

# BREXIT AND THE PROSPECTS FOR AGRICULTURE

Richard King

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## AGENDA

- Background: Current Position of Farming
- Policy and Brexit
- Arable Sector
- Dairy Sector
- Livestock Sectors
- Implications and Conclusions

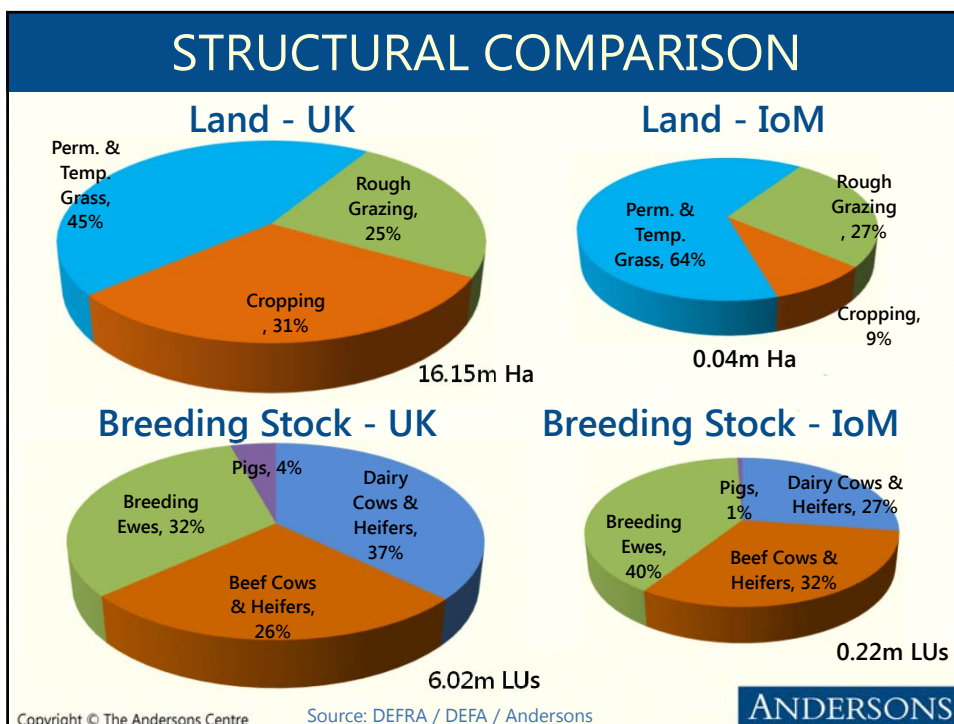
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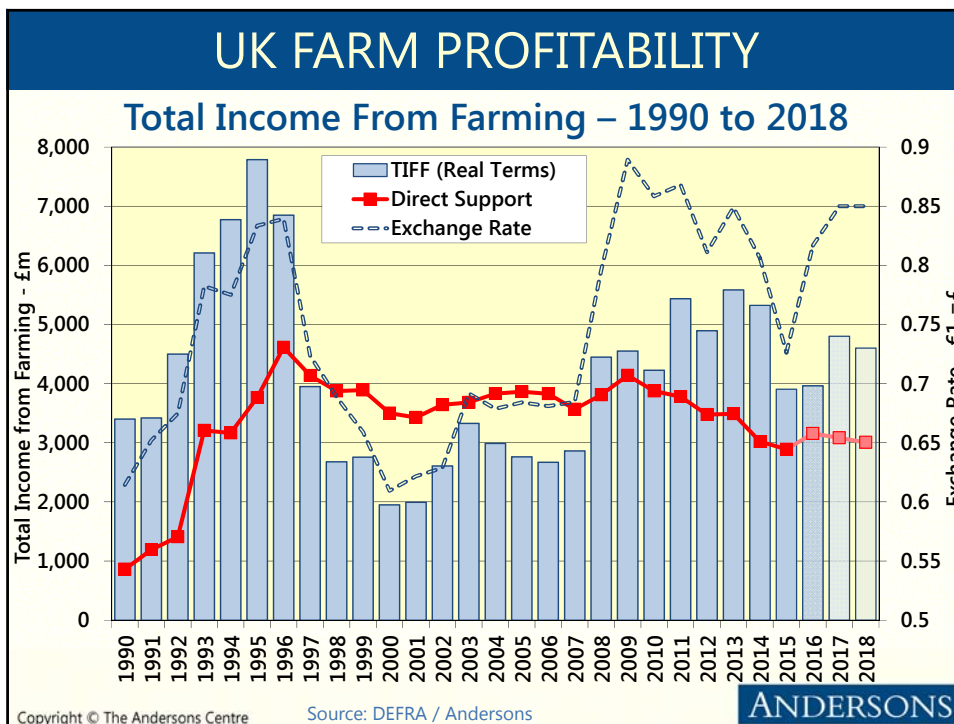
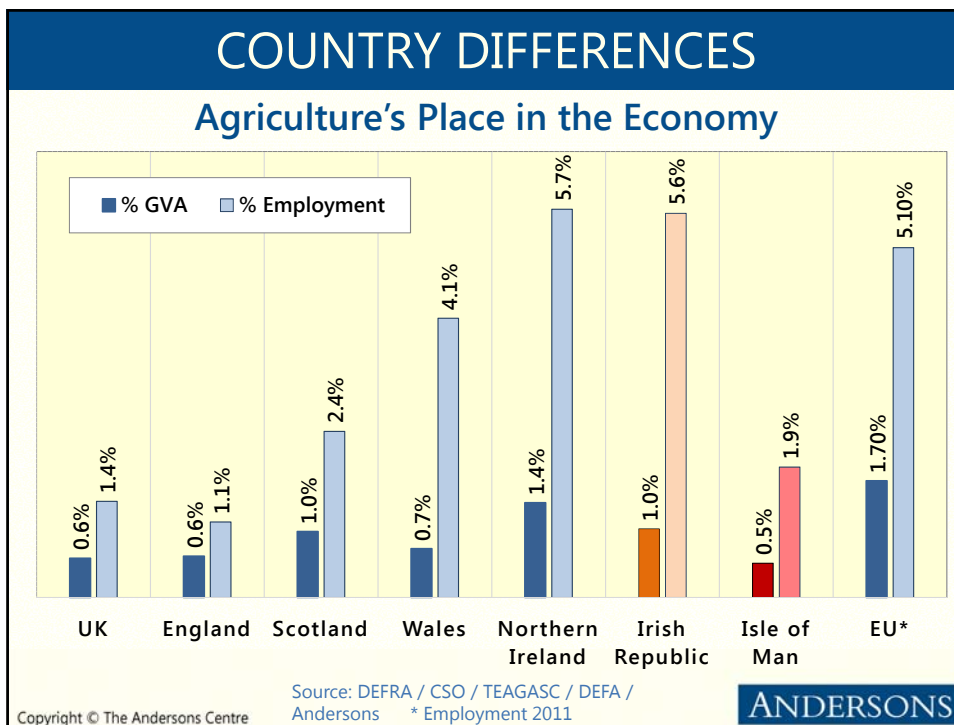
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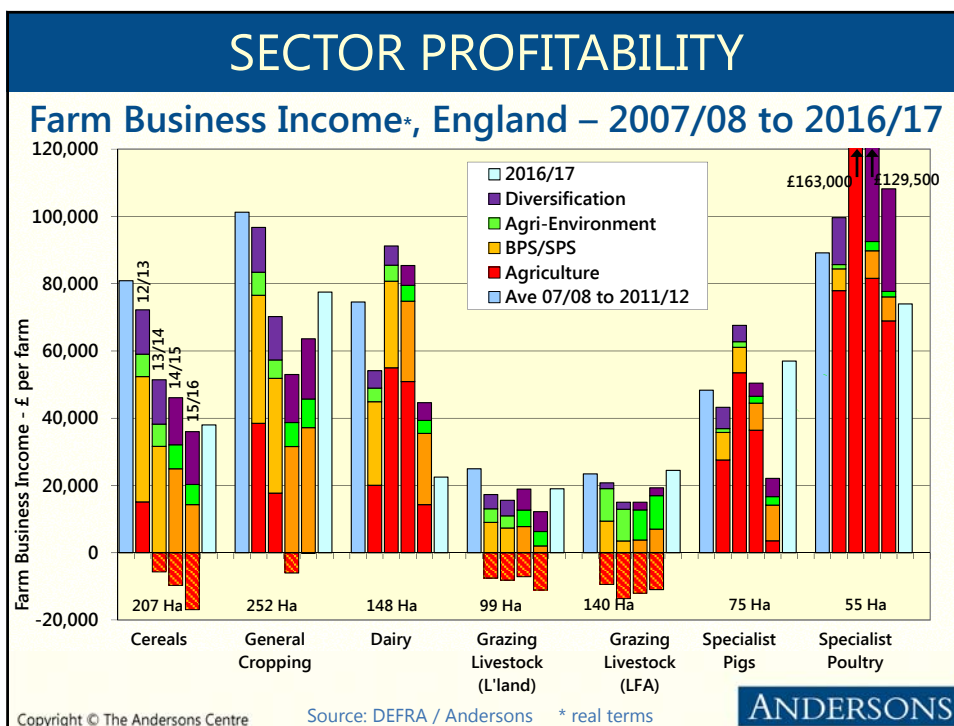
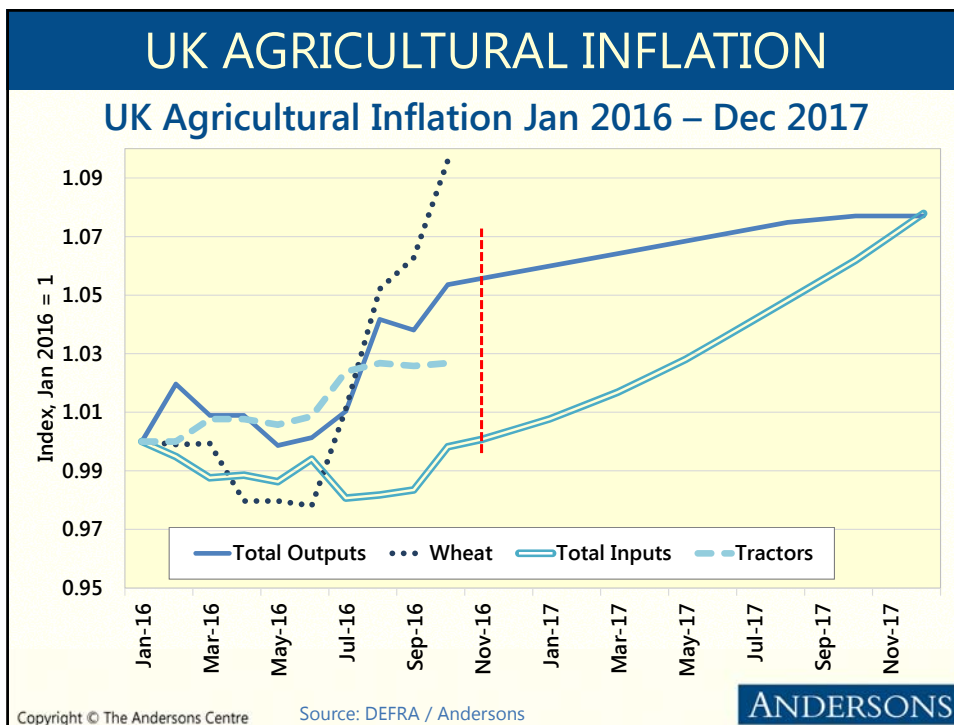
# CURRENT POSITION OF FARMING

