

Ceres Rural – Farming Update

Introduction

Welcome to the Ceres Rural Farming Update, a publication that provides independent insights on agricultural issues, reports on policy, grant and administrative updates and key market information. To discuss any of the topics raised, contact one of the [Team](#).



In the Field

Cereals

The frequent rainfall events faced this autumn have fueled the now familiar anxiety around getting on the land to finish off winter drilling. As October draws to a close, it is hoped there will be further opportunities to establish wheat after sugar beet and the last of the winter beans.

The recent rush to beat the weather has, in some cases, compromised seedbed quality as corners are cut to get the acres drilled. Stomp Aqua (pendimethalin) and Avadex (trilalate) are by far the most damaging residual herbicides to seedlings with insufficient soil coverage and those in doubt over seed exposure may have chosen to leave these two active ingredients out of the pre-emergence herbicide stack to minimise seed vulnerability. Liberator (diflufenican and flufenacet) and Defy (prosulfocarb) are generally less harmful and a more attractive option when there is a risk of rainfall in the forecast. Where the dose rate and number of active ingredients in the pre-emergence herbicide stack has been reduced, a follow up pre or post-emergence herbicide may be required to achieve acceptable blackgrass control. With high reliance on residual herbicides for blackgrass control, completing applications prior to weed emergence has been the priority for most after drilling.

For emerged crops, the 170-day degree count starts as a tool for managing bird cherry-oat aphid and grain aphid, the vectors of barley yellow dwarf virus (BYDV). The theory underpinning this measure being that it takes 170-day degrees for the first aphids that enter a crop to propagate and produce the second generation that can spread BYDV more widely. Following post-em herbicide applications, monitoring aphid numbers and, if required, managing with an insecticide such as Hallmark (lambda cyhalothrin) mixed with any micronutrient requirements will likely be the final application for most crops this side of Christmas.

Oilseed Rape

Across the region it appears rape drilling rates are higher, however rape failure rates have also increased, when compared to last year. There are some well established and full crops this year, which will deserve a full fungicide and trace element treatment this autumn to prepare them for winter. One notable correlation from the annual Ceres Rural yield data is that when the price of rape increases, yields follow; suggesting growers are willing to devote more towards crop protection when the price supports investment. Most of this yield response will come from spring fungicide applications but the foundations are built in the autumn, with robust weed and disease control.

Following the localised heavy rains, some crops are showing early yellowing and purpling, as nitrogen levels are reduced, and the shallow roots are unable to scavenge for sufficient nutrition to meet demand. There is little that can be done to salvage these crops, particularly where autumn nitrogen applications have already taken place. The fear is that stunted growth will diminish plant tolerance to larvae pressure when frosts commence. Looking ahead to harvest 2022, the condition of crops as they emerge from winter will provide a more confident indicator of yield potential.

Sugar Beet

One month into the campaign and most are reporting a marked improvement from the disappointing yields experienced the previous year due to the virus yellows and spring drought of 2020. The British Beet Research Organisation (BBRO) noted the unseasonably warm weather throughout October has allowed continued crop growth and increases to sugar content. On farm, haulage is proving a challenge due to the well publicised scarcity of HGV drivers. As a result, some crops are being lifted to match the availability of haulage in an attempt to avoid harvested heaps being left too long respiring, leading to reduced sugars, or exposure to frost damage as colder conditions approach. In some instances, this is frustrating plans to establish winter wheat after beet.

Growers recently received the 2022/23 one-year fixed contract price of £27.00/t, with the potential for existing multi-year contracts to be upgraded to £25.00/t if the contract is extended for an additional year. The addition of a local premium for growers within 28 miles of factories is a welcome uplift of £2.00/t for those within 9 miles, which then decreases on a linear scale by £0.10/t each mile up to 28 miles. The revised one-year price, local premium and late delivery allowance enables a maximum of £29.65/t to be achieved. Some may view this as a figure that realigns the risk/reward of growing the crop without neonicotinoid seed

dressings, while others may still be counting the cost of the disappointing yields of 2020 and feel this figure is not enticing enough.



Policy and Business News

National Food Strategy

Henry Dimbleby recently delivered the second part of the National Food Strategy, the first independent review of England's food system for 75 years. The government commissioned the review in 2019 and has committed to respond with a white paper within six months of the publication, with Mr Dimbleby set to assess progress 12 months on from the publication of the white paper. The government has responded to Part 1 of the strategy, which was published in 2020, and acted on four of the seven recommendations. This highlights the influence of the National Food Strategy on government decision making. Spanning 290 pages, Part 2 of the National Food Strategy takes a wholistic view of the system, covering the way food is produced, processed and purchased.

