711	598	613
beef heifers in-calf	183	154	171	168	176	226
other	7,986	7,771	7,554	7,208	6,998	6,763
Total marketings ('000)	4,536	4,457	4,355	4,130	4,462	3,646
of which: steers, heifers and young bulls	..	..	3,243	3,063	3,081	2,681
calves	..	..	247	279	453	273
cows and adult bulls	..	..	865	788	929	692
Average total return (p per kg) (b)	118	173	173	171	176	200
of which: steers, heifers and young bulls	..	..	180	179	184	206
calves	..	..	202	263	356	426
cows and adult bulls	..	..	145	134	139	165
Value of home-fed production (£ million)	1,246.2	1,967.7	1,958.2	1,815.9	1,967.6	1,918.9
Supplies ('000 tonnes, dressed carcase weight) (c)						
Home-fed production	1,054	1,136	1,132	1,062	1,118	959
Imports from: the Eleven (d)	260	152	157	212	209	241
third countries	51	46	53	49	50	58
Exports to: the Eleven (e)	129	141	131	140	164	104
third countries	3	79	60	79	60	45
Total new supply	1,233	1,114	1,151	1,104	1,153	1,109
Increase in stocks	−7	52	46	−30	−7	−17
Total domestic uses	1,240	1,062	1,105	1,134	1,160	1,126
Home-fed production as % of total new supply for use in UK	85	102	98	96	97	86
Closing stocks	42	102	148	118	110	93

(a) For comparability with other years, the figures have been adjusted from a 53-week to a 52-week basis.
(b) Value per kg of home-fed production net of marketing expenses. Includes variable premium but not compensation payments.
(c) Does not include meat offals or trade in preserved or manufactured meat products. Boneless meat has been converted to bone-in weights.
(d) Includes meat from finished animals imported from Irish Republic.
(e) Adjusted, as necessary, for unrecorded trade in live animals.

TABLE 5.16 Sheep and lambs: mutton and lamb

	Average of 1977-79	1984	1985	1986	1987(a)	1988 (forecast)
	Calendar years					
Sheep and lambs: numbers and output (excluding clip wool)						
Total sheep and lambs ('000 head at June)	29,302	34,802	35,628	37,016	38,701	41,003
of which: ewes	11,477	13,648	13,893	14,252	14,780	15,457
shearlings	2,696	2,892	2,984	3,146	3,288	3,553
lambs under one year old	13,865	17,080	17,566	18,384	19,377	20,662
other	1,265	1,182	1,184	1,234	1,256	1,332
Total marketings ('000)	12,067	15,444	16,367	16,056	16,507	18,208
of which: clean sheep and lambs	10,789	13,726	14,682	14,534	14,854	16,590
ewes and rams	1,278	1,718	1,685	1,522	1,653	1,619
Average total return (p per kg) (b)	124	186	194	198	207	207
of which: clean sheep and lambs	..	207	211	214	226	222
ewes and rams	..	75	92	92	91	99
Value of home-fed production (£ million)	290.2	555.1	607.8	596.0	645.5	713.5
Supplies ('000 tonnes, dressed carcase weight) (c)						
Home-fed production	235	298	314	301	311	345
Imports from: the Eleven (d)	...	...	...	...	...	...
third countries	217	153	168	136	146	125
Exports to: the Eleven (e)	46	54	55	70	88	97
third countries	4	4	4	2	3	5
Total new supply	402	393	423	365	366	368
Increase in stocks	...	−15	11	−15	−5	−4
Total domestic uses	402	408	412	381	371	372
Home-fed production as % of total new supply for use in UK	58	76	74	82	85	94
Closing stocks	20	33	44	29	24	20

(a) For comparability with other years, the figures have been adjusted from a 53-week to a 52-week basis.
(b) Value per kg of home-fed production, net of marketing expenses. Includes variable premium but not compensation payments and production grants.
(c) Does not include meat offals or trade preserved or manufactured meat products. Boneless meat has been converted to bone-in weights.
(d) Includes meat from finished animals imported from Irish Republic.
(e) Adjusted, as necessary, for unrecorded trade in live animals.

TABLE 5.17 Pigs and pigmeat

Calendar years

	Average of 1977-79	1984	1985	1986	1987(a)	1988 (forecast)
Pigs: numbers and output						
Total pigs ('000) at June	7,783	7,689	7,865	7,937	7,942	7,995
of which: sows in-pig and other sows for breeding	733	696	717	716	713	700
gilts in-pig	110	105	112	108	107	103
other	6,940	6,889	7,037	7,113	7,122	7,191
Total marketings ('000)	14,223	14,949	15,359	15,667	15,650	15,800
of which: clean pigs	13,853	14,606	15,024	15,324	15,302	15,421
sows and boars	370	343	335	343	347	379
Average total return (p per kg dcw)(b)	75	103	98	94	93	86
of which: clean pigs	..	105	100	95	95	87
sows and boars	..	72	70	68	59	56
Home-fed production						
quantity ('000 tonnes, dcw)	905	948	975	985	999	1,018
value (£ million)	679.1	976.8	958.4	924.0	928.2	870.7
Supplies of pork ('000 tonnes, dressed carcase weight) (c)(d)						
Home-fed production	660	713	743	753	780	798
Imports from: the Eleven	26	27	29	30	44	54
third countries	6	11	7	4	5	6
Exports to: the Eleven (e)	16	39	48	54	47	49
third countries	2	2	2	3	4	5
Total new supply	674	710	729	730	778	804
Increase in stocks	−1	−1	−1	2	1	4
Total domestic uses	675	711	730	728	777	800
Home-fed production as % of total new supply for use in UK	98	100	102	103	100	99
Closing stocks	4	6	5	7	8	12
Supplies of bacon and ham ('000 tonnes, product weight) (c)						
Home-cured production	217	208	203	206	197	198
Imports from: the Eleven (f)	285	264	262	256	259	255
third countries	14	2	2	2	1	1
Exports to: the Eleven	2	7	6	6	5	6
third countries	. . .	. . .	. . .	. . .	. . .	. . .
Total new supply	514	467	461	458	452	448
Increase in stocks	1	1	. . .	. . .	2	2
Total domestic uses	513	466	461	458	450	446
Home-cured production as % of total new supply for use in UK	42	45	44	45	44	44
Closing stocks	2	4	4	4	5	7

(a) For comparability with other years the figures have been adjusted from a 53-week to a 52-week basis.
(b) Value per kg of home-fed production, net of marketing expenses, excluding compensation payments.
(c) Does not include meat offals or trade in preserved or manufactured meat products.
(d) Boneless meat has been converted to bone-in weights.
(e) Adjusted as necessary for unrecorded trade in live animals.
(f) Includes meat from finished animals imported from Irish Republic.

TABLE 5.18 Poultry and poultrymeat

	Average of 1977-79	1984	1985	1986	1987(a)	1988 (forecast)
			Calendar years			
A. Fowls: numbers and output						
Total number of fowls ('000 at June) (b)	133,924	118,846	119,456	120,740	128,628	129,043
of which: pullets not in lay	16,419	12,536	12,503	12,502	12,230	11,542
birds in laying flock	49,574	40,573	39,538	38,096	38,498	36,856
for breeding	6,452	6,396	6,104	6,334	7,146	6,998
table fowls (including broilers)	56,556	59,341	61,311	63,807	70,754	73,647
Slaughterings ('000)	407,978	449,579	465,665	483,842	514,883	530,087
Production of meat ('000 tonnes)						
chickens and other table fowls	547	633	658	689	755	834
boiling fowls	66	57	58	58	53	54
Average producer price (p per kg deadweight) (c):						
chickens and other table fowls	59.5	77.5	75.4	75.2	74.0	71.6
boiling fowls	31.9	34.6	38.0	38.5	34.1	17.3
Value of output (£ million)	346.7	510.0	518.0	540.2	577.1	606.8
B. Other poultry (Ducks, geese, turkeys etc): numbers and output						
Slaughterings ('000)	27,975	34,071	34,837	38,831	40,449	40,866
Production of meat ('000 tonnes deadweight)	119	156	158	178	187	192
Value of output (£ million)	112.1	163.7	183.8	218.6	216.6	207.8
C. Supplies of poultrymeat ('000 tonnes deadweight)						
Production	732	846	874	925	995	1,080
Imports from: the Eleven	19	53	61	88	82	83
third countries	1	—	—	1	1	1
Exports to: the Eleven	10	25	28	29	40	51
third countries	19	3	3	9	10	9
Total new supply	723	871	904	976	1,027	1,104
Increase in stocks	4	−12	−5	5	15	2
Total domestic uses	719	883	909	971	1,012	1,102
Production as % of total new supply for use in UK	101	97	97	95	97	98

(a) For comparability with other years, the figures have been adjusted from a 53-week to a 52-week basis.
(b) Because of changes in coverage of poultry holdings, data for 1984 and subsequent years cannot be directly compared with data for earlier years.
(c) Deadweight prices have been derived from liveweight equivalents.