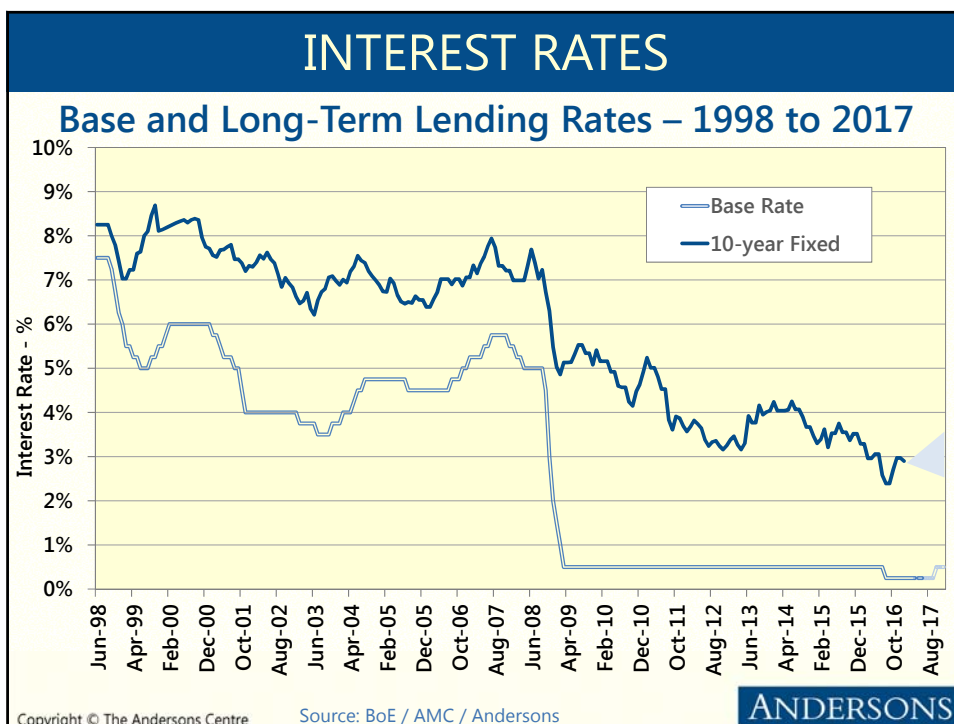
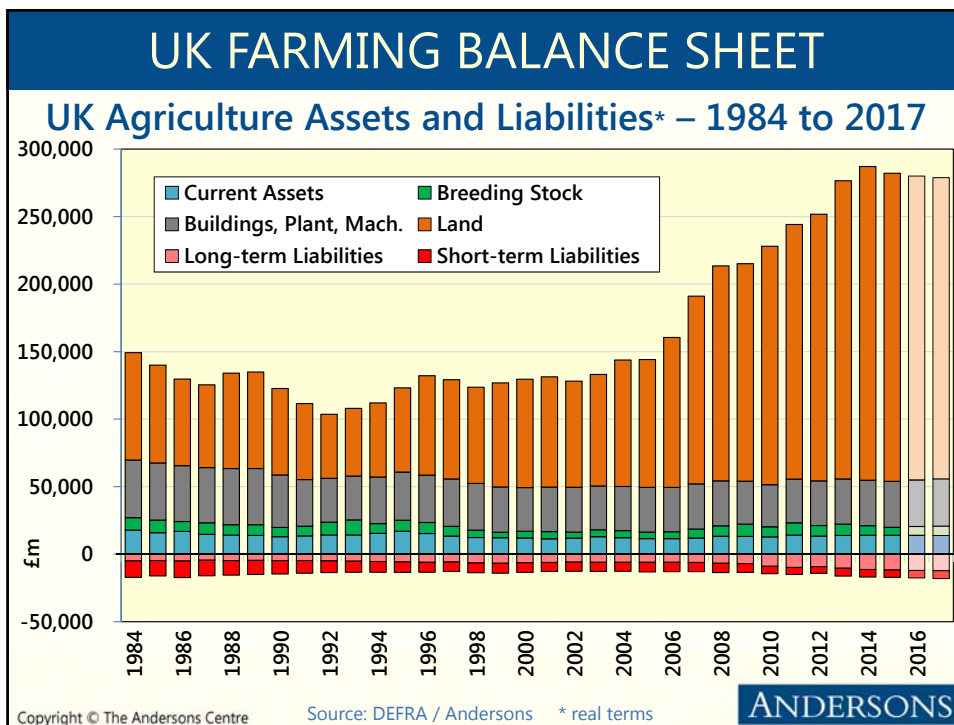
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## RETURNS

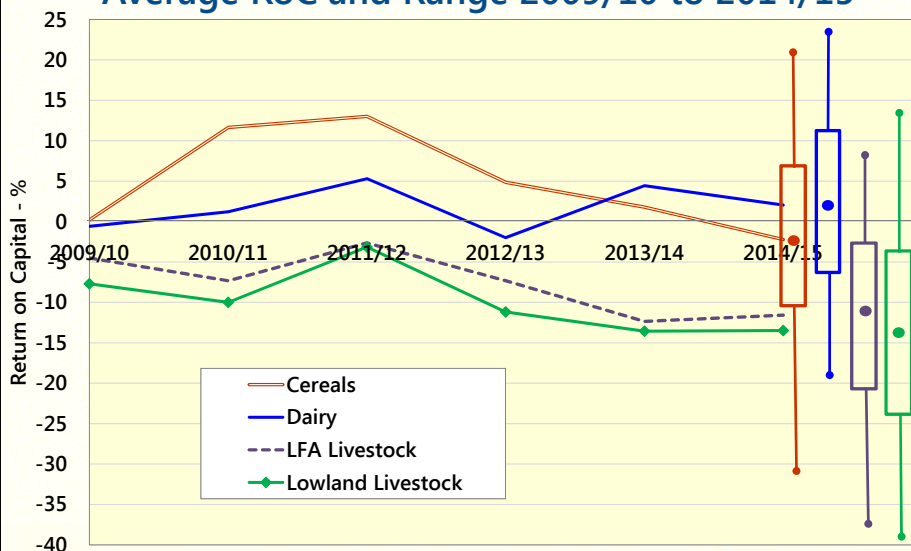
- **Return on Capital is the litmus test for all businesses**
  - not discussed enough in farming
- **Problems around consistent and meaningful calculation**
  - high land values skew figures
  - *also treatment of unpaid (family) labour*
- **Businesses of owning land and farming land should be divorced**
  - impute a true rent in all RoC (and Cost of Production) analyses
- **But worth remembering most farmers have multiple objectives**
  - business longevity, lifestyle, the next generation etc.

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## RETURN ON CAPITAL

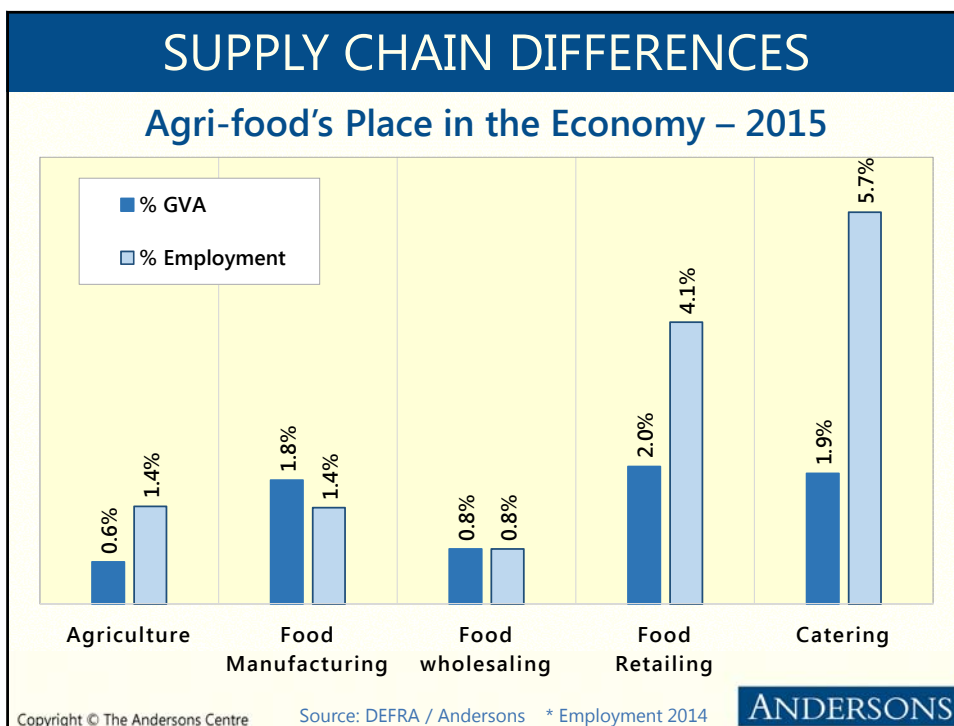
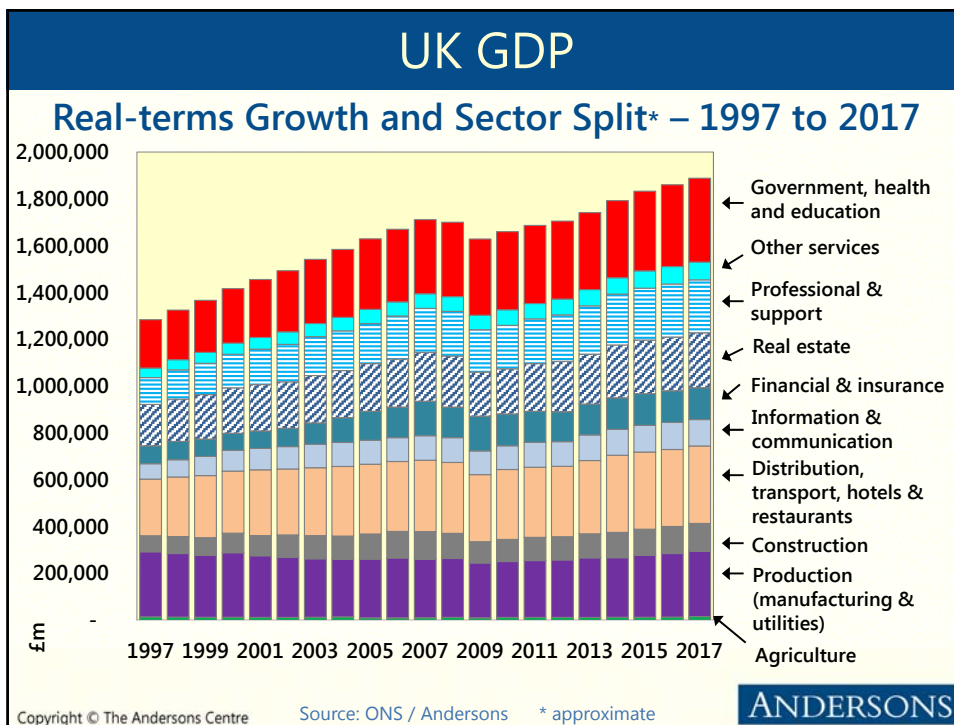
Average RoC and Range 2009/10 to 2014/15

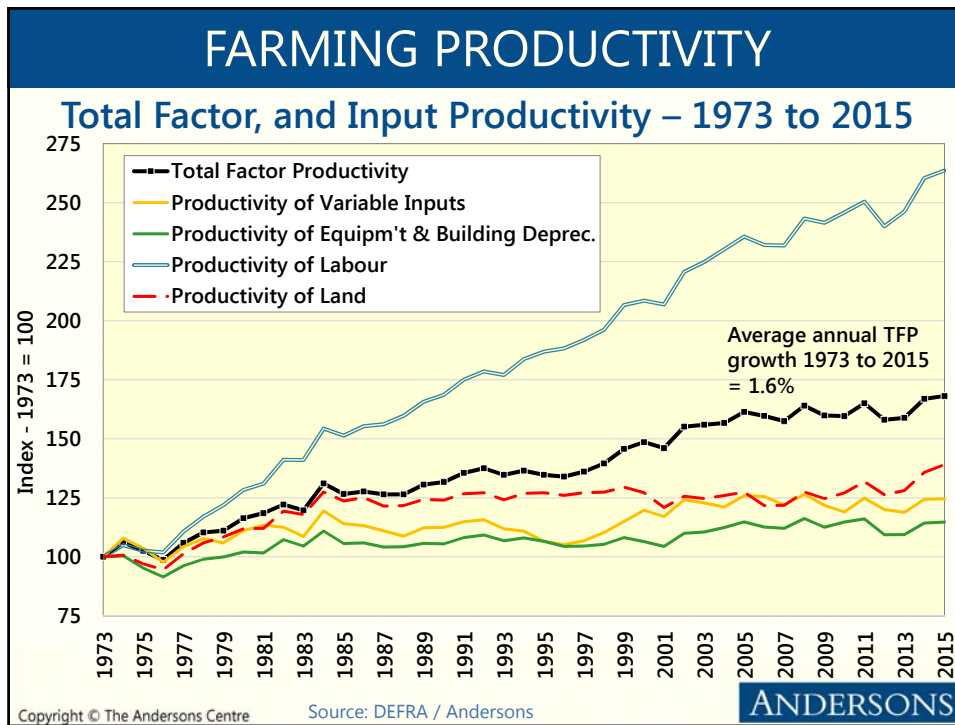


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# POLICY AND BREXIT

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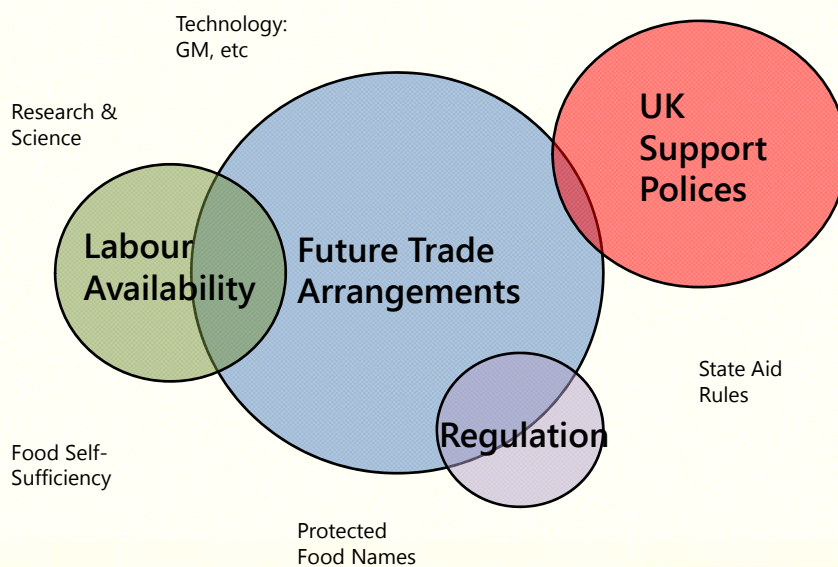
## BASIC PAYMENT SCHEME

- Until UK formally Brexits, CAP still applies
- BPS guaranteed for 2017 and 2018; funding for 2019
- CAP rules transposed by 'Great Repeal Bill'
- 'Son of CAP' for 2019 and 2020 (and 2021?)
  - using existing structures?
  - however, ££s might change post 2019
- Rural Development schemes will remain open (for new applications) until Brexit
  - and multi-year agreements will be honoured
  - but gap until new arrangements?

