

Diocese of Hereford Agriculture & Rural Life

Serving the Church of England in Herefordshire,
South Shropshire & parts of Powys & Worcestershire



THE CHURCH
OF ENGLAND

Dear Colleague

July 2008

A few notes which I hope may be helpful in your conversations with farmers.

Europe moves to cut pesticide use

Europe's farming ministers have voted to reduce the range of pesticides to be used by farmers in order to enhance human health and environmental protection. By removing from use active ingredients that are known to produce health problems the UK Pesticides Safety Directorate estimate that 15% of existing crop protection products may be de-registered. The UK was the only country arguing against the proposal saying that this would reduce yields and push up food costs even more. Research by ADAS suggested that the restrictions could lead to a drop in wheat and potato yields of between 35 to 40%. The proposals will be discussed by the European Parliament in September.

Bovine TB continues to rise

During 2007 28,000 cattle were slaughtered due to bovine TB, in the first four months of 2008 13,500 have already been culled and industry analysts predict that the year's figures may top 40,000. There is growing frustration that defra ministers have not decided how to react following the publication of the research data on bovine TB, especially after the Welsh Assembly Government announced a cull of badgers in their most affected areas. Ironically, a defra-funded DVD produced to help vets give advice on cutting TB in herds, "*Bovine TB Husbandry Best Practice*", highlights the critical role that badgers are believed to play in spreading the disease. If a badger cull is not included within the government's response there is likely to be a legal challenge to the government's decision.

Rising input costs dampen economic prospects

Although agricultural incomes have picked up in 2008 there is growing concern at the rising input costs and the effect this is having on farming's cash flow. Although winter wheat prices rose from £80 a tonne in 2006 to £111 in 2007 and are expected to fetch £130 a tonne in 2008, fertiliser and diesel bills are double last year's and higher bank borrowings will be required to service the input costs. Given the credit crunch it is anticipated that bank lending terms will become more stringent. Diesel has risen from 36p/litre to 63p/litre and ammonium nitrate has risen from £130/t for crops for the 2008 harvest to £321/t for the 2009 harvest. In effect, the price rises suggest that costs of production for winter wheat will grow to between £115-130/t for 2009, cancelling the improved margin.

It is predicted that many farmers will sell commodities earlier in order to ease their cash-flow. Many contractors are finding it difficult to quote a price for a job as they don't know what will happen to fuel prices, and more require cash up front before taking on a contract. The NFU has launched an online Inputs Price Monitoring Service. Farmers are encouraged to feed their input cost data into the system and they will be e-mailed with regional data that will allow them to benchmark their input costs when negotiating with suppliers.

The Rev'd Nick Read OBE ARAGS, The Chaplain for Agriculture & Rural Life

The Rectory, Pembridge, Hereford HR6 9EB

Tel: 07973 361055

agchap@btinternet.com

www.hereford.anglican.org

Change to cropping patterns

The high fertiliser costs are prompting a renewed interest in pulse crops such as peas and beans in order to help “fix” nitrogen in the soil and reduce the need for chemicals. Research suggests that there is about 40kg/ha of residual nitrogen the following year after a crop of peas and 50kg/ha after a crop of beans. Because of the rise in demand it is predicted that supplies of pulses to grow will be tight and that farmers should get their orders in early.

Farm wage negotiations

The Agricultural Wages Board oversees the annual negotiations on farm workers’ wages. The basic weage rise this year will be 4.3% for workers on grades 2 to 6, and 4% for those on entry level grade 1. The wage rise takes the entry level grade to 1p above the statutory minimum wage.

Brussels revamps vegetable rules

Whilst unlikely to make the headlines the Commission is heading for a row over the rules governing what constitutes a “first class” vegetable when sold. There are 36 marketing regulations covering a range of products and the Commission proposes reducing this to 10. One of the favourites for the axe is the “cucumber quality standard” which states that cucumbers should not bend more than 10mm for every 10cm in length! The proposals are aimed at cutting red tape but 18 of the 27 member states are understood to want to oppose any changes in the rules.

Concern over skills shortage

The farming skills council, Lantra, has highlighted concern over the future levels of skilled workers in the industry. Nearly 16,000 agricultural workers leave the industry each year and 38% of the workforce is expected to retire within the next decade. Lantra has launched a campaign to raise awareness of the issue and to promote agriculture as a career.

Future of organic milk under the spotlight

The Organic Milk Suppliers’ Co-operative (OMSCO) has published the 2008 organic milk report. It found that the number of farms converting to organic dairy production was half that of the previous year due to a rise in inoput costs and better prices for conventional milk. The price gap between organic and conventional milk has narrowed to 7-8p/litre. It is estimated that it needs to be between 12-14p/litre to prove economically attractive to those thinking of converting.

Tighter nitrate controls

The UK is facing a legal challenge from the EU over the way it implemented the 1991 Nitrates Directive. As a result defra is looking at tightening its Nitrates Action Programme. Amongst the proposals under discussion are plans to increase the area of England classified as a “Nitrate Vulnerable Zone” (NVZ) and extending the period within which organic manure may not be spread, possibly up to five or six months. Slurry storage capacity on farms would also have to be increased. There may be a 170kg/ha basic limit on spreading organic nitrogen and a requirement to grow a cover crop over winter months.

Consultation on CAP “Health Check”

Defra has launched a consultation on the reform of the Common Agricultural Policy (the “health check”) – see earlier briefings. Details can be found at www.defra.gov.uk/corporate/consult/cap-healthcheck. The deadline for responses is the 1st September.

Best wishes,

Nick Read