The strategy highlights that reforms to the food system are required to protect the NHS, improve the health of the nation and contribute to net zero carbon emissions by 2050. The strategy provides 14 recommendations designed to be addressed in the next three years as part of a long-term transition. A number of these recommendations are directly associated with the agricultural sector, namely:

Recommendation 8: Guarantee the budget for agricultural payments until at least 2029 to help farmers transition to more sustainable land use. With the current £2.4bn budget for agricultural payments only being guaranteed for the life of the current parliament (2024), the strategy recommends maintaining this level of funding until 2029. It proposes £500-700m of this is allocated for natural carbon sequestration and restoration of semi-natural habitats to contribute to the 2050 net zero target.

Recommendation 9: Create a Rural Land Use Framework based on the three compartment model (semi-natural land, low yield farmland and high yield farmland). This compartment framework is underpinned by the fact that the most productive third of land in England produces circa 60% of the total output, with the bottom third produces 15%. As carbon sequestration and

nature restoration join food production, housing and recreation as key uses for land, the compartment model aims to clearly identify what land should be used for.

Recommendation 10: Define minimum standards for trade and a mechanism for protecting them. It recommends these should cover animal welfare, environment and health protection, carbon emissions, antimicrobial resistance and zoonotic disease risk.

Recommendation 11: Invest £1 billion in innovation to create a better food system. This includes ensuring the £280m allocated for innovation, namely the Farming Transformation Fund and Farming Equipment Fund, remain ring-fenced.

Alongside the Committee on Climate Change report on Land Use, the 25 Year Environment Plan and the Agriculture Bill, it is likely the National Food Strategy will also influence the future of government support and intervention in the agricultural sector.

Environment Bill

Two years on from being introduced to Parliament, the Environment Bill completed its third reading in the House of Lords on the 14th October. The Environment Bill provides the statutory tool to implement the ambitions of the 25 Year Environment Plan published in 2018, which plans for this generation to be the first to leave the environment in a better condition than it was inherited. The Bill aims to deliver this by improving air quality, restoring and enhancing nature, transforming waste and water management. A new Office for Environmental Protection will be established to uphold the standards set out in the Bill and take action where necessary, notably holding the government to account on the 2050 net zero emissions target.

The Bill has recently gained further traction from the commitment to build back greener following the pandemic and the eagerness of the government to appear a global leader on environmental issues when hosting COP26. Similar to the Agriculture Bill, the Environment Bill will bounce between the House of Lords and the House of Commons as amendments are considered before it completes the parliamentary passage and receives Royal Assent.

Gene Editing

Following DEFRA's consultation on gene editing in March, the government has announced forthcoming regulatory changes for genetic technologies. DEFRA reported the action from the consultation will be implemented in a two-step process. Firstly, they will lay a Statutory Instrument to enable researchers to conduct trials with gene edited crops without requiring risk assessments and consents. Notably, this applies to crops only and livestock trials will continue to be done under the existing GM 'contained use' regulations. Secondly, legislation will be brought forward to amend the definition of genetically modified organism to exclude organisms that have been genetically altered to achieve outcomes that could have been delivered through traditional breeding techniques, such as disease resistance, nitrogen use efficiency and drought tolerance. The response noted in time it intends to address microorganisms separately from plants and animals. This decision to clear the way for gene editing appears to be another step toward the government's strategy for the UK to become a science superpower by 2030.

New Zealand Trade Deal

Closely following the Australian Free Trade Agreement, the UK also agreed a free trade deal with New Zealand on 20th October. Although the deal is not expected to result in significant economic growth for the UK, it is another step toward joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which would provide access to larger trading partners such as Japan, Mexico and Canada. Similar to the Australian Free Trade Agreement, the deal enables professionals to work in New Zealand more easily and goods such as wine to enter the UK tariff free. The combination of new free trade deals with major ag-commodity exporters and the removal of the Basic Payment Scheme may leave some skeptical of the government's understanding of the financial implications of these decisions for farm businesses. The NFU highlighted that both the Australian and New Zealand deals hold significant benefit for farmers on the other side as they gain access to a market of 67 million consumers, however there is appears little clear benefit to UK farmers.

Fertiliser Price Surge

The well reported increase in natural gas prices as a result of low stock levels, increased demand from China, low electricity generation from wind and the Kent National Grid fire has led to the significant increase in fertiliser prices. The spike in gas prices led to the American fertiliser firm, CF Industries, ceasing production at both its Billingham and Ince UK plants on

the 16th September. Following government intervention on the 22nd September, CF restarted the production of fertiliser, and the CO₂ byproduct, at Billingham.