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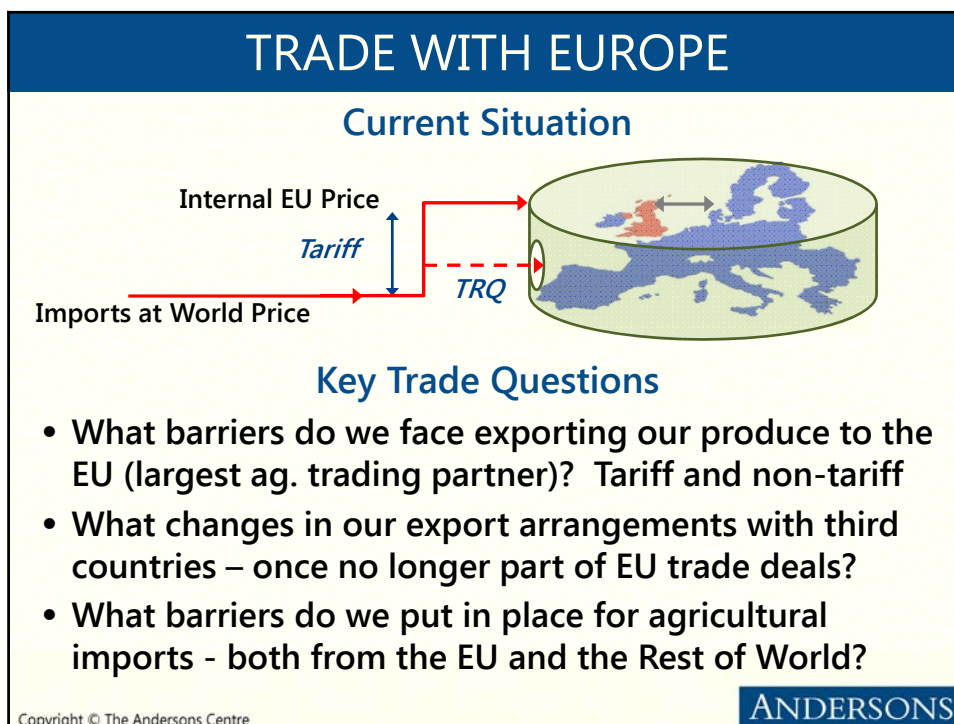
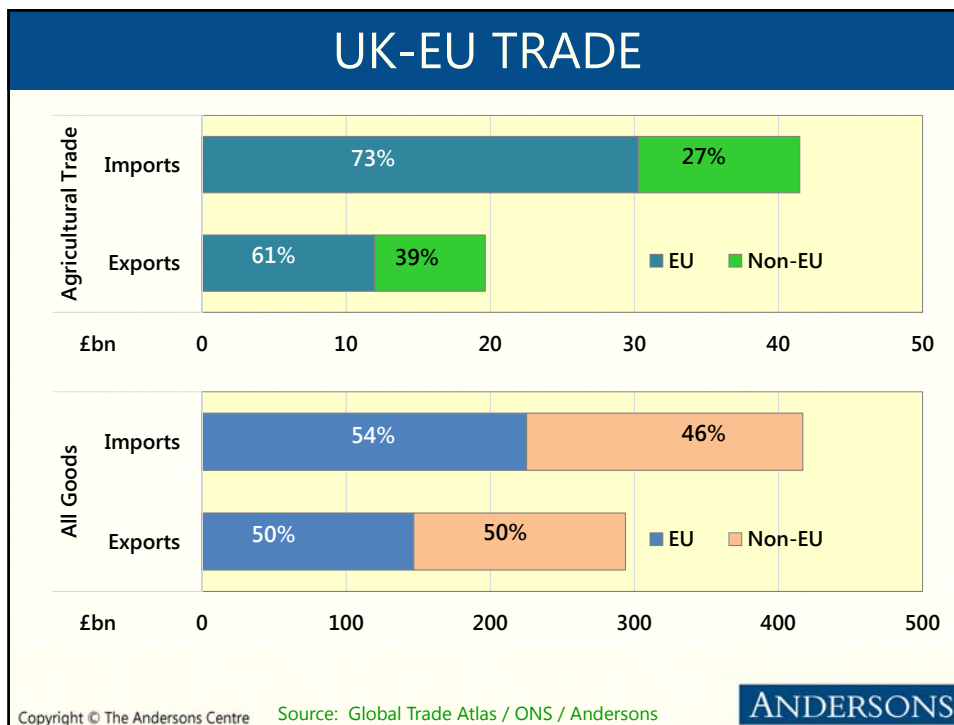
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## BREXIT: ISSUES FOR FARMING



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## FUTURE TRADE: UK AND EUROPE

'Soft  
Brexit'

~~Single  
Market~~

~~Customs  
Union~~

Free Trade  
Agreement

'Hard  
Brexit'

WTO  
Rules

- **Agriculture may not be comprehensively covered**
  - excluded from EEA and Turkish Customs Union
  - FTA needs to cover majority of trade (inc. ag.)

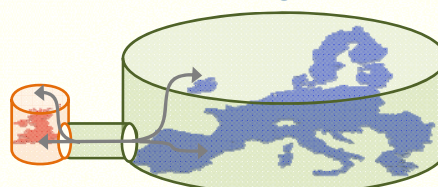
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## FREE TRADE AGREEMENT - CANADA

- **Single Market access in the areas covered by the deal**
  - services traditionally not included
  - agricultural trade often only partially liberalised
- **No free movement of people, no budget contribution**
- **Trade transaction costs increase** (circa 5%)
- **Can take up to a decade to negotiate**
  - might be shortened as UK/EU standards aligned to begin with
- **Needs a large reservoir of goodwill**

### Free Trade Agreement



UK & EU set their own tariffs (waived for each other), trade prices variable

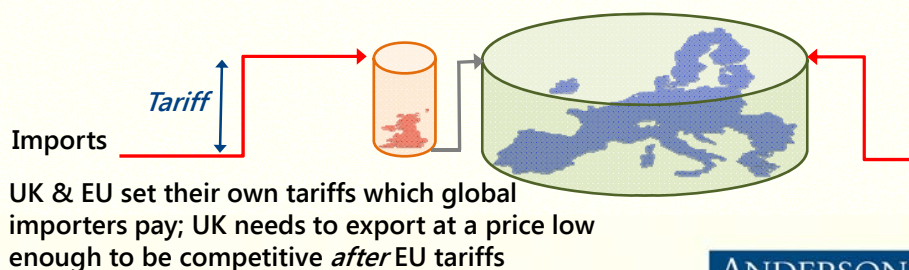
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## WTO TRADE – NZ, USA

- UK to pay EU tariffs on its exports
  - UK to charge equivalent(ish) tariffs on imports
- Agricultural commodities may have some TRQs
- Trade transaction costs to increase (circa 8-10%)
- Controlled immigration; no EU budget contributions

### WTO Trading – High UK Tariffs



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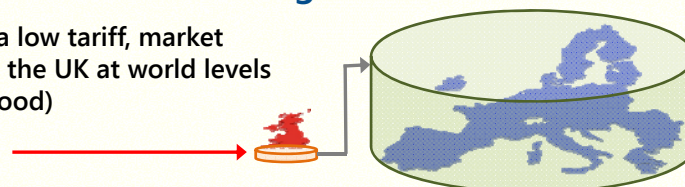
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## LIBERAL TRADE - SINGAPORE

- As WTO, but UK decides to set low tariffs on imports
- Low food prices due to cheap imports, but major upheaval for UK producers
- Some right-wingers favour this option
  - or, UK Govt to grant access to cheap food imports as part of a future free-trade deal

### WTO Trading – Low UK Tariffs

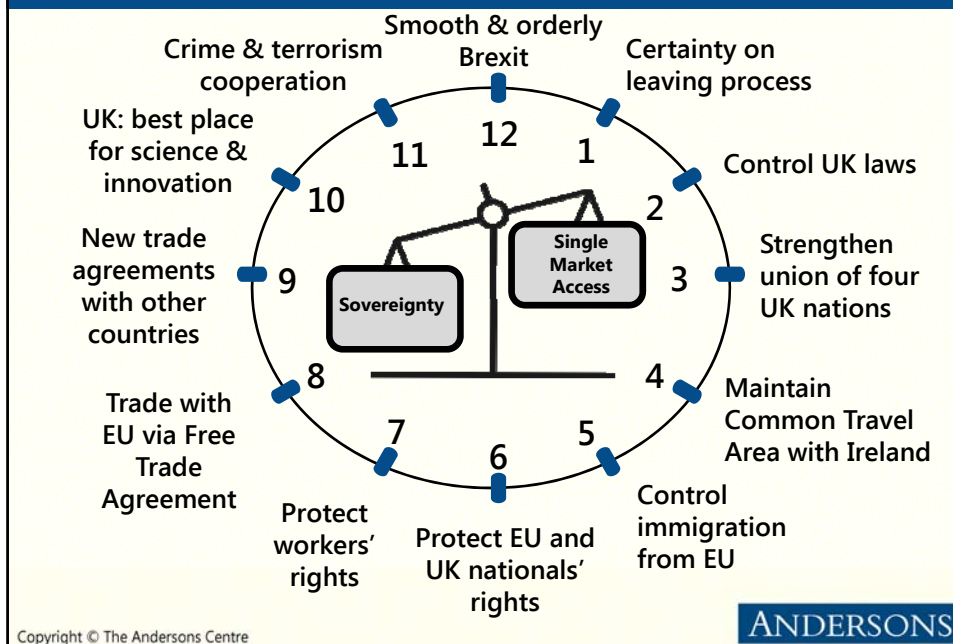
UK sets a low tariff, market prices in the UK at world levels (cheap food)



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## THE PLAN: 12 NEGOTIATING OBJECTIVES



## EUROPE'S POSITION

- There are two sides to a negotiation!



