

# Agribusiness NEWS

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## News in brief

### Whether the weather...

With the new football season underway, the weather across Europe is very much a game of two halves with large bands of heavy rain hindering harvests across northern Europe in sharp contrast to the extreme temperatures and devastating fires in southern Europe. Coupled with the cessation of the Black Sea grain initiative and the recent bombing of Ukrainian ports, grain traders are monitoring global harvest reports intensely, as they try to balance supply with demand.

In this edition of Agri-business news, George Chalmers highlights that the pig sector is continuing to show signs of recovery. Lesley Wylie reports that while beef deadweight prices have continued to fall throughout July; it is hoped that this is due partly to a reduction in demand linked to the start of the school holidays. However, there is also downward pressure on retail prices linked to the strengthening of the pound, lower priced Irish beef imports and the value of heavy cattle hides dropping in recent weeks.

Following her study tour to Europe, Lorna Shaw discusses that having specially trained guard dogs for sheep flocks may help in deterring predators. Saving 'black loss' lambs could help Scottish sheep farmers take advantage of the possible new markets highlighted in Kirsten Williams' sheep article.

And, with around 50% of farm businesses having one or more diversification enterprises, Sascha Grierson looks at the importance of marketing and social media as a means of boosting both profile and product sales.

As Net Zero targets start to impact across the supply chains, Brady Stevens looks at the measures that the Whisky industry is looking at and how this might impact on arable farmers going forward. The planned research into high heat tolerance of crops could not be more timely given that globally July is expected to be the hottest on record,

### Next month:

- Alternative Energy
- Buffalo Farming

August 2023

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### This month's editor:

Christine Beaton

# Policy Brief

## CPTPP Trade Deal Signed

The UK has become the first non-founding country to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The CPTP partnership was originally formed in 2018 between Australia, New Zealand, Vietnam, Singapore, Japan, Malaysia, Brunei, Chile, Peru, Mexico, and Canada, who collectively generate ~ 13% of the world's income.

Although the UK already has trade deals in place with most of the countries (with the exception of Brunei and Malaysia), the hope is that with the pledge to eliminate or reduce 95% of import charges or tariffs that new markets will be developed for UK products and services. While the CPTPP differs from the EU in that the members can have different standards e.g., for animal welfare and food security; the UK will not have to compromise on aspects such as animal welfare and the use of hormones.

As it may take around a year for the finer details of the trade deal to be negotiated and ratified, and it is hoped that further countries like China and Taiwan will join the partnership – the potential benefits of this deal should be regarded as a slow burner rather than one which will evolve overnight.

## Free Trade Agreements

Given the complexities of free trade agreements, the Scottish Government has recently published the findings of its commissioned research into [the impact on Scottish agriculture of Free Trade Agreements \(FTAs\)](#) between the UK and four selected non-EU partners, namely: Australia; New Zealand (NZ); Canada; and the Gulf Cooperation Council (GCC). In general, the report highlights that while the sheep sector is expected to come under pressure and the jury is still out on the arable sector; there is potential for export growth for the beef and dairy sectors linked to interest by Canada in Scotch beef and high quality cheeses. The report states that 'it is evident that the UK and Scottish farming industries have entered a "Decade of Disruption," the industry is grappling with multiple challenges arising from inflation, policy reform, structural challenges, labour shortages, and GHG emissions.'

However, the future success of the trade deals and ultimately the Scottish Food and Drink sector will largely depend on Scottish producers with the support of the Scottish Government capitalising on their high standards of production and the quality of the food produced, coupled with an aggressive global marketing campaign linking in their increasing green

credentials, which is no mean feat, but the industry is starting with globally sought after products.

## Agricultural Machinery – Wide Loads

With harvest underway, farmers and growers are reminded moving vehicles and machinery on public loads requires an annual dispensation from Police Scotland.

Dispensations are only given for widths of up to 4.3 metres including implements and for a radius of up to 20 miles from the applicant's base. It is not necessary to list all the implements being transported on the application form, only the measurements of the largest implement. The measurements should be taken from the widest and longest point including any mirrors, overhangs, etc.