Livestock products

Milk and Milk Products (Tables 5.19 and 5.20)

30. The February European Council agreed to extend the quota system until March 1992, including the existing restrictions on intervention buying and 5.5 per cent quota suspension. Provision was made for the compensation for this quota suspension to decrease progressively over the period to 1992.

31. The impact of milk quota reductions was particularly marked in the production of butter and skimmed milk powder. Production of these during the first nine months of the year was respectively 22 per cent and 32 per cent lower than in 1987. On the other hand production of whole milk powder and cheese rose by 18 per cent and 14 per cent respectively over the same period. Although the Community as a whole continues to produce substantial surpluses of both milk fat and milk protein, tighter supplies (exacerbated by the continued high level of Community subsidies), the falling proportion of milk used for the lowest-value outlets, a higher liquid milk price and the effect of the devaluation of the green pound contributed to the increase in prices received by producers. Intervention stocks fell markedly; no skimmed milk powder, and only some 1300 tonnes of butter (all before March) were offered into intervention.

32. The seasonal fluctuation in liquid milk production in Great Britain was less marked in 1988 than it had been in 1987, and arrangements adopted by the Milk Marketing Boards to deal with the resulting supply problems worked well. The Milk Marketing Board for England and Wales announced measures designed to provide an incentive to increase summer calving and hence reduce seasonal variations in supply in the longer term.

Eggs (Table 5.21)

33. Following an increase in placings for egg laying towards the end of 1987, eggs were in very plentiful supply for much of 1988. Average packer to producer prices fell sharply in the early part of the year but then increased as supply came into better balance with demand. In December 1988, because of an upsurge in public concern over salmonella, demand for eggs fell sharply.

Wool (Table 5.22)

34. The guaranteed price for the 1988 wool clip remained at 129 p/kg. Market prices for the 1988 wool clip have exceeded the guarantee level.

35. On 24 October 1988 Agriculture Ministers announced that the Government intended to introduce legislation to end the price guarantee for wool but that the marketing of clip wool in the United Kingdom would continue to be organised by the British Wool Marketing Board.

TABLE 5.19 Milk

Million litres

	Average of 1977-79	1984 (a)	1985	1986	1987	1988(a) (forecast)
			Calendar years			
Production and output						
Dairy herd (annual average size, '000) (b)	3,313	3,311	3,207	3,191	3,072	2,951
Average yield per cow (litres per annum)	4,561	4,748	4,852	4,941	4,855	4,927
Production of milk from the dairy herd (c)	15,179	15,722	15,560	15,766	14,915	14,539
Production of milk from the beef herd	40	33	33	32	31	31
Wastage and milk fed to stock	177	163	173	169	145	148
Output for human consumption	15,042	15,592	15,420	15,629	14,801	14,422
Average producer price (pence per litre) (d)	10.79	14.99	15.56	16.07	16.44	17.22
Value of output (£ million)	1,622.6	2,337.0	2,399.4	2,512.1	2,434.1	2,483.1
Utilisation of the output for human consumption						
Sales through MMB schemes:						
for liquid consumption	7,390	6,958	6,898	6,851	6,812	6,794
for manufacture	7,481	8,473	8,350	8,597	7,806	7,445
of which: butter (e)	3,424	4,434	4,363	4,712	3,764	3,137
cheese (f)	2,201	2,451	2,551	2,551	2,612	2,834
cream (g)	1,010	722	554	447	409	413
condensed milk—full cream (h)	558	422	428	432	408	401
milk powder—full cream	194	355	367	354	512	553
other	94	89	87	101	102	107
Total sales (i)	14,872	15,446	15,263	15,460	14,631	14,252
Milk used on farms (j)	170	146	157	169	170	170

(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; the price is therefore net of EC taxes.
(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 cream, milk consumed in farm households and sales outside milk marketing schemes.

TABLE 5.20 Milk products

'000 tonnes

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
			Calendar years			
Butter (a)						
Production (b)	153	206	202	222	176	142
Imports from: the Eleven	162	71	63	69	52	48
third countries	126	90	78	76	72	74
Exports to: the Eleven (c)	37	17	21	29	128	111
third countries	7	8	5	5	6	5
Total new supply (c)	397	342	317	333	166	148
Increase in stocks (d)	5	54	33	59	−103	−124
Total domestic uses (c) (d)	392	288	284	274	269	272
Production as % of total new supply for use in UK	39	62	64	67	106	96
Closing stocks (d)	137	231	264	323	220	96
Cheese						
Production (b)	219	246	256	258	264	295
Imports from: the Eleven	113	131	145	156	142	176
third countries	8	14	17	17	18	18
Exports to: the Eleven	8	12	17	21	20	16
third countries	6	20	15	13	16	17
Total new supply	326	359	386	397	388	456
Increase in stocks	−2	−7	9	8	−10	22
Total domestic uses	328	366	377	389	398	434
Production as % of total new supply for use in UK	67	69	66	65	68	65
Closing stocks	102	106	115	123	113	135

continued overleaf

TABLE 5.20 Milk products (continued)

'000 tonnes

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
				Calendar years		
Cream—fresh, frozen, sterilized						
Production (b) (e)	84	59	45	39	36	36
Imports from: the Eleven	5	3	3	3	4	3
third countries	...	...	...	—	—	—
Exports to: the Eleven	1	1	...	...	...	...
third countries	...	...	...	1	2	3
Total new supply	88	61	48	41	38	36
Increase in stocks	—	—	—	—	—	—
Total domestic uses	88	61	48	41	38	36
Production as % of total new supply for use in UK	96	97	94	95	95	100
Closing stocks	—	—	—	—	—	—
Condensed milk—full cream (f)						
Production (g)	258	184	181	174	180	187
Imports from: the Eleven	4	8	6	9	11	10
third countries	...	...	...	1	...	...
Exports to: the Eleven	8	24	13	5	6	39
third countries	33	3	23	22	27	25
Total new supply	221	165	151	157	158	133
Increase in stocks	...	2	−12	−1	2	−1
Total domestic uses	221	163	163	158	156	134
Production as % of total new supply for use in UK	117	112	120	111	114	141
Closing stocks	18	20	8	7	9	8
Milk powder—full cream						
Production (g)	20	53	61	57	94	108
Imports from: the Eleven	5	9	8	13	12	9
third countries	...	...	...	...	1	...
Exports to: the Eleven	2	5	8	7	16	50
third countries	13	37	36	38	45	45
Total new supply	10	20	25	25	46	31
Increase in stocks	...	2	-1	−1	2	...
Total domestic uses	10	18	26	26	44	31
Production as % of total new supply for use in UK	200	265	226	228	204	348
Closing stocks	2	4	3	2	4	4
Skimmed milk powder						
Production (g)	250	223	241	268	194	141
Imports from: the Eleven	18	25	20	16	15	9
third countries	...	...	...	...	1	...
Exports to: the Eleven (c)	68	128	91	137	71	50
third countries	28	56	53	38	38	48
Total new supply (c)	172	64	117	109	101	52
Increase in stocks	−3	−102	−44	−22	−22	−11
Total domestic uses (c)	175	166	161	131	123	63
Production as % of total new supply for use in UK	145	348	206	246	192	271
Closing stocks	69	108	64	42	20	9

(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.
(g) These figures have been substantially revised this year and are now based on the MAFF Condensed Milk and Milk Powder Survey.

TABLE 5.21 Eggs

	Average of 1977-79	1984	1985	1986	1987(a)	1988 (forecast)
	Calendar years					
Numbers of layers and output of eggs						
Numbers of fowls in lay in commercial flocks (annual average, millions) (b)	58.61	48.17	47.92	48.12	49.11	49.47
Average yield per layer (number of eggs)	243.2	249.6	251.4	250.8	252.5	254.0
Gross commercial production (b) (million dozen)	1,188	1,002	1,004	1,006	1,033	1,047
Output of eggs for human consumption from fowls (including production on non-commecial holdings but excluding waste and eggs used for hatching) (million dozen)	1,175	999	998	997	1,017	1,027
Average realised price (p per dozen)	35.5	53.5	49.0	43.7	50.0	45.0
Value of output of eggs from fowls (£ million)	417.1	533.9	488.8	436.2	508.2	461.9
Value of total output of eggs (inc duck eggs) (£ million)	418.9	536.8	491.8	439.1	510.8	464.6
Utilisation of UK output for human consumption and other supplies (million dozen)						
Total UK output of hen and duck eggs for human consumption (c)	1,178	1,003	1,002	1,002	1,022	1,031
of which: sold in shell	1,137	962	955	952	966	966
processed	41	41	47	50	56	65
Imports from (d): the Eleven	19	53	56	44	34	36
third countries	1	1	—	—	—	—
Exports to (d): the Eleven	33	21	21	20	17	17
third countries	5	1	1	1	1	1
Total new supply	1,160	1,035	1,036	1,025	1,038	1,049
Output as % of total new supply for use in UK	102	97	97	98	98	98

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

TABLE 5.22 Wool

Million kg, greasy weight equivalent

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
	Calendar years (a)					
Skin wool (valued within output from sheep and lambs)						
Production	13	15	17	17	17	17
Clip wool (a)						
Production (million kg, greasy)	34	40	41	42	45	48
Producer price for clip (p per kg) (b)	94.9	94.1	101.5	98.7	98.4	97.9
Value of output (£ million)	32.7	37.1	42.1	41.1	43.4	46.8
Supplies						
Total production	48	54	58	59	62	65
Imports from: the Eleven	22	23	21	25	41	47
third countries	130	108	124	121	131	121
Exports to: the Eleven	30	29	25	39	42	42
third countries	14	16	20	35	39	36
Total new supply	156	140	158	131	153	155
Production as % of total new supply for use in UK	31	39	37	45	41	42

(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) This 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 1988) 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 the remuneration of farm workers, of those supplying financial capital to the industry (for current farming purposes), of landlords and ultimately of farmers and their spouses in the form of farming income.