- EU Commission (and German) position is that UK cannot 'cherry pick' bits of the EU
  - UK must be 'worse off', or others might leave
  - if politics v economics – politics wins
- Even in economic terms the desire for a deal is not clear
  - split between those countries that do a lot of trade with the UK (Germany, Ireland, Neth., France) and those that don't and have different focus, i.e. labour (Poland, Romania)
  - within countries: French farmers versus French financial services
  - all countries must agree
- Theresa May – 'no deal is better than a bad deal'

## THE TALKS

### 'Exit' Talks

- EU requires 'progress' on this before trade talks start
- Covers areas such as;
  - UK's obligations to EU – i.e. £££s
  - status of EU citizens in UK and British citizens in EU countries
  - Ireland
- Deal needs a majority of Member States + EP

### Trade Talks

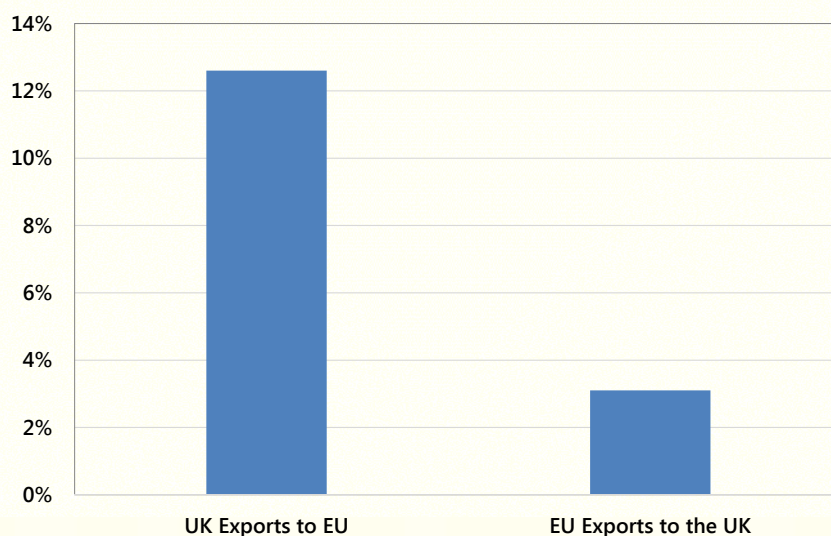
- More complex (and lengthy) than exit talks
- Deal required to be agreed unanimously by Member States
- What is the UK's capacity for negotiation?

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## NEGOTIATING STRENGTH?

### EU-UK Trade as % GDP



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## THE WTO OPTION

### EU Agricultural Tariffs – Selected Commodities

| Commodity                           | Standard Tariff<br>(€ per tonne) | Within TRQ Tariff<br>(€ per tonne; %) |
|-------------------------------------|----------------------------------|---------------------------------------|
| Wheat ( <i>feed</i> ) / Barley      | €95 / €93                        | €12 / €8-€16                          |
| Skim Milk Powder                    | €1,254                           | €475                                  |
| Cheese ( <i>cheddar</i> )           | €1,671                           | €210                                  |
| Lamb ( <i>fresh/chill</i> )         | 12.8% + €1,710                   | €0                                    |
| Beef ( <i>fresh/chill</i> )         | 12.8% + €1,770                   | 20% (frozen)                          |
| Pigmeat                             | €536                             | €268                                  |
| Poultry cuts ( <i>fresh/chill</i> ) | €512                             | €0                                    |

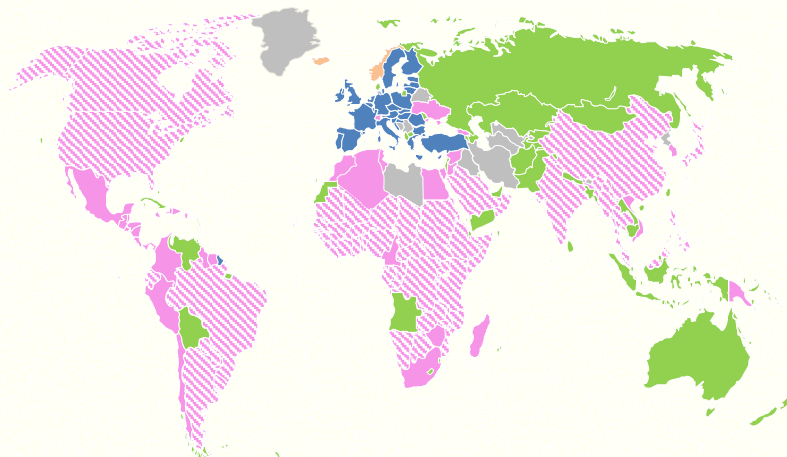
- Also non-tariff barriers – regulations, customs etc.
- Less visible but potentially more trade-inhibiting

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Source: EU Commission / Andersons

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## CURRENT EU RELATIONSHIPS

EU &  
Customs  
Union

WTO

Non-WTO

European  
Economic  
AreaPreferential  
Trade  
ArrangementsNegotiations  
Underway/ awaiting  
ratification

## UK MARKET PROTECTION

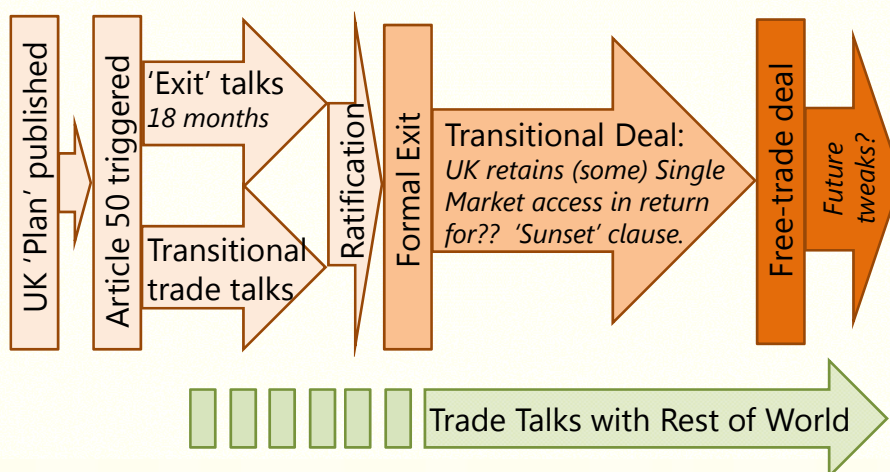
- **Tariffs not just about being able to *export***
  - UK farmers currently protected from (cheaper) global imports as a result of EU tariffs
- **What tariff level will the UK set, once it is free to choose?**
- **Adopting current EU tariffs is much easier in WTO terms**
  - this could see UK prices rise for farm commodities in which we have a trade deficit
- **Will the UK reduce current protection (over time)?**
  - as part of FTA with other countries – USA, Australia, Brazil
  - unilaterally as part of a ‘cheap food’ policy
- **Defaulting to ‘WTO trade’ not as simple as often stated**
  - WTO rules generally do not allow trade discrimination on the grounds of ‘quality’ – e.g. animal welfare

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## THREE-STAGE BREXIT?

Jan 2017    Mar 2017    Sept 2018    Mar 2019    +1 years?    +5 years?



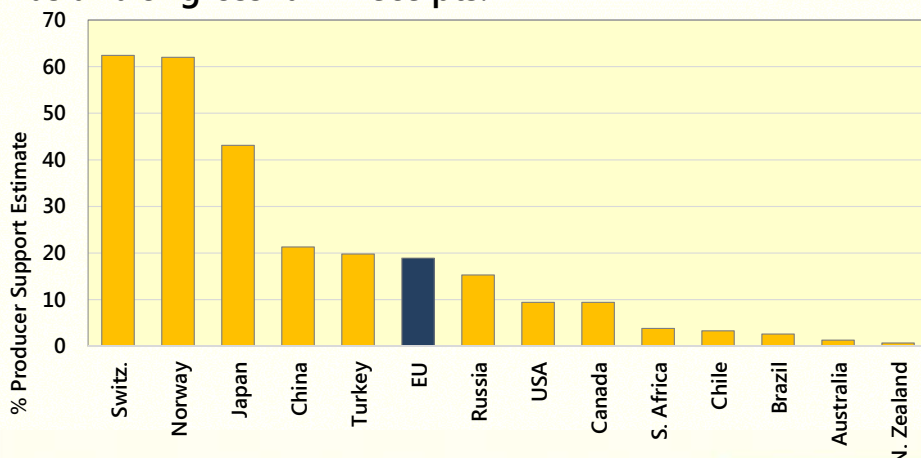
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## SUPPORT AROUND THE WORLD

**Producer Support Estimates = total transfers to producers as a result of government policies, expressed as a % of gross farm receipts.**



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Source: OECD / Andersons

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## EXAMPLE SUPPORT SYSTEMS

- **New Zealand has no direct support or market measures;**
  - public spending on animal disease control, natural disaster relief and agricultural research and knowledge transfer
- **Australia much like NZ with additional spend on;**
  - drought preparedness and resilience, environmental conservation and risk management
- **US Farm Bill budgets \$956bn of spending over 10 years;**
  - includes food stamps leaving \$200bn for agriculture
  - commodity programmes – Govt – deficiency payments and revenue protection
  - crop insurance – private, but subsidised – price & yield risks
  - conservation and other programmes
- **Norway** – basically, every form of support

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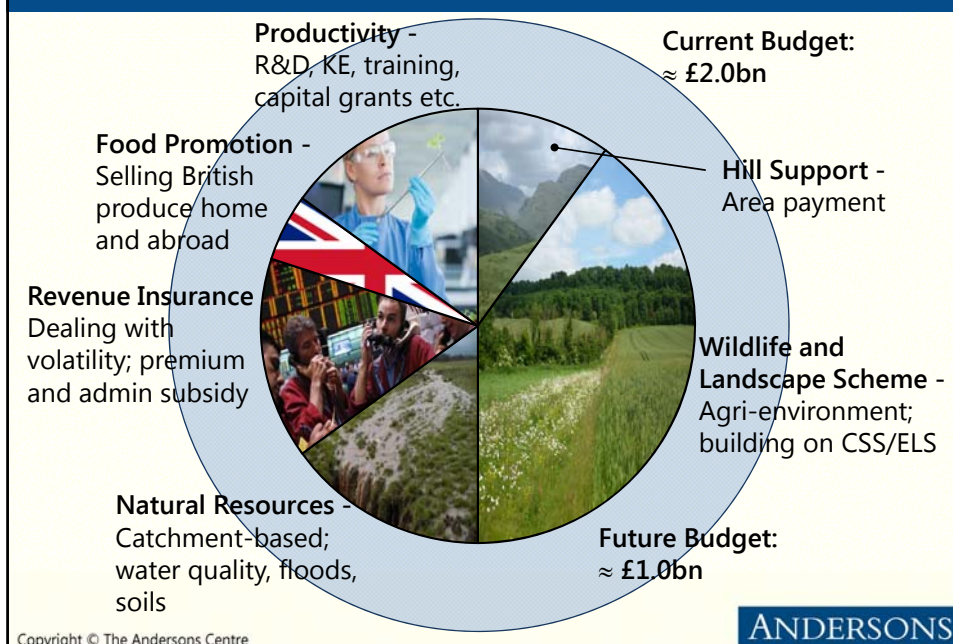
## FUTURE FARM SUPPORT

- **Post-Brexit, some interaction with trade talks**
  - cheap food policy *might* be offset with higher support
- **Unclear how 'devolved' policy might be**
  - a 'UKAP' with opportunity for limited national tweaks, *or*
  - each country has its own policy (EAP, WAP, SAP, NIAP etc.)
  - how is the money distributed – current %, or Barnett formula
- **DEFRA consultation 'soon'**
  - many organisations will want to have a say

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## POSSIBLE EAP: 2025



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## REGULATION: THE GREAT REPEAL BILL

- **It only repeals one thing**
  - the European Communities Act (ECA) of 1972 which enacts EU regulation in the UK
  - Bill expected to be enacted late 2017?
- **'Retain and reform' will write entire body of EU laws and regulation into domestic statute**
  - gradually reviewed / adapted / removed over time
  - no 'bonfire of regulation'
  - CAP legislation is included in this process
- **Even this process is more complex than it looks**
  - EU Directives: written into National law
  - EU Regulations: S.I.s given effect by ECA. Often refer to EU bodies which will no longer have jurisdiction

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## CONSTITUTIONAL ISSUES

- **Scotland voted 62% to remain**
- **'IndyRef 2' - not necessarily**
  - EU may not allow Scotland to take on UK's membership (Spain – Catalonia)
  - new members must have independent monetary policy, agreed to adopt Euro, and implement Schengen ('hard border' at Carlisle/Berwick?)
  - financial situation is unfavourable (oil price)
  - lose two referendums in quick succession and the issue dies
- **'Single Market access' a key demand for Scot Govt**
- **Northern Ireland is the only part of UK with a land border with EU**
  - special arrangements with The Republic?