Application forms are not currently online, so must be posted or emailed to Police Scotland. Agricultural Dispensation Application forms can be downloaded [here](#).

## Avian Influenza Prevention Zone (AIPZ)

While the [avian influenza protection zone](#) (AIPZ) across Scotland was lifted on 4 July 2023, RSPB Scotland and the National Trust for Scotland are concerned that more seabirds may be succumbing to the virus. In particular, there has been a rise in reports of dead kittiwakes, black-headed gulls, herring gulls, terns and guillemots being washed up on the east coast of Scotland. While there can be other factors involved in wild bird deaths, reporting all sightings of dead birds to [BirdTrack](#) and the [dead wild birds service](#) provides an early warning of where the virus may have hit and allows the British Trust for Ornithology to track its movement across the UK.

## Improving energy efficiency of croft homes.

The Scottish Government have announced an extension to the Croft House Grant Scheme. Eligible crofters can now apply for grants of up to £38,000 towards the costs of home improvements which will help to save energy. Further details are available on the [Rural Payments website](#).

## Islands Cost Crisis Emergency Fund

Scottish islanders facing high fuel, food and energy costs are to receive an additional £1.4 million in support to help meet cost of living pressures. The new funding will be delivered through the [Islands Cost Crisis Emergency Fund](#). The fund criteria have also been extended to potentially include struggling local businesses.

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# Arable

## Cool, damp start to harvest 2023

July saw a tentative start to winter barley harvest for Scotland as inclement weather made harvesting a stop/ start affair. Standing crops still show promise despite the unsettled conditions and there is still the potential for a good wheat and spring barley harvest given a fair August. These weather concerns continue to drive the market in the short term aside from the conflict in Ukraine and despite the recent rally in wheat price as Russia steps away from the export grain deal, the market has an underlying value factored in already in terms of 'war premiums' which will continue to underpin values. However, for the UK, fundamentally not a lot has changed. There remains a historically high level of feed grain carried over from last year and with another large crop possibly to come, we will need to see additional demand soon, for what is currently an uncompetitively priced export commodity. The value of the local Scottish distilling market for wheat cannot be underestimated in this context especially as in the coming months wheat will inevitably continue to be exported out of Russia and Ukraine by road/rail and through other ports and at very competitive prices.

Further afield, extreme temperatures in the Mediterranean threaten spring crops of barley and maize although this contrasts with cooler wetter conditions in northern Europe. Scandinavia planted its spring malting barley late and Denmark is expecting yields down by a quarter, good news for UK malting barley growers. Across in the US, the weather outlook is also looking less favourable, especially in the deferred forecasts, with talk of hotter, drier conditions, which again may have a major impact on final spring crop yields and production.

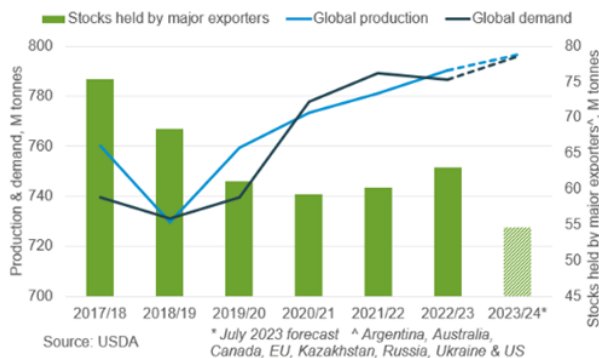


Fig 1

The USDA July report unexpectedly increased its forecasts for the US wheat and maize crops and contrary to industry expectations. With a larger US wheat crop offset by smaller wheat crops expected in the EU-27, Canada, and Argentina; global wheat supply and demand is forecast to be finally balanced, with stocks held by the major exporting nations at its lowest level (54.7Mt – Fig 1) since 2012/13.

Even with the US maize crop being revised upward, changes at the total grain level globally, are small. Total global grain production is still expected to exceed demand by a large surplus (26.5Mt) (Fig 2). On the upside, the global tightness of wheat supply might mitigate the downward pressure expected in maize markets and the premium over maize futures could therefore strengthen.