3. The table begins by drawing together the estimates of the output value of each of the commodities covered in section 5. Together with the value of output of various other commodities and other items and receipts (at lines 7, 9, 10 and 12), this gives the industry's gross output. The level of this is forecast to be virtually unchanged from the 1987 level and with hardly any change in its separate price and volume components. The industry's gross input, on the other hand, is forecast to have risen by 3.5 per cent, with a slight reduction in the quantity of the industry's purchases being offset by a 4.3 per cent rise in the prices of its inputs. The result is a forecast fall of 3.6 per cent in the industry's gross product and, given an increase in depreciation, of 6.7 per cent in its net product.

4. This fall is inevitably reflected in the incomes of those engaged in the industry. Moreover because some of these incomes are partly determined by factors outside the industry, and are hence less sensitive to the fortunes of the industry, variations in net product tend to have a disproportionate effect on farming income. This – the return to farmers and their spouses for their labour, management skills and own capital invested – is forecast to have fallen by 25.1 per cent between 1987 and 1988. The aggregate cost (and hence broadly incomes) of hired farm workers is forecast to have risen by 2.5 per cent, this figure reflecting the net effect of a much larger rise in earnings per worker and a further fall (of 3.6 per cent) in the use of hired labour. The forecast changes in respect of the labour input of family workers, non-principal partners and directors are necessarily similar since the earnings attributed to them are linked to those of hired workers. The industry's interest bill, paid to the providers of its financial capital (other than for land purchase), is forecast to have risen by 7 per cent. On the other hand the amount of net rent (after allowing for expenses and depreciation) received by landlords is forecast to have fallen by 2.1 per cent. Further tables provide more information on these various incomes from agriculture.

5. Table 6.2 (part A) details the forecast changes in the components of the industry's gross output and gross input between 1987 and 1988 in both

absolute and percentage terms (and separately for the underlying volume and price elements). The lower half of the table 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, now recalculated at constant 1985 prices, has risen by over 50 per cent over the last decade, including a forecast rise of 3.2 per cent in the last year.

6. 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 rose by an average of 2.5 per cent per annum between 1977 and 1984 but by less than 1 per cent per annum between 1984 and 1988.

Aggregate farm income (Table 6.3)

7. As stated above the estimate of farming income is very sensitive to the fluctuations in the industry's net product. It is in fact misleading to imagine that any single indicator of income can portray the fluctuating fortunes of those involved in an industry such as agriculture in which the immediate family or farm household and landlords and other providers of capital often play so significant a role. Table 6.3 therefore presents some alternative measures in order to give a broader picture of the industry's changing fortunes. Farm business income includes the return to farmers and their spouses, to non-principal partners and directors and to all financial capital invested in the industry, after providing for depreciation. The next series, the cash flow from farming of (i) farmers and spouses and (ii) farmers and spouses, non-principal partners and directors and family workers, may be closer to how many farmers or farm households perceive their earnings from agriculture. All these series are forecast to have fallen less between 1987 and 1988 than has farming income. On the other hand the indices in real terms all show a significant fall in the purchasing power of the entrepreneurial income from agriculture, however defined, over both the last decade and the last year.

8. The picture is not however complete without some consideration of the other incomes of the persons covered by these series. Some information on these other incomes 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 1986/87 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 6.4)

9. Income from farming, however defined, is a major source of funds for the purchase of new equipment and other fixed assets. Table 6.4 shows the industry's fixed investment and the changes in its stocks and work in

progress. In 1988 total gross fixed capital formation is forecast to have increased by just over 5 per cent to £990 million, following falls of 11 per cent in 1987 and of 14 per cent in 1986. However, at constant 1985 prices, fixed investment is forecast to have fallen by about 1.5 per cent between 1987 and 1988, with a rise of nearly 8 per cent for plant and machinery not offsetting falls for building and works of just over 12 per cent and for vehicles of about 5.5 per cent. The industry also reduced its stocks and work in progress.

Agricultural wages (Table 6.5)

10. Data on the average hours and earnings of whole-time adult male agricultural workers in the United Kingdom are given in Table 6.5. These workers earned a weekly average wage of about £148 in 1987 for an average working week of 46.5 hours, compared with £140.80 for an average week of 46.7 hours in 1986. In 1988 average weekly earnings are forecast to rise to about £155.50 for a working week of 46.7 hours. This forecast reflects increases in the statutory minimum weekly wage rates payable in the United Kingdom of about 5 per cent in England and Wales and 5.5 per cent in Scotland and Northern Ireland. The aggregate earnings of hired workers reflect these changes as well as the decline in the size of the labour force.

Interest (Table 6.6)

11. Information on the interest charges payable on farmers' borrowings for current farming purposes and for buildings and works, and hence of the interest received by the suppliers of this capital, is shown in Table 6.6. The amount of interest paid by agriculture on these loans in 1988 is forecast to be nearly £684 million, a rise of about £45 million compared to 1987. About 60 per cent of this is attributable to increases in the level of advances.

Farm rents (Table 6.7)

12. Average farm rents (per hectare) in Great Britain are estimated to have increased by 1.3 per cent between 1987 and 1988. This estimate is based on the provisional results of the annual rent enquiry in England and in Wales and the continuing field surveys in Scotland. The increase in 1987 over 1986 was 3.5 per cent. The average rent of those farms in England for which a rent review was due during the year to October 1988 is estimated to have increased by 3.6 per cent. This average rise reflects the net outcomes for the 45 per cent of farms where there was an increase in the level of rent, the 50 per cent for which there was no change and the 5 per cent where there was a decrease. The resulting increase in aggregate gross rent was more than offset by other changes, principally by an increase in landlord's depreciation, thus leading to a fall in the aggregate net rent received by landlords.

TABLE 6.1 Outputs, inputs and net product

£ million — Calendar years

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Output (a)						
Cereals						
Wheat	473.2	1,460.6	1,409.2	1,365.6	1,263.9	1,157.7
Barley	507.0	929.9	841.7	775.6	744.7	689.3
Oats	19.4	26.4	27.7	30.1	30.1	30.1
Other (b)	1.9	2.8	2.5	2.5	2.5	2.5
1. Total cereals	1,001.5	2,419.7	2,281.1	2,173.8	2,041.2	1,879.6
Other crops						
Oilseed rape	31.2	253.8	244.3	270.2	298.3	242.2
Sugar beet	165.7	250.6	231.7	227.1	219.1	234.2
Hops	13.7	26.1	14.9	11.3	12.0	12.3
Peas and beans for stockfeed	10.4	51.0	63.5	110.6	108.8	124.3
Fodder and other minor crops (c)	38.7	60.8	62.0	63.7	64.4	69.3
2. Total other crops	259.7	642.3	616.4	682.9	702.6	682.3
Potatoes						
3. Total potatoes	340.5	585.1	318.0	447.1	533.6	422.2
Horticulture						
Vegetables (d)	511.2	813.9	803.7	806.6	927.2	944.8
Fruit (d)	151.6	242.2	231.6	255.7	242.1	263.8
Ornamentals	136.4	232.3	251.2	279.7	327.7	384.6
Other (e)	4.2	3.2	3.5	5.8	6.0	6.3
4. Total horticulture	803.4	1,291.6	1,290.0	1,347.8	1,503.0	1,599.5
Livestock						
Finished cattle and calves	1,246.2	1,967.7	1,958.2	1,815.9	1,967.6	1,918.9
Finished sheep and lambs	290.2	555.1	607.8	596.0	645.5	713.5
Finished pigs	679.1	976.8	958.4	924.0	928.2	870.7
Poultry	458.8	673.6	701.7	758.8	793.7	814.6
Other (f)	67.8	94.1	103.8	106.0	115.4	121.5
5. Total livestock	2,742.3	4,267.3	4,329.9	4,200.7	4,450.4	4,439.2
Livestock products						
Milk	1,593.0	2,297.2	2,355.3	2,459.8	2,378.9	2,422.8
Milk products (farm mfr only)	29.6	39.8	44.1	52.3	55.2	60.3
Eggs	418.9	536.8	491.8	439.1	510.8	464.6
Clip wool	32.7	37.1	42.1	41.1	43.4	46.8
Other (g)	13.7	27.8	26.0	29.5	33.2	34.7
6. Total livestock products	2,088.0	2,938.7	2,959.3	3,021.8	3,021.5	3,029.2
Own account capital formation (h)						
Breeding livestock	−14.3	−28.9	12.7	4.6	−28.8	2.2
Other assets	49.3	121.6	115.6	102.9	98.0	114.8
7. Total own account capital formation	34.9	92.7	128.3	107.5	69.2	117.0
8. Total output (1+2+3+4+5+6+7)	7,270.2	12,237.4	11,923.0	11,981.6	12,321.5	12,169.0
9. Compensation payments and sundry receipts	27.7	127.1	140.0	176.7	153.6	238.3
10. Production grants	91.9	145.8	141.9	147.0	153.2	161.9
11. Total receipts (8+9+10)	7,389.8	12,510.3	12,204.9	12,305.3	12,268.3	12,569.2
Value of physical increase in:						
Work-in-progress (i)	−2.1	−16.7	−72.9	−32.1	−86.4	−33.7
Output stocks	56.9	121.2	−156.8	12.2	−31.8	−10.3
12. Total value of physical increase	54.8	104.5	−229.7	−19.9	−118.2	−44.0
13. Gross output (11+12)	7,444.7	12,614.8	11,975.2	12,285.4	12,510.1	12,525.2