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## LABOUR

- **Not just seasonal fruit pickers**
  - extended growing seasons and multiple crops – more than a couple of months working periods
  - food manufacturing and processing – abattoirs etc.
- **Statistics difficult to come by (due to free-movement)**
  - NFU estimates hort. alone needs 80,000 seasonal workers
- **Already short-term problems**
  - weaker £ makes wages 10-15% lower (in Euro terms)
  - Brexit vote sending a 'message'
- **Seasonal Agricultural Workers Scheme looks possible**
  - would not address permanent labour shortfalls
- **Exporting production or a step-change in automation?**

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## TECHNOLOGY

- **Areas where EU is 'holding back' agriculture**
  - adoption of genetic-modification technologies
  - authorisation of pesticides
- **Reasons why UK may not depart too much from EU;**
  - short-term, still bound by EU rules until we leave
  - Single Market access may see us have to accept EU rules
  - even under arms-length arrangements, we would still want to sell to Europe – and thus produce to their standards
  - requirement to set up domestic authorisation systems
- **Lobby groups will be as powerful in Whitehall as they are in Brussels**

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## OPPORTUNITIES FROM BREXIT

### Change Also Presents Opportunities . . .

- **Outcome of trade negotiations depend on the details**
  - we are net importers of most ag. commodities
  - scenarios with tariffs, TRQs etc. where UK prices rise
- **Not guaranteed that support will fall; even if it does...**
  - a better policy should allow us to do more with less
  - much of BPS flows away in costs such as rent and inputs
- **Opportunities in global food markets**
- **Better (perhaps not less) regulation is possible**
- **Sterling could weaken further**
- **A spur for efficiency gains – automation, global best practice etc.**

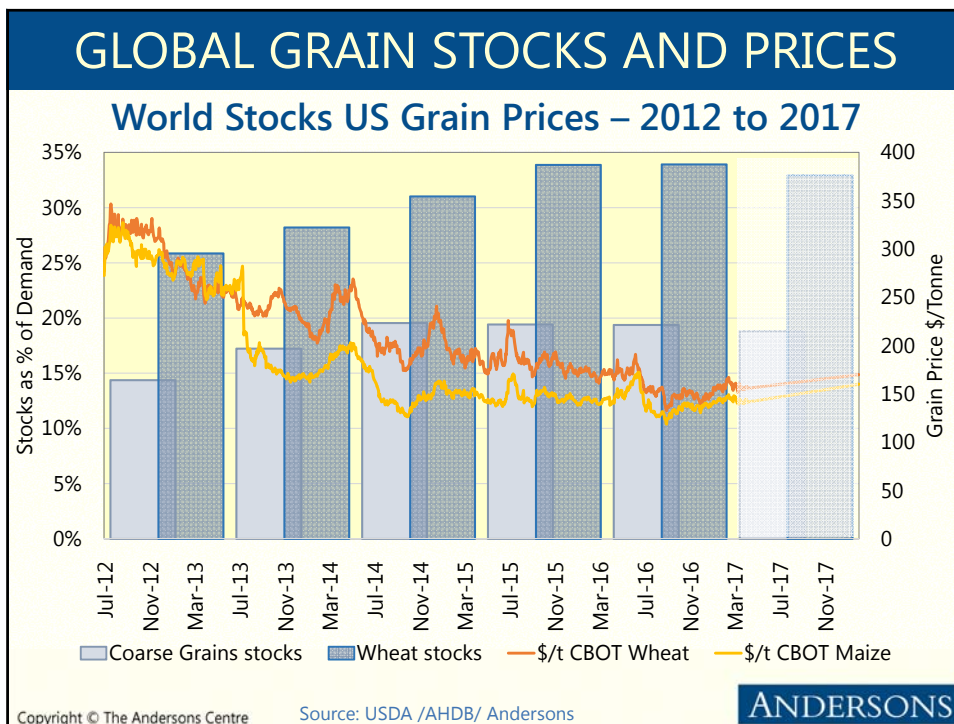
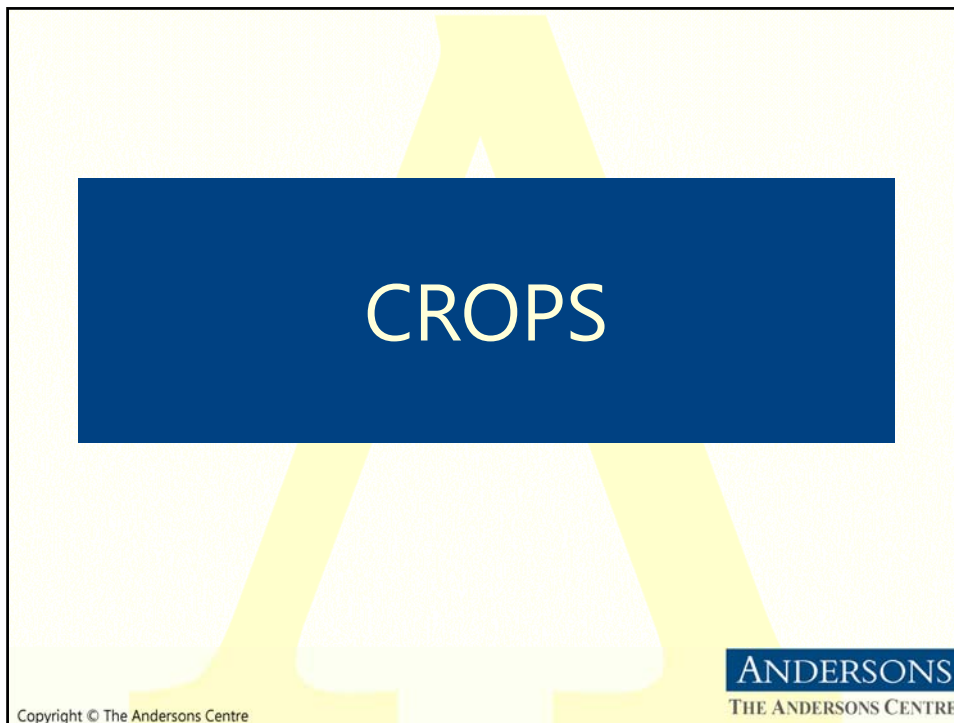
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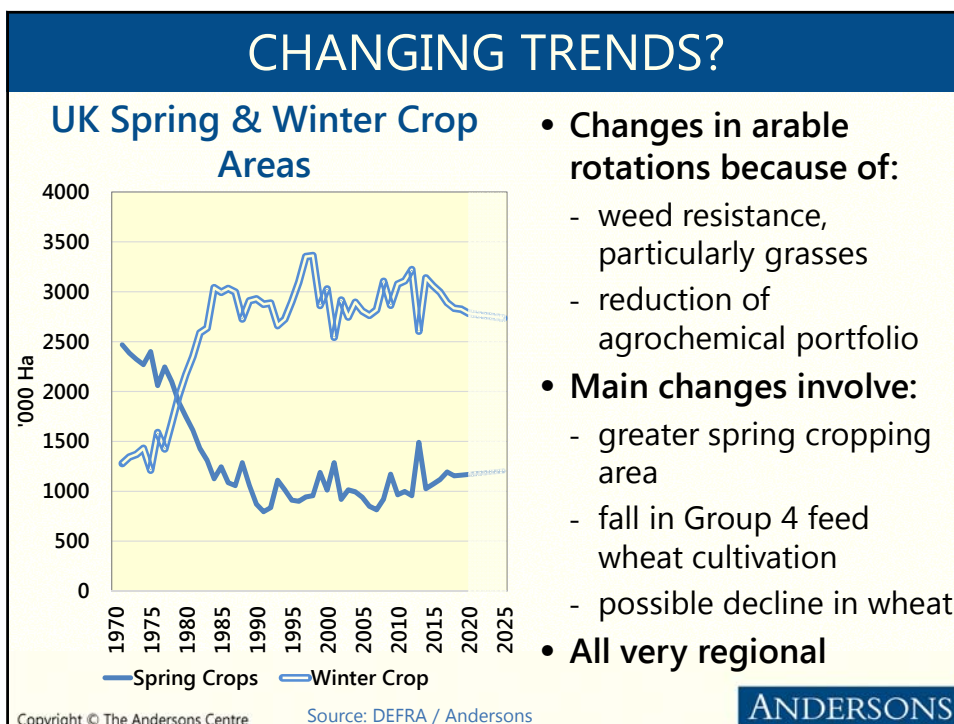
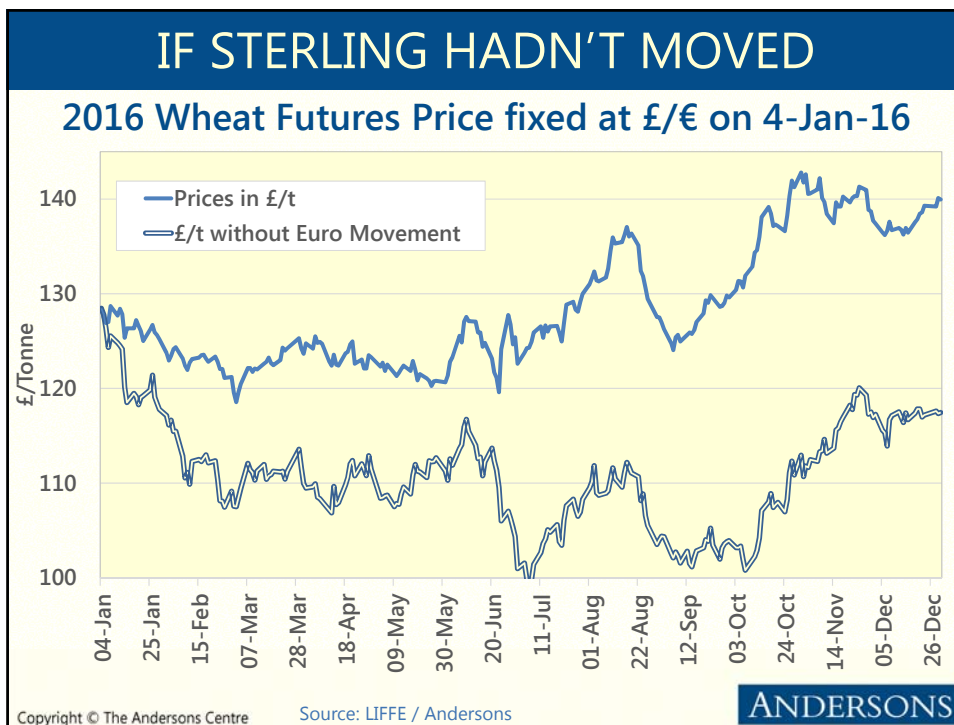
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COFFEE

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## CEREALS PRICE PROSPECTS

- **Plenty of cereals at a global level**
  - stocks have risen for 4<sup>th</sup> year in a row post-harvest 2016
- **Early planting trends for 2017 suggest less wheat**
  - a 'weather event' may not be enough to boost prices greatly
- **UK price being buoyed by currency**
- **Current forward prices for harvest 2017 similar to 2016**
  - November feed wheat circa £130 per tonne – profitable?
- **Oilseed prices firmer than cereals**
  - lower 2016 EU & UK oilseed rape harvest; soya not in surplus
  - may continue through 2017 harvest, but global soya area could rise if wheat falls
- **Beans require human consumption premium**

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## LOAM FARM MODEL

- 600 Ha of combinable crops (W. Wheat, W. OSR, S. Beans)
- 240 owned, 360 FBTs; owner, 1 FT worker & harvest casual

| <i>£ per Ha</i>               | 2014 <sup>①</sup> | 2015 <sup>①</sup> | 2016 <sup>②</sup> | 2017 <sup>③</sup> |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| Output                        | 1,132             | 1,048             | 1,054             | 1,163             |
| Variable Costs                | 425               | 431               | 421               | 394               |
| Gross Margin                  | 707               | 617               | 633               | 769               |
| Overheads                     | 407               | 404               | 394               | 414               |
| Rent and Finance              | 218               | 243               | 242               | 243               |
| Drawings                      | 75                | 75                | 77                | 77                |
| <b>Margin From Production</b> | <b>7</b>          | <b>(105)</b>      | <b>(80)</b>       | <b>35</b>         |
| BPS / SPS + ELS               | 226               | 179               | 213               | 213               |
| <b>Business Surplus</b>       | <b>233</b>        | <b>74</b>         | <b>133</b>        | <b>248</b>        |

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## SOME SIMPLE RULES-OF-THUMB

'It is difficult to make predictions. Especially about the future' – Niels Bohr

1. If the UK gets good Single Market access for agricultural goods then there will be little price effect
2. Where the UK produces a *surplus* of a commodity (wheat, OSR, lamb) then the farmgate price is likely to fall if we do not have Single Market Access

If we are outside the Single Market, for commodities where the UK is a net *importer* then;

- prices would rise if the UK puts on EU-equivalent tariffs
  - farmgate prices could fall under a low-tariff regime
- Many farm products are both imported and exported. **Complicated!**

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## LOAM FARM – BREXIT EFFECT