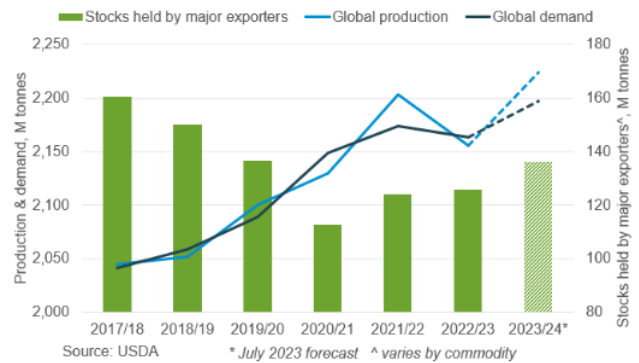


Fig 2

## Break-crop markets

Feed oat values continue to be supported by the main buyer Spain with large premiums over feed barley. Generally, European oat markets continue to be supported by the lack of harvest sellers.

At the end of July, UK rapeseed prices saw added benefit from the weaker sterling/euro following the release of lower inflation figures. Farm selling increased dramatically through mid-late July as harvest ex-farm levels surpassed £400/t for many, an increase of £100/t in comparison to only two months ago. Whist too early to draw conclusions on UK yield and quality, Eastern Europe appears to be faring better than West (with disappointing yields in France).

New crop bean prices have risen in line with other commodities and domestically demand for feed beans has increased as compounders look to reduce their reliance on imported protein.

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## Indicative grain prices week ending 29<sup>th</sup> July 2023 (Sources: Frontier,SAC,ODA,ADM,AHDB)

£ per tonne	Basis	July '23	Harvest '23	Nov'23
Wheat	Ex farm Scotland	188	194	207
Feed Barley	Ex farm Scotland		160	180
Malt. dist. Barley	Ex farm Scotland			240-280
Oilseed Rape	Delivered Dundee	365	365	375

# Beef

## Beef price falling

Deadweight beef prices have continued to fall throughout July and prices of around 475p/kg are being quoted for R4L steers, with further reductions expected in the coming weeks. This drop in price has come at a bad time for store finishers as some of the more expensive forward stores bought in April will now be coming ready and with the fall in price and the tightening of weight restrictions, it may be a challenge to see a margin in some of these cattle.

Whilst supply is steady, demand seems to have softened at the retail end which has put a downward pressure on the price. This could be a hark-back to pre-COVID consumer trends when the school holidays played havoc with buying habits and demand for beef tended to drop off in July but would pick up again late August once holidays etc. were past and people's routines returned to normal.

In addition to this, we have a significant widening of the gap between UK and ROI beef prices, resulting in more imported Irish beef coming in and putting a ceiling on UK prices. This is down to ROI supplies and the pound strengthening, which makes imports more attractive.

Going forward, it is likely that we will see a tightening in the supply of cattle later on in August, but, whether this has a significant impact on price will largely be dictated by demand. By August we will see ABP take control of the Bridge of Allan processing facility and it may be a few months until we see the full impact that this will have on the demand for cattle in Scotland.

The store trade has remained strong for shorter keep cattle with fewer numbers available of all kinds. With many of the autumn season calf sales due to start in the next couple of months, it will be interesting to see how cautious finishers will be going into the winter off the back of the falling beef price.

Looking at overall GB cattle numbers, there is a 0.8% reduction in the younger end of cattle on farms compared to 2022 but Scotland looks to have similar

numbers – will this mean a strong demand from south of the border for stores again?

## Global situation

Mainland Europe has seen demand soften and prices ease even on the back of reduced production figures. The only countries bucking the downward production trend are Australia and Brazil who are both seeing increases in beef production.

AHDB reports that Australian beef imports to the UK in June totalled 384t (5 yr average for June imports from Australia 103t – includes COVID years!). The trade agreement allows up to 20,616t per calendar year to be imported from Australia. It is worth noting that the average imports from Ireland per month is 15,400t.