This increase in gas price has been acutely felt on farm, with ammonium nitrate (34.5% N) rallying from a June price of c. £277/t to figures over £600/t in October, the highest many will have seen in their careers. As a result of this market volatility, harvest 2022 milling wheat fertiliser budgets can range from sub £200/ha to in excess of £400/ha. This is leading some to reconsider the economic optimum for nitrogen applications, however with Nov.22 wheat base prices exceeding £190/t, it remains a dynamic situation.



Grants and Rural Payments

Future Farming Resilience Fund

In August DEFRA launched The Future Farming Resilience Fund, a new scheme to support farm businesses in navigating the changes of the agricultural transition and the removal of BPS. DEFRA has teamed up with local advisers to provide farmers with free tailored support. The service aims to demonstrate how the removal of BPS will impact individual businesses, provide suggestions to adapt and explain the new schemes in the Agricultural Transition Plan.

Ceres Rural are delighted to be one of the local advisers and are providing farmers with a specific Farm Resilience Report to enable them to prepare for the removal of BPS and thrive throughout the agricultural transition period. Engagement with the fund and requests for the Farm Resilience Reports offered by Ceres Rural has been strong and those looking to access the support are advised to contact a member of the team sooner rather than later as 85% of fund capacity has been allocated. If you wish to access the fund, please contact [George Badger](#) or [Sebastian Murray](#) to receive the free support.

Farming in Protected Landscapes

Despite being one of the first new grant schemes launched under the Agricultural Transition, uptake of the Farming in Protected Landscapes appears slow, even though it has a wide scope of projects. The priorities of the scheme range from reducing the impacts of climate change to supporting farm resilience. It is open to applicants in and around Areas of Outstanding Natural Beauty (AONB), National Parks in England and the Broads. Projects that

benefit the applicant commercially could receive between 40-80% funding, depending on the commercial benefit to the business. Non-profit projects could receive 100% grant support. The Farming in Protected Landscapes scheme provides a funding avenue for projects that may not align with the Farming Investment Fund priorities. As the grant is not exclusive to farms, funds could potentially be absorbed by public, private and charity sector bodies. We would recommend contacting a member of the [Team](#) to discuss any potential projects and review the suitability for grant support.