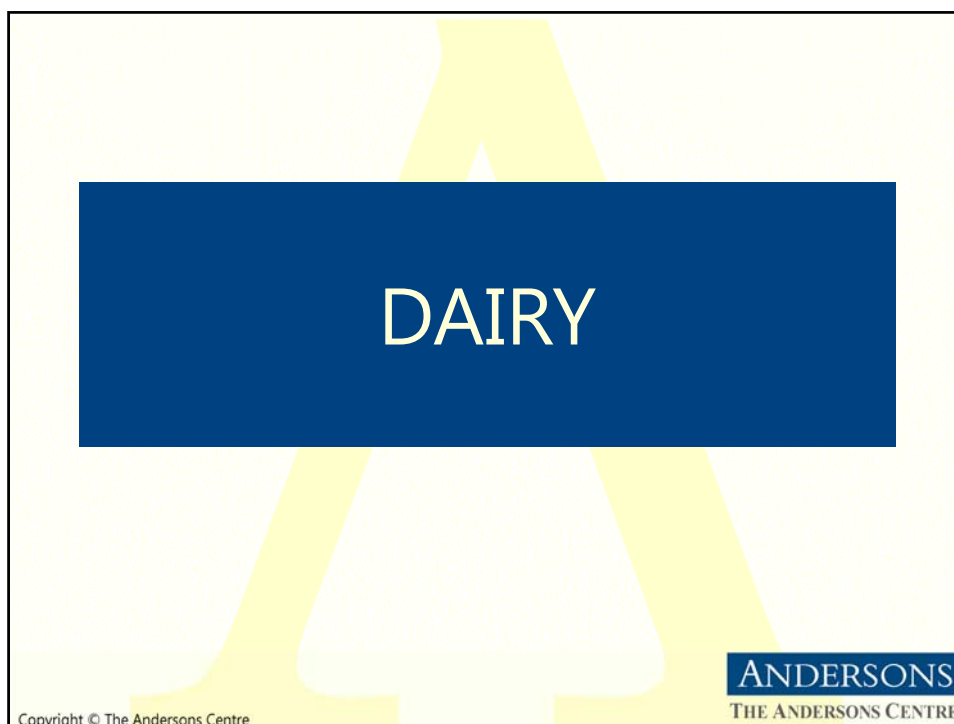
- 600 Ha of combinable crops (W. Wheat, W. OSR, S. Beans)
- 240 owned, 360 FBTs; owner, 1 FT worker & harvest casual

| <i>£ per Ha</i>        | 2017  | 2025<br>Good access | 2025<br>Bad access |
|------------------------|-------|---------------------|--------------------|
| Output                 | 1,163 | 1,147               | 1,064              |
| Variable Costs         | 394   | 411                 | 411                |
| Gross Margin           | 769   | 737                 | 654                |
| Overheads              | 414   | 425                 | 432                |
| Rent and Finance       | 243   | 209                 | 152                |
| Drawings               | 77    | 77                  | 77                 |
| Margin From Production | 35    | 26                  | (8)                |
| Subsidy                | 213   | 143                 | 72                 |
| Business Surplus       | 248   | 168                 | 64                 |

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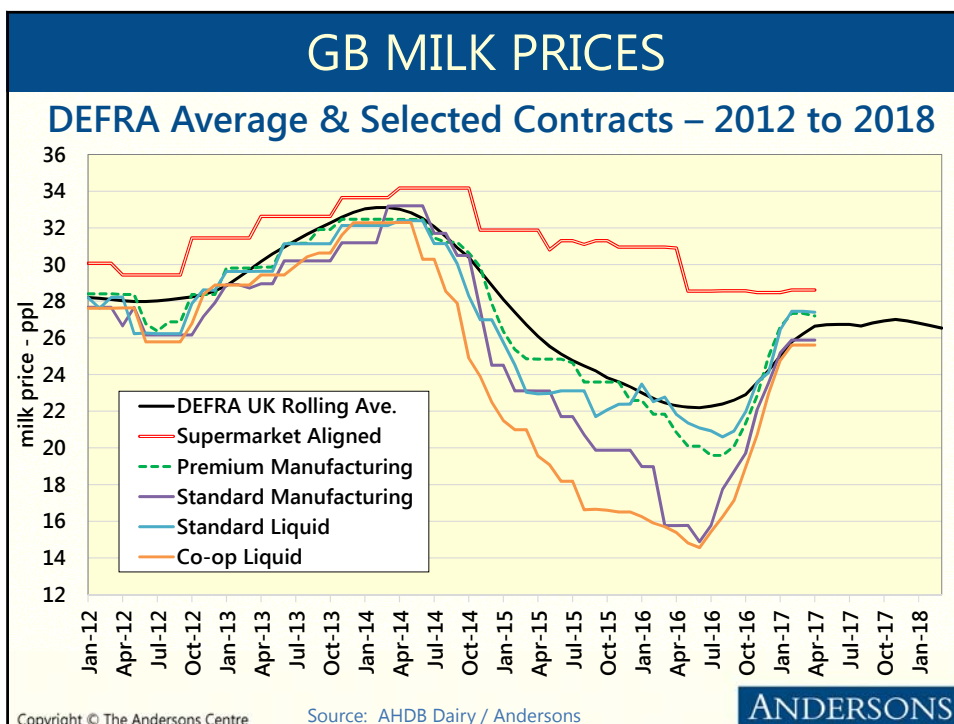
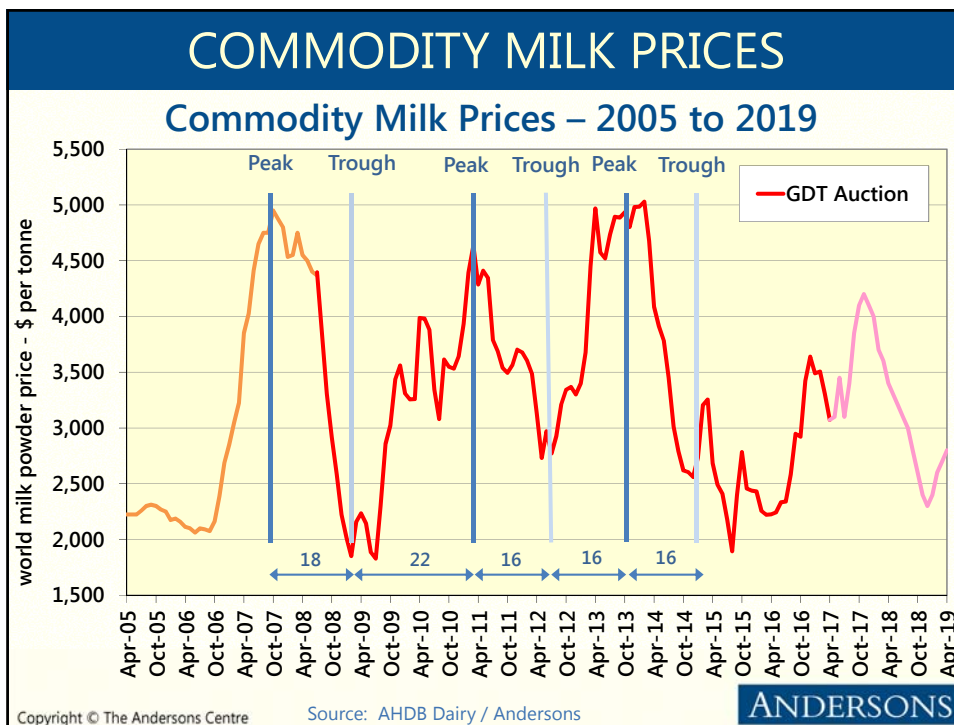


## FUTURE MILK SUPPLY

- **Global production to rise circa 1% in 2017**
  - a recovery after little or no growth in 2016
  - of the 5 major exporters, only Australia to see a reduction in 2017
- **New Zealand to increase by 3%?**
  - recent storms may dent this
- **US has been largely insulated from dairy 'crisis'**
- **EU production up 3% in H1 of 2016, then down 2% in H2**
  - overall, around a 0.5% increase in 2016 – likely to be similar for 2017
  - Ireland and Netherlands have led increases
- **In summary – output rising**

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## FUTURE UK MILK PRICES

- **UK prices currently directionless**
  - processors waiting until after the spring flush
- **Perhaps little movement until the autumn**
  - any further commodity market increases may well be 'absorbed' in the UK
- **Average price for 2017/18 milk year circa 26-27ppl?**
  - range around this, depending on contacts
  - divergence in prices has reduced
- **Unlikely to go to 30ppl+ in this 'cycle'**
- **3-5ppl of increases due to exchange rate**
- **Volatility will continue**
  - prices could be heading down again by 2018

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## DAIRY COSTS AND SYSTEMS

- **Inflation pushing many costs upwards**
  - especially feed, fertiliser and fuel
  - also temptation to 'relax' after a period of cost-cutting
- **But, a requirement to keep a lid on increases**
- **Seasonal calving, forage-based systems have the lowest costs of production**
  - processors should work with this, rather than against it
  - 'vested-interests' in promoting high-output AYR systems
  - AHDB costings data being revamped to reflect different production systems

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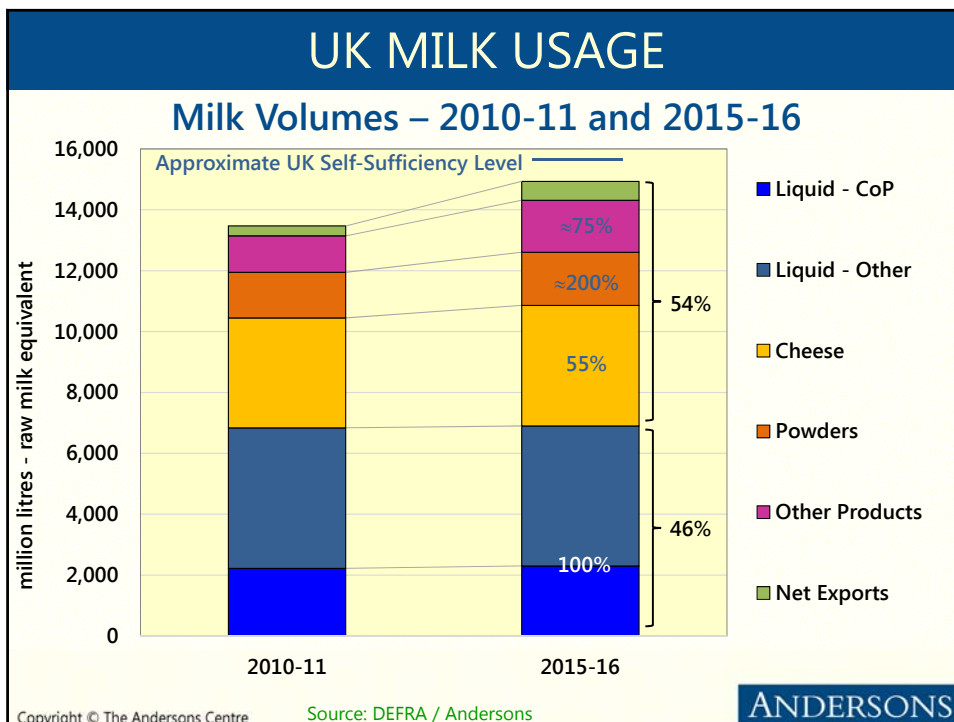
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### FRIESIAN FARM MODEL

- 150 cows plus followers on 100 Ha (part rented)
- Year-round calving, liquid contract. Owner + worker

| <i>ppl</i>                | 2014/15 <sup>①</sup> | 2015/16 <sup>②</sup> | 2016/17 <sup>②</sup> | 2017/18 <sup>③</sup> |
|---------------------------|----------------------|----------------------|----------------------|----------------------|
| Milk                      | 29.4                 | 22.6                 | 23.2                 | 27.0                 |
| Total Output              | 32.1                 | 25.2                 | 25.8                 | 29.6                 |
| Variable Costs            | 13.2                 | 12.0                 | 11.5                 | 12.2                 |
| Overheads                 | 11.0                 | 9.7                  | 9.5                  | 9.5                  |
| Rent, Finance & Drawings  | 4.7                  | 4.8                  | 4.9                  | 5.3                  |
| Total Costs of Production | 28.9                 | 26.5                 | 25.9                 | 26.9                 |
| Margin From Production    | 3.2                  | (1.3)                | (0.1)                | 2.6                  |
| BPS/SPS + ELS             | 1.9                  | 1.6                  | 1.8                  | 1.8                  |
| Business Surplus          | 5.1                  | 0.3                  | 1.7                  | 4.4                  |

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## HARD BREXIT EXAMPLE: UK MILK PRICE