Falling wholesale beef prices in China due to weaker consumer demand have caused a back log of product which is impacting the manufacturing beef trade globally, with wholesale prices back 6% on the year.

## Cull Cows

Cull cow trade has dropped by around 3%, as expected on the back of the weakening demand for manufacturing beef and the strengthening of the pound, with numbers available expected to rise in the normal pre-housing period, it is unlikely that there will be any significant price rises in the coming months but returns from cull cows continue to be reasonable.

## Looking Forward

With winter barley harvest finished in many parts of the country, with reasonable silage yields and spot feed prices dropping, we look to be in a better position than this time last year, regular rainfall in July has given us continued grass growth with the right amount of warm temperatures to keep cattle happy outside. Whilst prices may be easing back many of the challenges facing beef producers this time last year are a little bit smaller this year, hopefully leading to more optimism as we head into autumn.

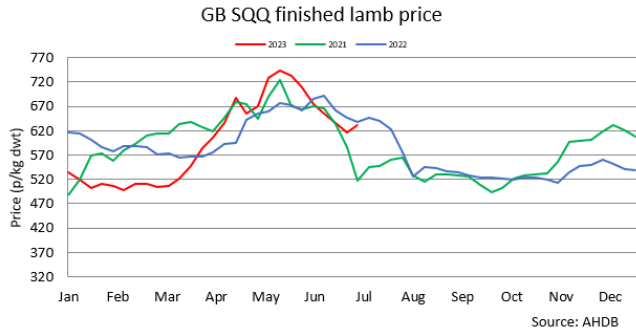
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Scotland prime cattle prices (p/kg dwt) (Source: drawn from AHDB, LAA and IAAS data)

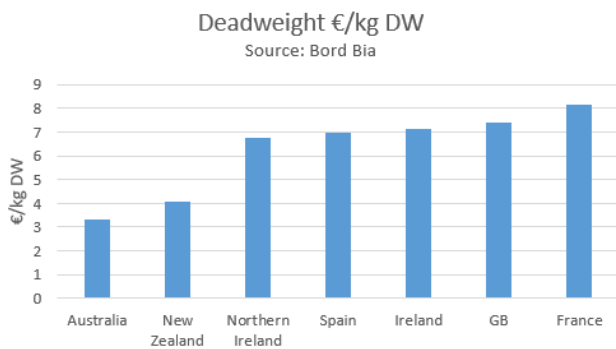
R4L Steers (p/kg dwt)			-U4L Steers			Young Bulls - U3L		Cull cows	
	Change on week	North Eng. diff		Change on week	North Eng. diff		North Eng. diff	R4L	-O3L
494.0	-3.3	2.8	495.6	-0.3	4.0	483.7	-1.4	426.0	393.5
487.6	-6.4	-1.7	488.0	-7.5	-5.0	482.5	3.5	416.2	387.6
487.5	-0.1	5.3	483.4	-4.6	-5.1	476.2	-1.6	406.9	379.8

# Sheep

Lamb prices are now more in line with those of 2022, after the pressure on the price being felt at the start of the year. We have witnessed a prolonged hogg season with a high carry over, and the new season lambs showing a slow start, with the high price of feed and the slow spring. Now we have a good supply of spring lambs flowing through, we are seeing the typical seasonal slip in price.



The production of lamb in Spain, France and Greece is lower than normal, due to flock reductions. The EU flock is currently at the lowest level since 2017. However, some countries have increased production, including Ireland, Italy, and the Netherlands. With this, we have seen high EU lamb prices since the start of the year e.g., the French price has remained above €7.90/kg DW. Now we are seeing the export markets suffering with inflation and competition from cheaper sources of protein. However, this reduction in the European flock and our competitive price vs French lamb can only be an opportunity for the marketing of the lamb crop 2023 over the coming months.