TABLE 6.1 Outputs, inputs and net product (continued)

£ million

	Calendar years					
	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Intermediate output (j)						
Feed	431.9	767.3	699.8	726.5	629.7	641.8
Seed	97.2	122.1	119.7	125.8	134.5	147.2
14. Total	529.1	889.4	819.5	852.3	764.2	789.0
15. Final output (13-14)	6,915.6	11,725.4	11,155.7	11,433.1	11,745.9	11,736.2
Inputs						
Expenditure (net of reclaimed VAT)(k)						
Feedingstuffs	1,896.9	2,858.4	2,689.5	2,749.4	2,751.5	2,832.6
Seeds	206.8	259.7	254.6	267.7	286.1	313.1
Livestock (imported and inter-farm expenses)	152.4	202.3	205.7	200.1	183.6	211.5
Fertilisers and lime	487.8	950.9	901.1	797.0	692.8	693.0
Pesticides	115.0	269.2	313.2	317.8	334.5	385.8
Machinery: repairs	242.2	427.2	467.1	492.2	520.0	560.4
fuel and oil	222.4	432.4	475.6	373.5	372.2	376.1
other	48.2	82.1	88.8	97.2	107.4	118.7
Farm maintenance (l)	148.7	255.3	270.9	270.5	304.5	294.5
Veterinary expenses and medicines	69.8	121.9	133.2	146.3	153.1	157.2
Electricity	75.6	124.2	134.2	135.0	135.0	142.1
Miscellaneous expenditure (l)	340.1	597.0	638.2	677.1	713.9	718.9
16. Total expenditure	4,006.1	6,580.6	6,572.2	6,523.8	6,554.6	6,803.9
17. Value of physical usage of input stocks (m)	1.0	10.4	13.9	−73.9	63.1	42.6
18. Gross input (16 + 17)	4,007.0	6,591.0	6,586.1	6,449.9	6,617.7	6,846.5
19. Net input (18-14)	3,477.9	5,701.6	5,766.6	5,597.6	5,853.5	6,057.5
20. **Gross product (13-18) or (15-19)**	3,437.6	6,023.8	5,389.1	5,835.5	5,892.4	5,678.7
Depreciation: Building and works (l)	249.6	470.3	507.0	546.2	573.9	607.8
Plant, machinery and vehicles	583.4	885.5	921.4	907.1	936.6	982.4
21. Total depreciation	833.0	1,355.8	1,428.4	1,453.3	1,510.5	1,590.2
22. **Net product (20-21)**	2,604.6	4,668.0	3,960.7	4,382.2	4,381.9	4,088.5
Comprising						
Labour (n) — hired	803.8	1,308.8	1,401.2	1,368.6	1,375.0	1,409.7
— family, partners and directors	309.0	588.1	648.7	685.2	690.8	702.1
Interest (o)	216.3	568.7	703.8	699.7	639.1	683.8
Net rent (l)	54.7	141.2	153.6	158.6	160.0	156.7
Farming income (p)	1,220.8	2,061.2	1,053.4	1,470.1	1,517.0	1,136.2

(a) Output is net of VAT collected on the sale of non-edible products. Figures for total output include subsidies (but not compensation payments) and some are net of levies.
(b) Mixed corn, maize and rye.
(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) Honey, goats milk, exports of eggs for hatching and minor livestock products.
(h) 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.
(i) Work in progress is livestock other than breeding livestock. Output stocks comprise cereals, potatoes and some fruits.
(j) Sales included in output but subsequently re-purchased and so reappearing as input.
(k) 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.
(l) 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.
(m) Input stocks comprise fertilisers and purchased feed.
(n) Including employers' national insurance contributions. 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.
(o) Interest charges on loans for current farming purposes and buildings and works less interest on money held on short term deposit.
(p) The return to farmers and spouses for their labour, management skills and own capital invested after providing for depreciation.

TABLE 6.2 Changes in outputs and inputs

A. Changes in outputs and inputs between 1987 and 1988 (forecast)

	Total Change		% Change in	
	£m	%	Price	Quantity
Outputs				
Cereals	−161.6	−7.9	−4.4	−3.7
Other crops	−20.3	−2.9	−0.3	−2.6
Potatoes	−111.4	−20.9	−23.0	2.7
Horticulture	96.5	6.4	1.7	4.6
Livestock	−11.2	−0.3	2.3	−2.5
Livestock products	7.7	0.3	2.1	−1.8
Other items (a)	215.4	..	..	..
Gross output	15.1	0.1	—	0.1
Inputs				
Feedingstuffs	81.1	2.9	3.8	−0.8
Seeds	27.0	9.4	..	9.4
Livestock	27.9	15.2	3.6	11.2
Fertilisers and lime	0.2	..	2.5	−2.4
Pesticides	51.3	15.3	4.8	10.0
Machinery (total current expenses)	55.6	5.6	6.3	−0.6
Farm maintenance	−10.0	−3.3	5.8	−8.6
Miscellaneous (inc vets and electricity)	16.2	1.6	5.1	−3.3
Other items (b)	−20.5	..	..	..
Gross input	228.8	3.5	4.3	−0.8
Gross product	−213.7	−3.6	−4.8	1.2

B. Indicators of the volume of output 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 (c)
1977	83.9	62.5
1978	87.2	68.8
1979	87.8	69.6
1980	91.3	80.8
1981	91.2	84.8
1982	97.2	91.2
1983	95.8	86.1
1984	102.7	104.6
1985	100.0	100.0
1986	99.6	101.1
1987	100.2	103.5
1988 (forecast)	100.3	106.8

(a) Covers own account capital formation, compensation payments, production grants 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.
(c) 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 returned in the annual June Censuses weighted by their estimated average annual hours worked.

TABLE 6.3 Measures of aggregate farm income

A. Summary measures from the aggregate agricultural account (Table 6.1)

Year	Net Product (as defined in Table 6.1)	Farming Income (as defined in Table 6.1)	Farm Business Income	Cash Flow from farming	
				of farmers and spouses	of farmers, spouses, partners and directors and family workers
£ million					
1977	2,434.4	1,264.0	1,560.8	1,121.8	1,397.5
1978	2,588.5	1,249.1	1,607.6	1,262.5	1,566.8
1979	2,791.0	1,149.4	1,680.4	1,245.3	1,592.4
1980	3,011.6	1,033.4	1,744.9	1,334.8	1,756.8
1981	3,478.1	1,348.8	2,094.8	1,726.5	2,198.9
1982	4,030.4	1,730.1	2,537.0	1,902.7	2,417.6
1983	3,792.9	1,339.1	2,163.7	1,488.8	2,044.3
1984	4,668.0	2,061.2	2,982.5	2,164.7	2,752.8
1985	3,960.7	1,053.4	2,140.2	1,609.1	2,257.8
1986	4,382.2	1,470.1	2,563.1	1,874.2	2,559.4
1987	4,381.9	1,517.0	2,552.7	2,307.5	2,998.3
1988 (forecast)	4,088.5	1,136.2	2,226.6	1,822.6	2,524.7
Indices in real terms (deflated by RPI: 1985 = 100)					
1977	126.2	246.4	149.7	143.2	127.1
1978	123.5	224.2	142.0	148.3	131.2
1979	117.6	182.2	131.1	129.2	117.7
1980	107.7	139.0	115.5	117.5	110.2
1981	111.0	161.9	123.7	135.6	123.1
1982	118.6	191.4	138.2	137.8	124.8
1983	106.8	141.7	112.7	103.1	100.9
1984	125.0	207.5	147.8	142.7	129.3
1985	100.0	100.0	100.0	100.0	100.0
1986	107.0	135.0	115.8	112.6	109.6
1987	102.7	133.7	110.7	133.2	123.3
1988 (forecast)	91.6	95.7	92.3	100.5	99.2