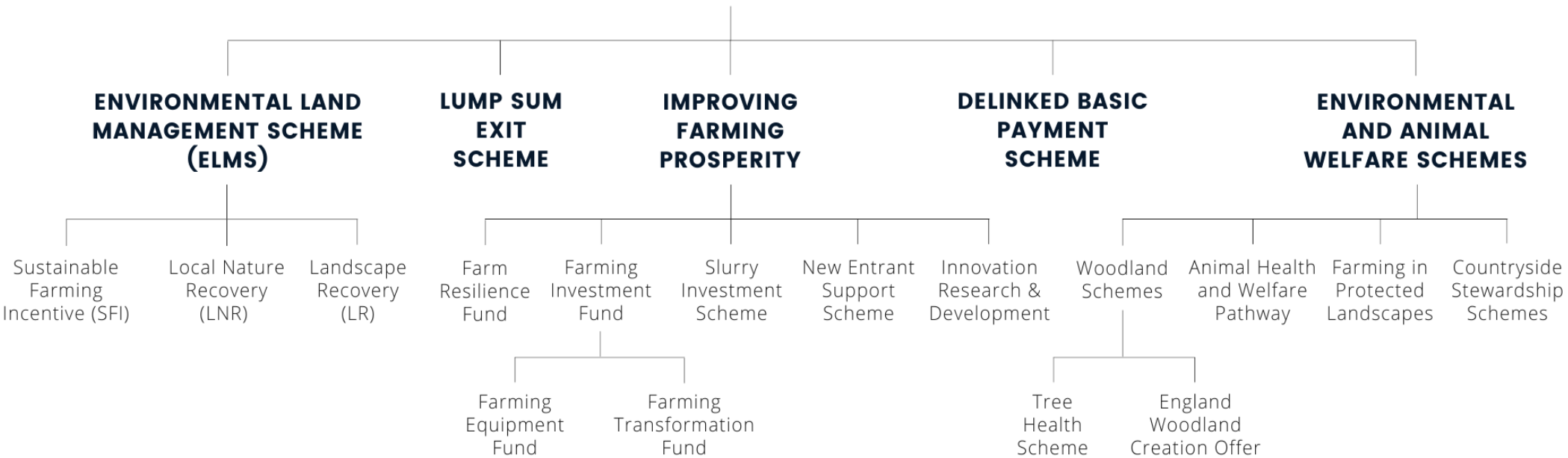
Farming Equipment Fund

The launch of the Farming Equipment Fund is expected imminently as the latter stages of the Autumn 2021 release date set by DEFRA draws closer. Similar to previous rounds of the Small Grant Scheme, the Farming Equipment Fund will have a pre-set list of eligible equipment that applicants can receive 40% grant support toward. Under the Small Grant Scheme, the maximum grant threshold was £12,000, however this is expected to be higher under the Farming Equipment Fund. Likewise, the list of eligible equipment is expected to be larger than the previous Small Grant Scheme. This new grant channel will also be open to contractors and foresters rather than farmers alone. The Farming Equipment Fund should prove a useful grant channel for those looking to invest in new equipment and technologies that improve farm productivity, such as GPS guidance, direct drills, and variable rate systems for sprayers and fertiliser spreaders.

Agricultural Transition Plan

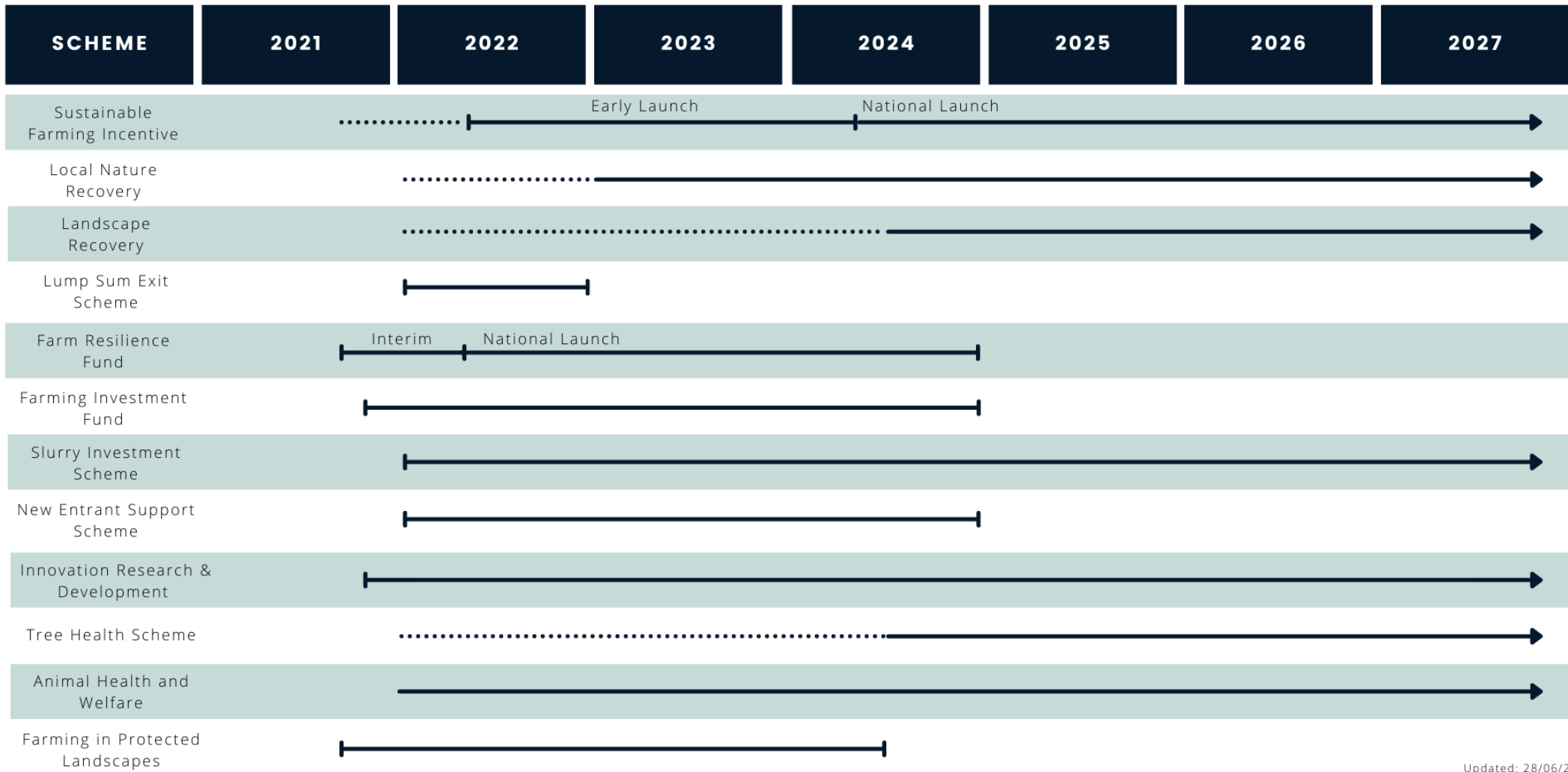
As the new schemes announced under the Agricultural Transition Plan are in various stages of tests, trials and pilots, a myriad of start dates and deadlines have been announced. The diagram below aims to provide an overview of the schemes announce, followed by a timeline for each channel. To discuss any of the schemes in more detail, do contact a member of the [Team](#).