- Difficult to forecast farmgate milk price changes due to many different sub-markets for milk products
- Downwards pressure on prices from;
  - need to find non-EU buyers for 'surplus' milk powders
  - restrictions on raw milk from NI to Republic for processing
  - UK may set somewhat lower import tariffs on products like cheese than EU (EU is in surplus; UK a sizeable importer)
- Overall, a 10% price fall assumed in Friesian Farm model
- *Cull and calf prices also reduced (manufacturing beef)*
- Farmgate milk prices may be (even) more closely linked to end-use in future
- May be a 're-orientation' of processing over time to fill import gaps

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## FRIESIAN FARM – BREXIT EFFECT

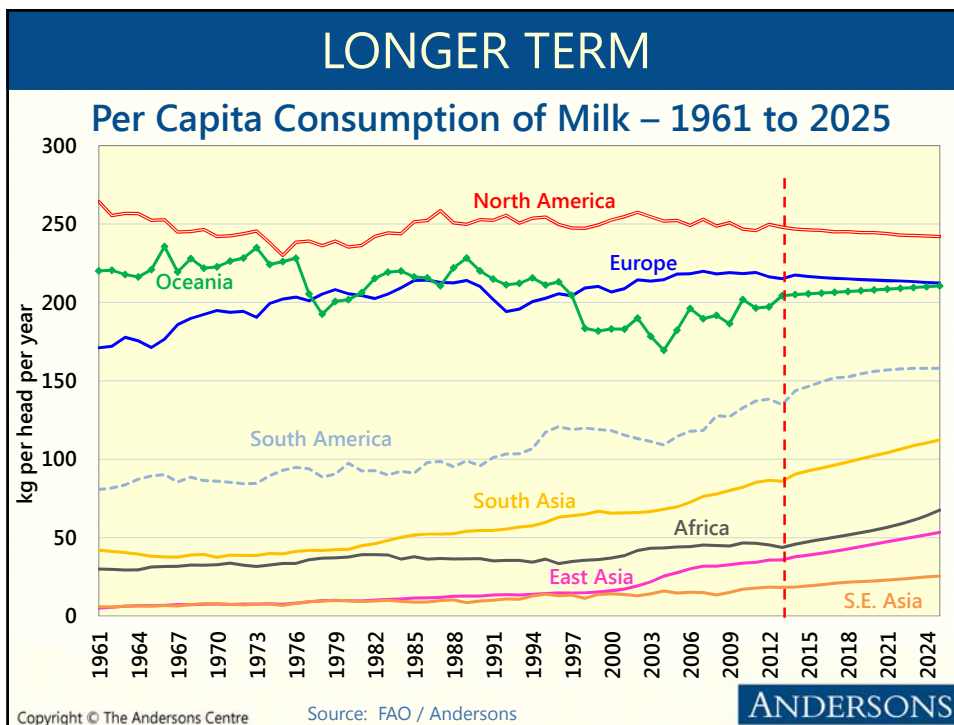
- 150 cows plus followers on 100 Ha (part rented)
- Year-round calving, liquid contract. Owner + worker

| <i>ppl</i>                | 17/18 | 25/26<br>Good access | 25/26<br>Bad access |
|---------------------------|-------|----------------------|---------------------|
| Milk                      | 27.0  | 26.9                 | 24.2                |
| Total Output              | 29.6  | 29.4                 | 26.5                |
| Variable Costs            | 12.2  | 12.5                 | 11.5                |
| Overheads                 | 9.5   | 9.6                  | 9.9                 |
| Rent, Finance & Drawings  | 5.3   | 5.1                  | 5.0                 |
| Total Costs of Production | 26.9  | 27.2                 | 26.5                |
| Margin From Production    | 2.6   | 2.2                  | 0.0                 |
| Subsidy                   | 1.8   | 1.2                  | 0.6                 |
| Business Surplus          | 4.4   | 3.4                  | 0.6                 |

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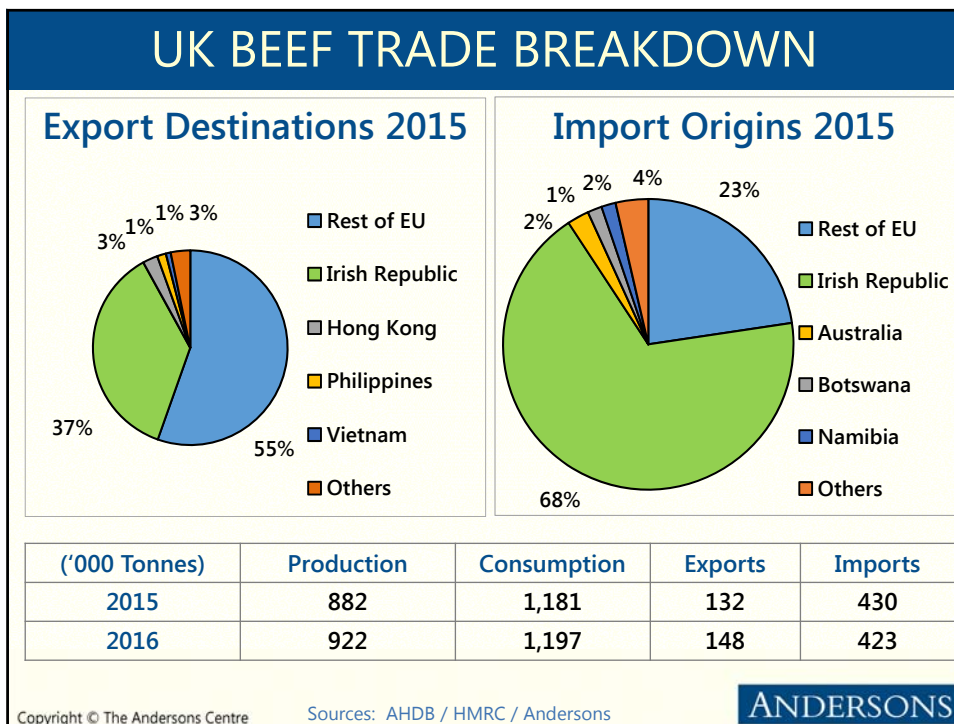
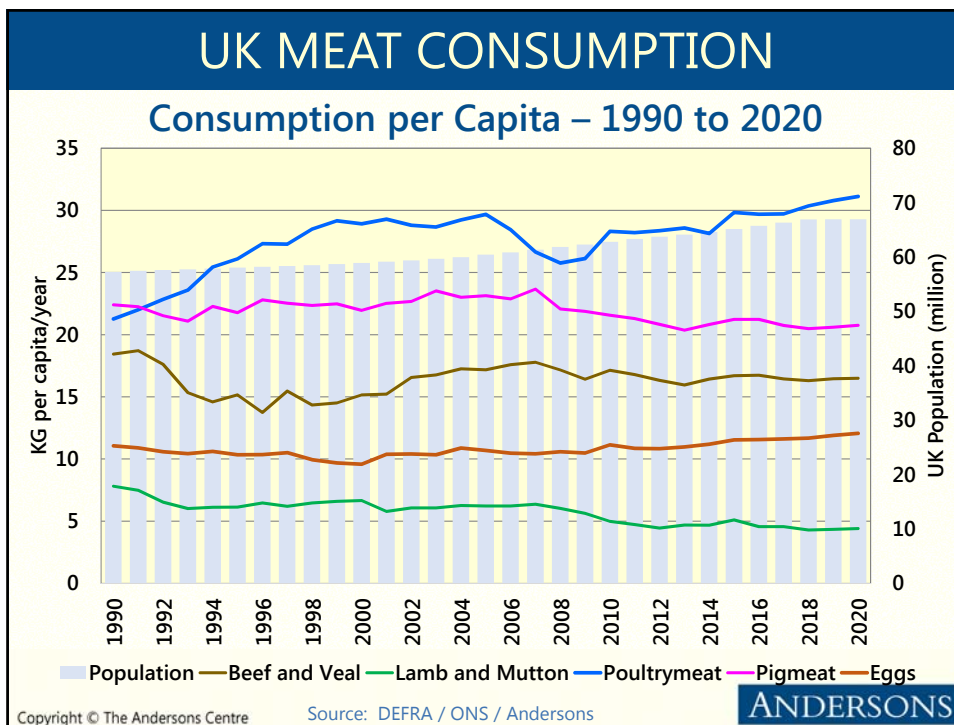
Source: Andersons



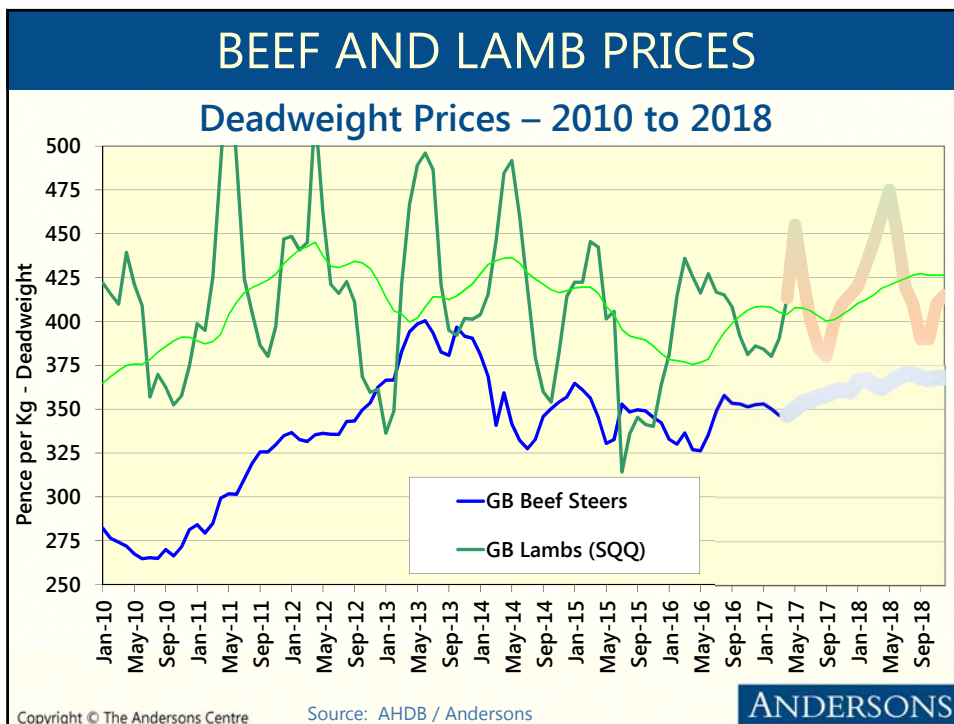
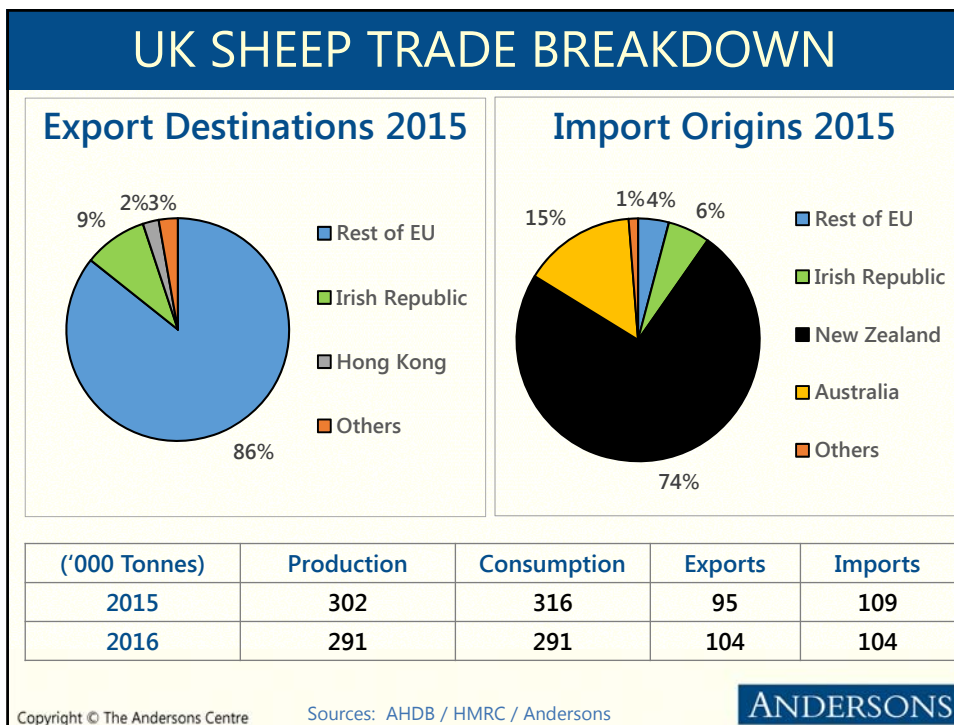
# GRAZING LIVESTOCK