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

£ million

Year of assessment	Income from self-employment (in accounting years ending in the preceding tax year) from		Other earned income	Pensions and investment income	Total income
	agriculture and horticulture	other trades			
1977-1978		837	186	293	1,316
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		1,920	550	806	3,276
1986-1987		2,404	546	817	3,767

(a) These estimates are derived by the Inland Revenue by raising the results of a 1 per cent sample of confidential and anonymised tax returns (the Survey of Personal Incomes) of those registered as having a self-employment income from agriculture and horticulture. These raised results are therefore subject to a degree of sampling error but they provide a broad indication of farmers' total income as assessed for tax purposes. Direct comparisons should not however be made between the information from the SPI and the aggregate farm income data in part A of Table 6.3 and the Farm Business Survey data in Tables 8.1 and 8.2. This is because of important differences in scope, timing and definition. 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 1986/87 will have been earned mainly in 1985 but also partly in 1984 and 1986. 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 6.4 Gross capital formation and stocks

£ million

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
					Calendar years	
A. Gross capital formation at current prices						
Gross Fixed Capital Formation	326	684	515	440	371	345
Building and works	467	563	595	495	447	520
Plant and machinery	93	129	116	122	123	125
Vehicles						
Total	886	1,376	1,226	1,057	941	990
Breeding livestock capital formation	−14	−29	13	5	−29	2
Gross capital formation	872	1,347	1,238	1,062	912	992
B. Gross capital formation at constant 1985 prices						
Gross Fixed Capital Formation	537	719	515	415	334	293
Building and works	728	594	595	495	433	467
Plant and machinery	166	139	116	114	106	100
Vehicles						
Total	1,431	1,452	1,226	1,023	873	860
Breeding livestock capital formation	−20	−29	13	5	−28	2
Gross capital formation	1,411	1,423	1,238	1,028	845	861
C. Stocks (of outputs and inputs and including work-in-progress)						
Increase in book value of stocks and work in progress	267	80	−46	−138	−102	55
Stock appreciation	213	−14	198	−192	80	142
Value of physical increase in stocks and work in progress:						
at current prices	54	94	−244	54	−181	−87
at constant (1985) prices	83	109	−244	72	−193	−90

TABLE 6.5 Hours and earnings of agricultural workers

(regular whole-time hired male workers 20 years old and over)

	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
					Calendar years	
Hours per week (a)	46.0	46.2	46.9	46.7	46.5	46.7
Earnings per week (£) (b)	62.8	122.6	134.1	140.8	148.0	155.5
Index of earnings in real terms, (deflated by the RPI, 1985 = 100)	86.7	97.0	100.0	101.5	102.4	103.0

(a) All hours worked and statutory holidays.
(b) 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 6.6 Interest

£ million

	Calendar years					
	Average of 1977-79	1984	1985	1986	1987	1988 (forecast)
Average rate of interest on bank advances (percentage)	13.5	12.2	14.7	13.4	12.1	12.4
Interest charges (for current farming purposes and building and works) on:						
Bank advances	212.4	537.7	676.9	656.5	595.2	637.6
AMC loans	3.7	5.7	5.9	6.2	6.9	6.9
Instalment credit	12.5	24.3	33.1	30.4	29.2	29.4
Other credit (a)	7.3	45.1	54.9	61.1	47.7	45.2
Less interest on deposits (b)	19.5	44.1	67.0	54.4	39.9	35.3
Total	216.3	568.7	703.8	699.7	639.1	683.8

(a) This total includes interest paid on loans from the Department of Agriculture for Northern Ireland, from private sources, from the Agricultural Credit Corporation and leasing charges.

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

TABLE 6.7 Farm rents

A. Average farm rents per hectare

Index numbers (1985 = 100)

	Calendar years					
	Average of 1977-79	1984	1985	1986	1987	1988 (prov)
England	41.0	93.0	100.0	106.0	109.7	111.0
Wales	40.0	91.0	100.0	102.0	103.6	108.5
Scotland	38.4	95.0	100.0	105.4	109.7	112.1
Great Britain	40.7	93.2	100.0	105.7	109.4	110.8

B. Outcome of rent reviews due in the year to October 1988

	England	Wales
Number of farms due a rent review	5,384	551
% of those farms in which the review outcome per hectare was		
an increase		
of 0-4.9%	11.8	9.1
5-9.9%	12.9	30.9
10-19.9%	11.7	15.1
20-29.9%	3.9	9.8
30-39.9%	1.7	2.5
40% and over	3.1	6.0
a standstill	50.2	25.0
a decrease		
of 0-4.9%	0.3	–
5-9.9%	0.1	–
10-19.9%	0.2	0.2
20-29.9%	0.4	0.2
30-39.9%	0.9	0.7
40% and over	2.7	0.5

7 Land prices and balance sheets

Land prices (Table 7.1)

1. The fortunes of the agricultural industry are also reflected in agricultural land prices and in its aggregate balance sheet. According to the comprehensive Inland Revenue series, the average price of agricultural land sold with vacant possession showed little change in 1987, except in Wales. The average price per hectare in England increased by 3.0 per cent over 1986 and by 2.5 per cent in Northern Ireland, with virtually no change at all being recorded in Scotland. The figure for Wales was heavily affected by large sales of low quality land and fell by 23.4 per cent. For sales of tenanted land, the average price per hectare in 1987 rose in England by 11.1 per cent but fell in Scotland by 21.3 per cent. A Ministry survey which monitors current land price changes in England suggests that in 1988 the average price of land sold with vacant possession was some 20 per cent above its price in 1987 and that there was a fall in the corresponding price for tenanted land of 5 per cent.

Balance sheet (Table 7.2)

2. Estimates of the aggregate balance sheet show that in 1987 net worth at current prices rose by 4.7 per cent over its 1986 level. The value of assets rose by 4 per cent, reflecting in the main an increase in land and buildings, whilst the value of liabilities showed little change. In real terms, net worth rose between 1986 and 1987, reflecting no change in the real value of assets and a fall in that of liabilities.

TABLE 7.1 Agricultural Land Prices

£ per hectare — Calendar years

	Average of 1977-79	1984	1985	1986	1987 (b)
England (a)					
With vacant possession	2,608	3,895	3,784	3,397	3,500
Tenanted	1,877	2,780	2,197	2,070	2,300
Wales (a)					
With vacant possession	1,866	2,485	2,589	2,480	1,900
Scotland (a)					
With vacant possession	1,402	1,606	1,568	1,482	1,485
Tenanted	820	742	623	762	600
Northern Ireland (a)					
With vacant possession	2,596	2,958	3,130	3,128	3,205

(a) These series, based on Inland Revenue data, exclude sales of less than 5 hectares in Great Britain and of less than 2 hectares in Northern Ireland as well as land sold for development and other non-agricultural purposes. In addition the series shown for Scotland refers to equipped farms only and excludes sales of unequipped land, whole estates, land sold for afforestation 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 in England and in Wales and about 3 months in 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 infomation 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. In Northern Ireland, very little land is tenanted except under the conacre system (seasonal letting).

(b) The figures for the most recent years are subject to revision or are based on incomplete information as detailed below:

England and Wales: 1987 figures relate to the first nine months.

Scotland and Northern Ireland: figures for the most recent years are based on sales notified up to June 1988.

TABLE 7.2 Aggregate balance sheet for agriculture

£ million

	Average of 1976-78	At December of each year				
		1983	1984	1985	1986	1987 (prov.)
A. At current prices						
Assets						
Fixed: Land and buildings	22,100	41,200	38,300	35,000	33,200	34,400
Machinery	3,050	4,450	4,500	4,700	4,650	4,750
Breeding livestock	2,450	4,050	3,500	3,750	3,050	3,800
Current	4,200	6,850	7,200	6,850	7,100	7,000
Total	31,800	56,550	53,500	50,250	48,000	49,950
Liabilities						
Bank loans and overdrafts	1,450	4,800	5,000	5,450	5,550	5,550
Other	1,450	2,300	2,600	2,800	2,800	2,900
Total	2,900	7,100	7,600	8,250	8,350	8,450
Net worth	28,900	49,450	45,900	42,000	39,650	41,500
B. Indicators in real terms (deflated by RPI, 1985 = 100)						
Total assets	132	126	113	100	92	92
Total liabilities	73	96	98	100	98	95
Net worth	144	131	116	100	91	92

8 Farm business data

Introduction

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

Farm incomes (Tables 8.1 and 8.2)

2. Table 8.1 shows movements in net farm income over recent years by farm type and country. Net farm income is a long-standing measure of the performance of farm businesses; it treats all land as tenanted so as to achieve comparability between different farms. 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 livestock, crops and machinery (but not land and buildings). Figures for 1987/88 indicate that net farm income showed marked increases on dairy and hill and upland (LFA) livestock farms in all parts of the United Kingdom. In the case of lowland livestock farms there were fairly substantial increases in net farm income in both England and Scotland. For cropping farms, however, there were pronounced income declines in 1987/88, except in the case of specialist cereal farms in Scotland where a marked increase was recorded. Pig and poultry farms also suffered a significant fall in net farm income in 1987/88.