Agricultural Transition Plan Funding Channels (2021-2028)



Agricultural Transition Plan Timeline of New Schemes

..... Pilot
 ————— Operational



Updated: 28/06/21



Market Update

The United States Department for Agriculture (USDA) October supply and demand estimates further fueled the wheat market, reducing the ending stocks estimate by 6 million metric tonnes (mmt), from 283mmt in September to 277mmt in October. As international demand remains strong, with importers such as Egypt, Pakistan and Saudi Arabia releasing tenders, prices continue to edge upward. Domestically, the first DEFRA 2021 wheat production estimate of 14.00mmt was lower than expected and indicates there may be no exportable surplus for the year if the AHDB's 14.74mmt domestic consumption forecast is realised. If this is the case, domestic prices should increase to reflect the UK becoming a net importer rather than a competitively priced exporter.

Maize has been supported by US ethanol production, with output reaching near record highs of 1.106 million barrels per day in the week ending 22nd October, 2,000 barrels below the current record of 1.108 million barrels. Maize is further supported by the prospect of another La Niña tempering production estimates from South America. These bullish factors for maize should underpin wheat as analysts suggest wheat prices need to climb to a point that leads to demand destruction by a shift from wheat toward maize in animal feed rations.

For those with crop left to sell, the continued climb of oilseed rape to record highs will be welcome news, with contracts in excess of £560/t available, excluding oil bonuses. The reduced production as a result of the Canadian heatwave and drought has limited supply, with the 2021 production estimate down to 12.78mmt against a 2020 output of 19.49mmt. This is expected to support prices until significant quantities of new crop become available next summer, with the large Australian rapeseed crop not being enough to release the tight supply and demand situation.

Due to the live nature of commodity markets, do contact a member of the [Team](#) for the latest prices and to discuss your marketing strategy in more detail.

Arable (£ per tonne)	Year Ago	November 2021	Year Ahead
Milling Wheat	£193.25	£240.00	£213.00
Feed Wheat	£168.25	£203.00	£183.00
Feed Barley	£137.00	£191.50	£158.50
Oilseed Rape	£339.75	£556.25	£463.25
Beans	£225.00	£240.00	£215.00

Source: East Anglia ex. farm bids

Livestock (£ per kilo dead weight)	Year Ago	November 2021	Year Ahead
Beef Cattle (R4L)	3.68	4.21	Positive Sentiment
Lambs (SQQ overall)	4.41	5.29	Positive Sentiment
Milk (pence per litre)	28.32 (Sept. 20)	31.72 (Sept. 21)	Positive Sentiment
Pork (SPP)	1.56	1.48	Possible Decrease

Source: AHDB



Dates for the Diary

- Farm Business Innovation Show – 10th to 11th November 2021
- CropTec – 24th to 25th November 2021
- Potato Industry Event – 24th to 25th November 2021
- CLA Rural Business Conference – 2nd December 2021
- Oxford Farming Conference – 5th to 7th January 2022
- LAMMA – 11th to 12th January 2022
- Agri Technica – 27th February to 5th March 2022

If you would like to discuss any of the topics covered in this issue of the Farming Update, do contact a member of the [Team](#).



Meet the Team



Zoe Brooks



Will Cobley



Will Gemmill



Shaun Spalding



Sebastian Murray



Richard Means



Katie Arden



Robert Gazely



Jock Willmott



Beth Speakman



Jason Cantrill



George Badger



George Hoyes



Edward Hutley



Ben Bates



Ben Amos



Charlotte Judd



Christopher Monk



Charles Garrard



Carol Atkins



Charles Ireland



Alice Montrose



Alex Hall



Sebastian Young