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## BEEF AND SHEEP OUTLOOK

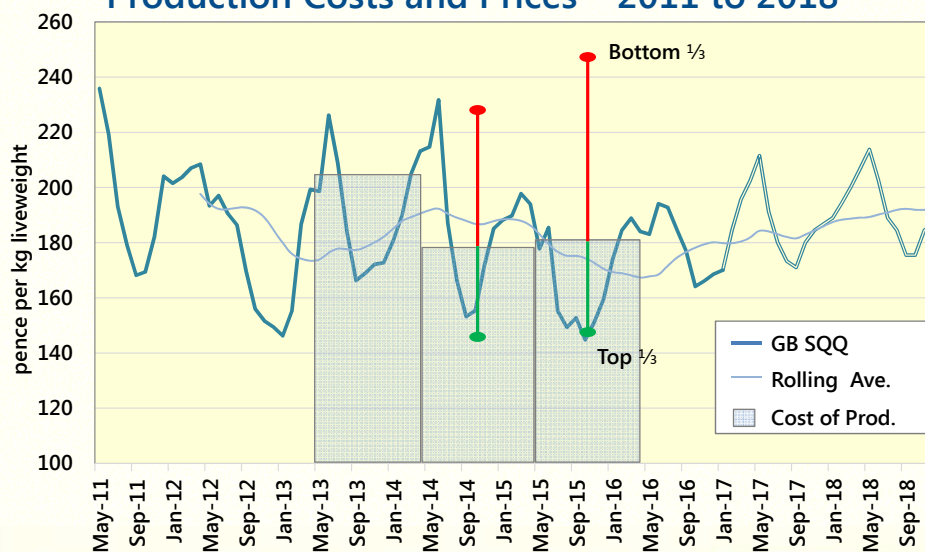
- **Weaker £ has provided a boost to output prices**
  - exports: cull cows and lambs
  - imports: more expensive, especially Irish beef
- **Beef markets remain finely balanced**
  - supplies to UK market forecast lower in 2017: fewer dairy cullings and lower finishing weights
- **Supplies of sheepmeat look robust for 2017**
  - large carry-over of 2016 crop into 2017 – slow finishing
  - slightly larger breeding flock – increase in lamb crop
- **Prices look likely to at least maintain 2016 levels, *but***
  - highly dependent on exchange rate
  - UK consumer demand uncertain - inflation and lower economic growth

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## SHEEP MARGINS

### Production Costs and Prices – 2011 to 2018



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Source: AHDB / Andersons

## MEADOW FARM MODEL

- 154 Ha mixed lowland farm (114 Ha owned, 40 Ha FBT)
- Beef (suckler cows, finished bulls, sheep and arable)
- Proprietor, 1FT family worker & casual

| <i>£ per Ha</i>          | 14/15 <sup>①</sup> | 15/16 <sup>①</sup> | 16/17 <sup>②</sup> | 17/18 <sup>③</sup> |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| Livestock Gross Margin   | 567                | 574                | 624                | 627                |
| Crop Area Gross Margin   | 644                | 520                | 681                | 553                |
| Total Gross Margin       | 584                | 564                | 637                | 610                |
| Overheads                | 495                | 491                | 475                | 484                |
| Rent, Finance & Drawings | 310                | 310                | 318                | 321                |
| Margin From Production   | (222)              | (238)              | (156)              | (195)              |
| SPS/BPS and ELS/CSS      | 229                | 194                | 213                | 230                |
| Business Surplus         | 7                  | (44)               | 57                 | 35                 |

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Source: Andersons ① Result ② Estimated ③ Budget

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## MEADOW FARM - BREXIT EFFECT

- 154 Ha mixed lowland farm (114 Ha owned, 40 Ha FBT)
- Beef (suckler cows, finished bulls, sheep and arable)
- Proprietor, 1FT family worker & casual

| <i>£ per Ha</i>          | 17/18 | 25/26<br>Good access | 25/26<br>Bad Access |
|--------------------------|-------|----------------------|---------------------|
| Livestock Gross Margin   | 627   | 598                  | 501                 |
| Crop Area Gross Margin   | 553   | 525                  | 461                 |
| Total Gross Margin       | 610   | 583                  | 493                 |
| Overheads                | 484   | 498                  | 502                 |
| Rent, Finance & Drawings | 321   | 311                  | 302                 |
| Margin From Production   | (195) | (227)                | (312)               |
| Subsidy                  | 230   | 155                  | 78                  |
| Business Surplus         | 35    | (72)                 | (233)               |

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## BALLA WHATNOT

- **200 acre mixed lowland farm (81 Ha)**
  - Note, Meadow Farm = 154 ha
- **40 suckler cows (progeny all finished)**
  - 96% of English price assumed (but, lower marketing costs)
- **250 breeding ewes (lambs finished)**
  - 94% of English price assumed (but, lower marketing costs)
- **50 acres of spring barley grown**
  - price equivalent to England (some home-fed)
- **All owner-occupied (no mortgage), no rented land**
- **Support payments under the Agriculture Development Scheme**

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## BALLA WHATNOT ~ 2

- **Costs generally reduced by 60% to reflect smaller farm size compared to Meadow Farm**
- **But, then adjusted to reflect Manx specifics. All the following cost categories given uplifts;**
  - concentrate feed, fertiliser, machinery repairs, tractor fuel, electricity, contract charges, property repairs
- **Drawings (to support one family) at £20,000**
- **In modelling Brexit effect, assumed that all price changes track those in the UK**
  - plus subsidy also fall in line

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## BALLA WHATNOT - BREXIT EFFECT

- 200 acre (80 Ha) mixed lowland farm
- Beef, sheep, and spring barley

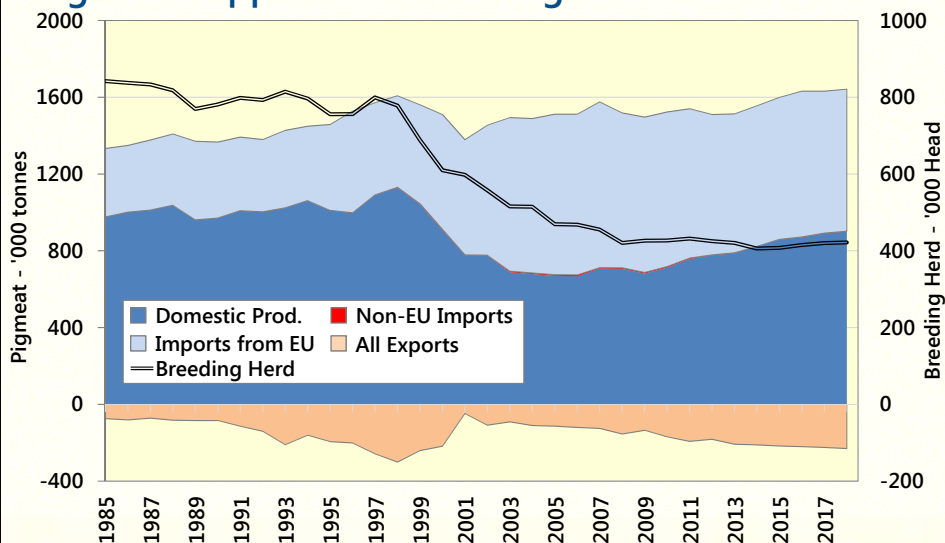
| £ per Ha                 | 17/18 | 25/26<br>Good access | 25/26<br>Bad Access |
|--------------------------|-------|----------------------|---------------------|
| Livestock Gross Margin   | 608   | 582                  | 501                 |
| Crop Area Gross Margin   | 607   | 582                  | 461                 |
| Total Gross Margin       | 608   | 582                  | 493                 |
| Overheads                | 560   | 575                  | 502                 |
| Rent, Finance & Drawings | 265   | 265                  | 265                 |
| Margin From Production   | (218) | (258)                | (343)               |
| Subsidy                  | 205   | 137                  | 70                  |
| Business Surplus         | (12)  | (121)                | (273)               |

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## UK PIG MARKET

Pigmeat Supplies and Breeding Herd – 1985 to 2018



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Source: AHDB / Andersons

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## BREXIT: PIGS AND POULTRY

- **Appear relatively unsupported currently but there is tariff protection from non-EU imports:**
  - €60-80/100kg pig meat
  - €13-60/100kg poultry meat
  - €3.50/100 chicken eggs
  - TRQ for poultry – mainly Brazil and Thailand
- **Up to 70% of CoP is feed - cheaper cereals and proteins**
- **Rules on animal housing and welfare unlikely to change (non-tariff barrier)**
- **Self Sufficiency:**
  - Pig meat; 62%, Poultry meat; 87%, Eggs; 85%

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## SUMMARY AND CONCLUSIONS

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## SHORT TERM

- **Output prices improved in most sectors by weak £**
  - also boosted support payments
  - *£ could go in any direction from here*
- **Cyclical market improvements in some sectors**
  - e.g. dairy and pigmeat
- **Inflationary pressure on costs**
- **Capital base still strong** – despite faltering land prices
- **Productivity improvements and RoC lacklustre**
  - although averages hide the range in performance
- **Wider economy still robust**
  - helps diversification
- ***But, there may be turbulence ahead . . .***

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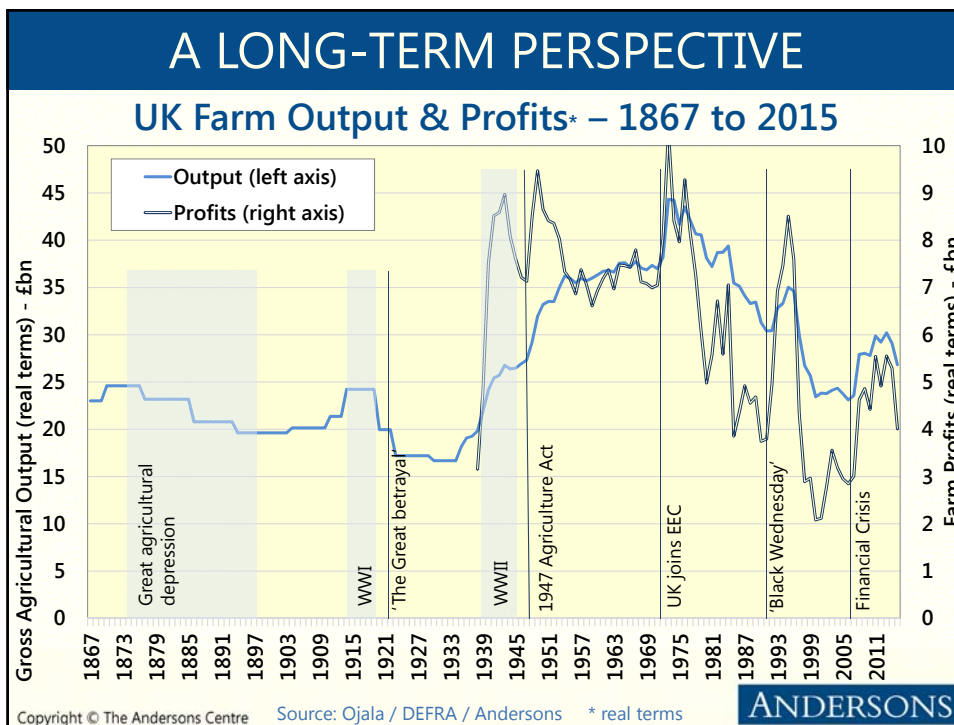
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## LONG TERM

- **Brexit is casting a long shadow**
  - much uncertainty, but farm support *will* change and trade arrangements almost certain to alter
  - could be years before the full effects become clear
- **Likely to be a period of upheaval and accelerated restructuring in UK agriculture**
- **Farmers need to focus on what they *can* control**
  - the efficiency and competitiveness of their own business
  - suppliers / advisors / buyers / (govt?) need to help in this
- **UK agriculture will survive and perhaps even prosper post-Brexit**
  - but not all individual businesses will

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## CONTACT INFORMATION

**Richard King**  
**Partner – The Andersons Centre**  
**Andersons Research Team**  
**Melton Mowbray**

**01664 503208**

[rking@theandersonscentre.co.uk](mailto:rking@theandersonscentre.co.uk)

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# BREXIT AND THE PROSPECTS FOR AGRICULTURE

Richard King

May 2017



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