3. Forecasts for 1988/89 are based on information from a variety of sources but should be regarded only as broad indicators of possible income developments, assuming normal weather conditions between November 1988 and February 1989. They also take account of the increase in support prices for the main sectors (other than beef) brought about by the devaluations of the green pound coming into effect on 1 January 1989. Only about 55 per cent by value of agricultural output is directly influenced by the level of the green pound. Prices of potatoes, fodder crops, horticultural products, liquid milk, pigs, poultry and eggs are not directly affected, although cereal feed costs increase when the green pound is devalued.

4. The forecasts suggest that for all of the farm types income movements will be in the same direction as in 1987/88 for the United Kingdom as a whole. For dairy farms fairly marked increases are forecast for all four countries of the United Kingdom reflecting higher output prices for milk

and also for calves and cull cows. Firm cattle prices are also forecast to be of considerable benefit to livestock farms in both the Less Favoured and the lowland areas and for these types of farm the general expectation is of further increases in income in 1988/89. Given somewhat lower sheep prices, increases are likely to be more muted on livestock farms where the sheep enterprise is of major importance. In the case of Less Favoured Area livestock farms in Scotland specialising in sheep production, a fall in net farm income is predicted. Cropping farms are likely to suffer further substantial falls in their average income largely because of falls in the value of output of cereals and potatoes. The incomes of pig and poultry farms are also forecast to show a severe fall in 1988/89 and are expected to be negative on average. This decline reflects a continuing weakness in the prices of the major outputs of these farms combined with a small increase in the cost of feedingstuffs.

5. Table 8.2 provides more detailed information on farm incomes in 1986/87 and 1987/88. The first part of this table shows net farm income according to farm business size, farm type and country. Farm business size is measured in financial terms and is based upon standard gross margins per hectare of crops and per head of livestock. With the exception of the small size group in Scotland, in 1987/88 dairy farms had the highest absolute level of net farm income both within each size group and for all size groups combined. For each country and type of farm the direction of the change in average income for all size groups combined between 1986/87 and 1987/88 was repeated across the three individual size groups.

6. In addition to net farm income, the measure of occupier's net income was introduced to reflect more realistically changes in farm incomes as they accrue to farmers. Occupier's net income represents the return to the farmer and spouse for their manual and managerial labour and on their assets invested in the farm business, including land and buildings. Occupier's net income results, according to farm type, country and tenure, are presented in the second half of Table 8.2. It should, however, be noted that these figures are generally based upon a slightly smaller sample of farms than the net farm income results so that between-year movements may not always correspond for the two measures, particularly where changes are fairly small. In general, however, occupier's net income showed similar movements to net farm income between 1986/87 and 1987/88.

Assets and liabilities (Table 8.3)

7. Information on the assets, liabilities and net worth of farm businesses in 1986/87 and 1987/88, by country and type of tenure, is presented in Table 8.3. This indicates that across all countries and types of tenure the average asset value of farm businesses increased slightly between 1986/87 and 1987/88 with modest rises for both fixed and current assets. Total liabilities also showed small rises in England and Northern Ireland but for Scotland and Wales there were marginal falls taking all tenure groups together. Given the movements in the value of assets and liabilities between the two years, the average net worth of farm businesses increased in all countries and for all the tenure types represented. In England average external liabilities represented around 25 per cent of the total

business assets of tenanted farms, about 11 per cent of the assets of owner-occupied farms and some 16 per cent of the assets of mixed tenure farms on 1987/88 closing valuations. The equivalent figures for Wales were 14 per cent in the case of tenanted farms, 11 per cent for owner-occupied farms and 17 per cent for mixed tenure farms, while in Scotland the figures for owner-occupied and tenanted farms were 18 per cent and 27 per cent respectively. The relatively small number of mixed tenure farms in Scotland are classified as owner-occupied or tenanted according to the main tenure category of land on the holding. In Northern Ireland virtually all farms are owner-occupied and for this group external liabilities amounted on average to only 5 per cent of total assets at the close of the 1987/88 accounting year.

TABLE 8.1 Net farm income by country and farm type

Indices (1982/83 = 100) of average net farm income per farm

Country and farm type	Accounting years ending on average in February					
	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89 (forecast)
At current prices						
England						
Dairy	58	60	76	85	103	125
LFA livestock (a)	89	95	100	73	100	125
Lowland livestock (a)	93	64	32	12	29	45
Cereals	107	134	23	53	9	−15
Other cropping	128	110	32	107	45	5
Pigs and poultry	76	188	136	111	94	−60
Wales						
Dairy	85	61	93	92	122	140
LFA livestock (a)	111	135	118	119	135	150
Scotland						
Dairy	64	73	50	50	119	130
LFA livestock (a)	91	95	80	44	104	105
Lowland livestock (a)	69	58	−9	24	52	60
Cereals	83	90	−79	54	65	50
Other cropping	173	59	−110	110	57	20
Northern Ireland						
Dairy	91	90	55	51	109	135
LFA livestock (a)	108	111	32	34	125	160
United Kingdom						
Dairy	65	65	74	80	108	130
LFA livestock (a)	96	106	92	72	111	125
Lowland livestock (a)	90	60	28	16	32	50
Cereals	105	130	14	55	14	−10
Other cropping	130	108	25	113	49	5
Pigs and poultry	76	188	136	111	94	−60
In real terms (deflated by the RPI)						
United Kingdom						
Dairy	63	59	64	66	86	100
LFA livestock (a)	92	97	79	60	89	95
Lowland livestock (a)	86	55	24	13	26	35
Cereals	100	119	12	46	11	−5
Other cropping	124	98	21	94	39	5
Pigs and poultry	72	171	117	93	75	−45

(a) "LFA livestock" includes all Hill and Upland (LFA) farm types in the Severely Disadvantaged and, from 1984/85, the Disadvantaged Areas. The extension of the Less Favoured Areas in 1984 led to the transfer of a number of farms from the lowland livestock to the LFA livestock category. For 1984/85 and subsequent years, therefore, results for LFA livestock farms relate to a larger number of farm businesses and results for lowland livestock farms to a smaller number of farm businesses than previously.

TABLE 8.2 Net income: further analyses

A. Net farm income by farm type, country and size (with comparative data on average farm area and number of holdings in each group)

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) 1987/88			Number of holdings at June 1987		
	Small		Medium		Large		All size groups							
	1986/87	1987/88	1986/87	1987/88	1986/87	1987/88	1986/87	1987/88	Small	Medium	Large	Small	Medium	Large
Dairy														
England	6.5	7.8	13.5	16.4	30.0	36.6	15.2	18.5	34	61	142	7,043	12,692	5,410
Wales	6.3	9.5	13.6	17.2	30.8	39.7	12.4	16.4	30	60	136	2,399	2,657	633
Scotland	0.6	2.1	3.3	14.1	14.3	26.9	7.7	18.5	33	74	143	174	1,389	1,111
N. Ireland	4.5	10.5	12.4	23.7	..	..	6.4	13.6	39	70	..	3,929	1,989	..
LFA livestock														
England	4.0	5.4	9.2	12.8	18.5	25.4	7.5	10.3	96	246	496	4,422	2,951	855
Wales	3.0	3.7	14.1	15.2	29.7	33.1	8.6	9.7	88	269	527	5,265	3,141	579
Scotland	2.0	5.2	3.9	10.5	12.1	22.5	3.7	8.6	262	477	1,047	5,064	3,077	854
N. Ireland	1.9	7.0	4.7	15.1	..	..	2.1	7.6	78	171	..	3,389	260	..
Lowland livestock														
England	−1.1	1.5	6.2	8.5	17.4	23.1	2.0	4.7	54	107	176	9,649	3,411	966
Scotland	−0.6	4.6	4.1	4.5	12.6	26.6	4.1	8.8	74	102	135	334	430	185
Cropping														
England	4.2	2.9	8.3	3.5	30.5	10.0	16.4	6.0	42	82	250	10,364	11,860	14,205
Scotland	5.4	1.2	3.9	4.2	22.4	14.4	11.6	7.7	71	87	207	900	1,777	1,791
Pigs and poultry														
England	..	..	16.6	13.3	34.4	32.2	17.0	14.3	..	22	107	2,436	1,839	1,416

continued overleaf

TABLE 8.2 Net income: further analyses (continued)

B. Occupier's net income by farm type, country and tenure (with comparative data on average farm area and number of holdings in each group)

Farm type and country	Farm Business Survey data											Census data		
	Occupier's net farm income (£'000 per farm)								Average farm area including rough grazing (hectares per farm) 1987/88			Number of holdings at June 1987		
	Owner-occupied		Tenanted		Mixed tenure		All types of tenure		Owner-occupied	Tenanted	Mixed tenure	Owner-occupied	Tenanted	Mixed tenure
	1986/87	1987/88	1986/87	1987/88	1986/87	1987/88	1986/87	1987/88						
Dairy														
England	13.7	16.9	9.5	14.9	14.8	20.2	13.0	17.4	61	65	85	10,744	6,371	8,030
Wales	10.6	12.6	..	..	12.9	17.6	11.4	14.4	61	56	60	3,255	1,045	1,389
LFA livestock														
England	3.5	6.7	8.4	11.3	7.1	11.0	5.8	9.2	115	267	278	3,788	2,112	2,328
Wales	8.3	6.9	..	..	8.7	8.1	8.3	7.5	215	268	156	5,543	1,263	2,179
Lowland livestock														
England	2.4	5.3	5.4	6.5	0.6	3.1	2.2	4.8	56	78	87	8,077	2,480	3,469
Cropping														
England	17.0	8.0	11.7	8.2	21.1	5.8	17.1	7.3	124	140	166	14,447	8,977	13,005
Pigs and poultry														
England	8.7	6.4	..	..	..	..	11.8	9.4	32	..	..	4,117	543	1,031

TABLE 8.3 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	
		1986/87	1987/88	1986/87	1987/88	1986/87	1987/88	1986/87	1987/88
England	Total assets	425.2	429.9	130.2	133.2	466.8	470.0	375.4	379.3
	fixed assets	380.9	384.8	82.2	84.4	399.3	402.6	323.4	326.8
	current assets	44.3	45.1	47.9	48.9	67.4	67.4	51.9	52.5
	Total external liabilities	47.5	49.2	31.7	33.0	74.9	73.7	52.3	53.1
	of which: long and medium-term loans	17.7	17.7	5.0	5.2	24.5	24.6	17.0	17.1
	short-term loans	29.8	31.5	26.7	27.8	50.4	49.1	35.3	35.9
	Net worth	377.7	380.6	98.4	100.2	391.9	396.2	323.1	326.2
	Occupier's Net Income 1987/88 year	..	8.1	..	14.4	..	11.7	..	9.5
Wales	Total assets	305.5	310.1	99.6	103.9	276.1	283.8	280.7	285.9
	of which: fixed assets	287.6	290.9	82.8	84.3	250.1	255.7	261.0	264.7
	current assets	18.0	19.1	16.8	19.6	26.0	28.1	19.7	21.2
	Total external liabilities	35.7	34.8	14.8	14.2	47.8	48.7	36.6	36.2
	of which: long and medium-term loans	12.7	12.4	3.0	2.7	15.9	20.9	12.6	13.5
	short-term loans	23.0	22.4	11.7	11.5	31.9	27.8	24.0	22.7
	Net worth	269.9	275.3	84.9	89.7	228.3	235.1	244.1	249.7
	Occupier's Net Income 1987/88 year	..	8.1	..	14.4	..	11.7	..	9.5
Scotland (a)	Total assets	307.3	312.3	113.0	117.3	..	..	232.1	236.8
	of which: fixed assets	259.0	261.7	63.8	65.3	..	..	183.5	185.7
	current assets	48.3	50.6	49.2	52.0	..	..	48.6	51.1
	Total external liabilities	55.7	54.8	31.5	32.0	..	..	46.3	45.9
	of which: long and medium-term loans	9.1	9.8	5.6	5.3	..	..	7.8	8.1
	short-term loans	46.6	44.9	25.9	26.6	..	..	38.6	37.9
	Net worth	251.6	257.5	81.5	85.3	..	..	185.8	190.9
	Occupier's Net Income 1987/88 year	..	..	..	..	..	..	..	..
Northern Ireland (b)	Total assets	205.1	214.3	..	..	..	..	..	..
	of which: fixed assets	183.6	188.6	..	..	..	..	..	..
	current assets	21.5	25.7	..	..	..	..	..	..
	Total external liabilities	9.0	10.5	..	..	..	..	..	..
	of which: long and medium-term loans	3.9	4.8	..	..	..	..	..	..
	short-term loans	5.1	5.7	..	..	..	..	..	..
	Net worth	196.1	203.8	..	..	..	..	..	..
	Occupier's Net Income 1987/88 year	..	..	..	..	..	..	..	..

(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

1. Table 9.1 shows public expenditure under the Common Agricultural Policy (CAP) and on national grants and subsidies, and 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 disease or on research, advice and education). They do, however, include some expenditure which benefits consumer and trade interests rather than producers. The figures for years up to and including 1987/88 represent actual expenditure recorded in the Appropriation Accounts. The figures for 1988/89 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 £1240 million in 1988/89 compared with some £1393 million in 1987/88. This expenditure includes export refunds and monetary compensatory amounts (net of charges levied on intra-community trade); the net cost of buying, storing and selling commodities bought into intervention; and a variety of grants and subsidies, such as the beef and sheepmeat variable premium schemes, the suckler cow premium scheme, the annual premium on ewes, the oilseed crushing subsidy, payments to producers giving up milk production and animal feed subsidies (net of receipts from the milk coresponsibility and supplementary levies and the cereals coresponsibility and additional levies).

3. Increased expenditure against 1987/88 is expected in 1988/89 on the annual premium on ewes, export refunds on processed goods and the peas and beans production subsidy. These increases are expected to be more than offset by decreases in cereals export refunds and the oilseeds crushing subsidy following the US drought, intervention purchases of butter and increased cereals coresponsibility levy receipts.

4. Other expenditure on agricultural support in the United Kingdom is estimated to be £253 million in 1988/89 compared with £237 million in 1987/88. This expenditure includes capital grants, assistance for agriculture in special areas and price guarantees. Increased expenditure in 1988/89 is expected as a result of the introduction of (a) the second group of environmentally sensitive areas, (b) the agricultural development programme for the Scottish Islands and (c) the farm diversification grant scheme.

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 1984 to 1988. Cereals, butter and skimmed milk powder stocks have decreased considerably in recent years. There is a trend towards reduced intervention for beef.

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

£ million

	April/March (financial years)				
	1984/85	1985/86	1986/87	1987/88	1988/89 (forecast)
I Market regulation under the CAP					
(i) Expenditure by the Intervention Board for Agricultural Produce (a)					
Cereals	367.9	654.0	114.5	229.4	163.8
Oilseeds	49.2	88.6	118.4	208.3	167.3
Sugar	83.4	83.9	117.2	151.1	135.2
Beef and veal	343.2	328.3	229.7	201.4	160.9
Sheepmeat	113.3	110.0	102.3	119.4	104.2
Pigmeat	−10.6	−1.2	−2.4	−1.9	0.6
Milk products	250.6	353.7	299.6	251.1	79.3
Processed goods	32.8	40.9	41.6	47.6	78.8
Others (b)	21.6	24.3	18.1	16.6	33.8
Total (i)	1,251.4	1,682.5	1,039.0	1,222.9	923.9
(ii) Expenditure by the Agriculture Departments					
Small Cereals Producers	..	..	..	1.7	1.9
Suckler Cow Premium Scheme	27.3	26.9	26.9	36.7	37.8
Annual Premium on Ewes (c)	76.7	128.2	101.7	80.6	202.0
Milk Non-Marketing Premiums	12.6	2.6	. . .	—	—
Payments to producers giving up some milk production	..	..	..	51.0	74.1
Total (ii)	116.6	157.7	128.6	170.0	315.8
Total I	1,368.0	1,840.2	1,167.6	1,392.9	1,239.7
Against which receipts from EAGGF (d)	1,150.9	1,230.0	1,439.3	1,086.7	1,507.4
II Price guarantees					
Potatoes (e)	7.6	7.5	. . .	—	—
Wool (e)	−7.8	1.5	8.1	0.7	0.1
Total II	−0.2	9.0	8.1	0.7	0.1
III Support for capital and other improvements					
Agriculture Improvement Scheme (EC) (f)	..	. . .	7.5	18.9	28.4
Agriculture and Horticulture Development Scheme (f) (g)	93.2	65.6	45.3	32.3	25.9
Farm structures	0.5	0.3	0.3	0.4	0.4
Agriculture and Horticulture Grant Scheme (f) (h)	85.1	65.4	25.6	3.6	1.8
Agriculture Improvement Scheme (national) (f)	..	0.2	8.9	9.0	9.0
Northern Ireland Agricultural Development Programme (f) (i)	13.4	4.9	4.0	2.0	1.6
Guidance Premiums	3.6	3.8	3.2	2.3	0.8
Farm accounts	1.0	0.8	0.7	0.7	0.5
Environmentally Sensitive Areas	..	..	..	2.9	9.1
Others (j)	0.7	0.5	0.2	0.3	0.3
Total III	197.5	141.3	95.7	72.4	77.8
Against which receipts from EAGGF (d)	29.4	28.5	17.0	14.0	16.7

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

£ million

	April/March (financial years)				
	1984/85	1985/86	1986/87	1987/88	1988/89 (forecast)
IV Support for agriculture in special areas					
Hill Livestock Compensatory Allowances:					
Cattle	39.9	45.5	53.2	52.0	49.9
Sheep	53.9	59.4	68.5	69.0	66.8
Additional benefit under AHDS, NIADP, AHGS, AIS (EC), AIS (national)	32.5	28.8	29.9	20.9	25.9
Others (k)	7.5	6.1	4.9	4.1	8.4
Total IV	133.8	139.8	156.5	145.9	151.0
Against which receipts from EAGGF (d)	22.5	23.2	24.0	26.4	27.0
V Other payments					
Milk outgoers scheme (i)	5.2	9.6	9.5	11.1	11.6
Weather Aid 1985	..	16.7	..	..	..
Storm Damage 1987	..	..	..	..	1.7
Sheep compensation scheme 1986	..	..	4.3	1.0	1.1
Co-operation grants (l)	4.5	4.3	2.7	1.7	2.1
Crofting building grants and loans (net) (m)	2.3	2.3	3.2	3.3	4.1
Farm Diversification:—					
Capital and Marketing	..	..	..	..	2.0
Feasibility grants	..	..	..	..	0.8
Others (n)	0.9	1.4	1.4	1.0	1.0
Total V	12.9	34.3	21.1	18.1	24.5
Against which receipts from EAGGF (d)	0.6	0.6	0.5	0.6	0.4
Total I to V	1,712.0	2,164.6	1,449.0	1,630.0	1,493.1
Against which receipts from EAGGF (d)	1,203.4	1,282.3	1,480.8	1,127.7	1,551.5

(a) The figures are net of various receipts treated as negative expenditure. Receipts from levies on the production and storage of sugar and isoglucose and on third country imports and 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, flax and aid to beekeepers. 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) From the 1985 Marketing Year late publication of the final rate of payment has delayed the making of some payments into the following financial year. The forecast for 1988/89 provides for slippage from the 1987 Marketing Year and payment for the 1988 Marketing year in full.

(d) Receipts from the European Community do not always relate to expenditure in the period. Reimbursement of spending on structural measures is normally a year in arrears. For market support there was prior to 1987 little delay in reimbursement of expenditure but in that year a delay of 2 months was introduced as an economy measure and this was lengthened to 2½ months from 1988. Receipts for 1988/89 reflect new arrangements for the depreciation of stocks agreed at the February 1988 European Council. EC receipts in respect of CAP expenditure serve to reduce the UK's net contribution to the EC budget.

(e) 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. The negative figure for wool reflects the stabilisation arrangements with the British Wool Marketing Board whereby advance payments made by the Exchequer are repayable from later surpluses when auction prices are above the guaranteed price.

(f) Farmers in special areas are also eligible for additional assistance. The estimated value is shown separately in Section IV of the table.

(g) Includes the Farm and Horticulture Development Scheme.

(h) Includes the Farm and Horticulture Capital Grant Schemes.

(i) Except for the Northern Ireland Agricultural Development Programme (NIADP) and the Milk Outgoers Scheme expenditure from the Northern Ireland block is excluded.

(j) Includes loan guarantees, grants for agricultural drainage in Scotland, grants for milk pasteurisation equipment (scheme closed in 1984/85) and farm structural loans.

(k) Includes the integrated development programme for the Western Isles, the agricultural development programme for the Scottish Islands and grants for crofting improvements.

(l) Scheme cash limited in 1987/88.

(m) This scheme is included for the first time, thus totals for Section V and summary totals for Sections I to V are revised from previous publications.

(n) Includes producer organisations and forage groups (both cash limited in 1987/88) and Shetland wool producers.

TABLE 9.2 Public expenditure under the CAP by IBAP and the Agriculture Departments — major commodities

£ million

	April/March (financial years)				
	1984/85	1985/86	1986/87	1987/88	1988/89 (forecast)
Cereals	367.9	654.0	114.5	231.1	165.7
Intervention purchases/sales	209.7	430.8	−64.0	−88.5	17.4
Intervention storage costs	30.4	90.1	79.2	59.6	35.3
Export refunds/mca	97.6	115.2	109.9	273.8	178.2
Disposal measures	15.3	17.9	15.9	26.9	22.3
Coresponsibility/Additional levy	—	. . .	−26.5	−42.3	−89.3
Production support	—	. . .	—	1.7	1.9
Oilseeds	49.2	88.6	118.4	208.3	167.3
Intervention purchases/sales	—	. . .	. . .	. . .	−0.3
Intervention storage costs	—	. . .	. . .	. . .	0.2
Export refunds/mca	. . .	. . .	. . .	. . .	. . .
Production support	49.2	88.6	118.4	208.3	167.4
Sugar	83.4	83.9	117.2	151.1	135.2
Intervention storage	25.0	25.3	20.1	24.2	23.8
Export refunds/mca	58.0	58.0	94.5	121.3	97.6
Disposal measures	0.4	0.6	2.4	5.5	6.6
Production support	—	—	0.3	—	7.2
Beef and veal	370.4	355.2	256.6	238.1	198.7
Intervention purchases/sales	80.2	101.0	57.9	47.9	6.9
Intervention storage costs	13.4	33.3	31.6	20.3	11.7
Export refunds/mca	117.9	66.3	9.2	−2.8	24.6
Production support	159.0	154.6	157.9	172.7	155.6
Sheepmeat	190.0	238.2	204.0	200.0	306.2
Production support	190.0	238.2	204.0	200.0	306.2
Pig meat	−10.6	−1.2	−2.4	−1.9	0.6
Intervention storage	0.9	0.2	0.2	0.5	0.4
Export refunds/mca	−11.4	−1.4	−2.6	−2.4	0.2
Milk products	263.3	356.3	299.6	302.0	153.4
Intervention purchases/sales	50.1	150.0	141.4	92.8	−31.2
Intervention storage costs	19.5	19.2	26.1	20.2	7.4
Export refunds/mca	84.1	97.4	60.4	82.5	92.6
Disposal measures	161.7	133.0	119.9	121.2	69.4
Production support	4.2	4.3	. . .	. . .	—
Coresponsibility/Supplementary levy	−68.9	−50.3	−48.2	−65.6	−58.9
Payments to those giving up milk production	12.6	2.6	—	51.0	74.1
Processed goods	32.8	40.9	41.6	47.6	78.8
Export refunds/mca	32.8	40.9	41.6	47.6	78.8
Others	21.7	24.3	18.1	16.6	33.8
Export refunds/mca	18.3	26.0	19.9	16.1	28.1
Disposal measures	1.7	2.2	2.9	2.7	2.5
Production support	6.0	6.6	5.5	4.3	6.4
Miscellaneous	−4.3	−10.6	−10.2	−7.5	−3.2
Total	1368.1	1840.2	1167.6	1392.9	1239.7

TABLE 9.3 Commodity intervention in the United Kingdom

'000 tonnes

Calendar years

Commodity	1984 Opening Stock	1984 Purchases	1984 Sales	1985 Closing/ Opening Stock (a)	1985 Purchases	1985 Sales	1986 Closing/ Opening Stock (a)	1986 Purchases	1986 Sales	1987 Closing/ Opening Stock (a)	1987 Purchases	1987 Sales	1988 Closing/ Opening Stock (a)	1988 Forecasts Purchases	1988 Forecasts Sales	1988 Forecasts Closing Stock (a)
Wheat — feed	3	1,946	3	1,945	2,280	553	3,672	604	1,663	2,615	0.1	2,109	511	289	350	450
— bread	186	11	137	78	4	81	0.3	—	0.4	—	—	—	—	14	1	14
Barley	648	805	554	808	1,647	425	2,028	254	1,089	1,179	44	619	601	335	120	816
Rye	—	—	—	—	0.3	0.2	0.1	0.5	0.6	—	—	—	—	—	—	—
Oilseeds	—	—	—	—	—	—	—	—	—	—	—	—	—	30	30	—
Beef — boneless	14	21	7	28	32	7	51	28	39	39	26	31	34	24	34	24
— bone in	3	23	1	25	12	0.5	34	6	24	17	8	5	20	3	22	1
Butter	108	72	35	144	90	34	202	77	41	238	67	156	160	1	141	20
Skimmed milk powder	190	59	156	93	10	67	41	23	41	23	0.3	22	1	—	1	...

(a) These figures may not always satisfy the closing stock = opening stock + purchase − sales identity because of end of year stock adjustments arising from unfulfilled sales contracts etc.

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