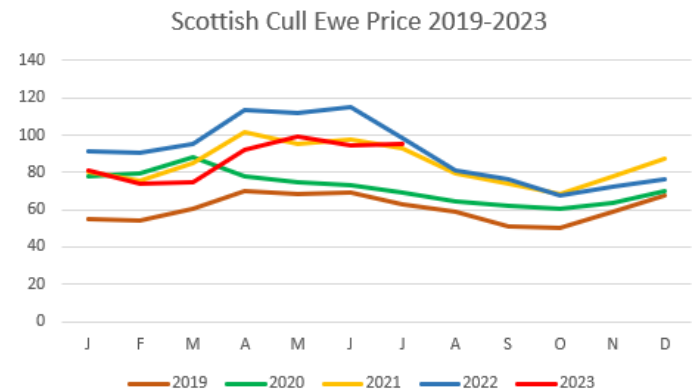


The price differential between French and Australian lamb is extreme, with the French lamb being 2.5 times the value! The Australian and New Zealand lamb has targeted the closer China and Middle East markets, due to the location and freight costs. There is a massive opportunity for the UK lamb to target this Middle Eastern market. Countries in the middle East are reported to import 90% of their halal meat and the global Muslim population is vastly growing, which is increasing the global requirement for sheep meat. Within the UK, only 6% of our general population eats lamb once per week, 60% of the Muslim population eat lamb once a week!

We only need to look at when the key Muslim festivals were in 2023 compared to the lamb and cull ewe price graphs to see the impact the additional demand makes on the sheep trade.

## Muslim festivals 2023

- Ramadan 22<sup>nd</sup> March – 20<sup>th</sup> April
- Eid-al-Fitr 21<sup>st</sup> – 22<sup>nd</sup> April
- Eid-al-Adha 27<sup>th</sup> June – 1<sup>st</sup> July



In 2030, there is likely to be two Ramadan's in one year. This is due to the lunar calendar moving forward by 11 days every year. It is expected one will take place in January 2030, the other in December 2030. The last time this happened was in 1997, the next after 2030 will be 2063!

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Week ending	GB deadweight (p/kg) 16.5 – 21.5kg				Scottish auction (p/kg)				Ewes (£/hd)	
	R3L	Change on week	Diff over R2	Diff over R3H	Med.	Change on week	Diff over stan.	Diff over heavy	Scottish	Eng&Wal
01-Jul-23	<b>633.7</b>	-21.8	-3.7	-10.0	<b>299.70</b>	14.5	16.4	2.1	92.23	88.13
08-Jul-23	<b>644.6</b>	10.9	-5.0	28.6	<b>308.10</b>	8.4	6.0	1.1	101.12	99.31
15-Jul-23	<b>631.9</b>	-12.7	-0.8	1.4	<b>279.90</b>	-28.2	7.6	2.2	93.62	94.26

Deadweight prices may be provisional. Auction price reporting week is slightly different to the deadweight week. Source: AHDB and IAAS

Standard weight 32.1 - 39.0kg; Medium weight 39.1 - 45.5kg; Heavy 45.6 - 52.0kg

# Sector Focus: Predators

## Lessons to be learned from the continent

The use of guardian dogs to prevent lamb losses through predators has been hitting the press in recent weeks with a falconry in Inverness-shire having acquired 2 Maremma dogs to train to protect sheep from the threat of sea eagles, a major cause of “black loss” (unexplained lamb losses) on many Scottish farms and crofts in the aim to help farmers to reduce lamb losses and help both species coexist.

As part of the Eurosheep Project, a knowledge sharing network bringing together researchers, advisors and farmers within Europe funded by the European Union’s Horizon 2020 research and innovation programme, I recently visited Turkey and France where guardian dogs were a major topic of discussion and key to the success of their sheep industry.

While the main predator challenge to the flocks in both Turkey and the south of France was wolves, learning from their experiences dealing with predators could benefit Scottish sheep producers.

### Turkey

Running a guardian dog with the sheep flock was standard practice in the majority of sheep flocks in Turkey due to the high level of wolf attacks in the country and the free roaming nature of flocks. The two main breeds we saw during our visit were the Kangal and Anatolian shepherd dogs.



Young Kangal Shepherd dog in Turkey

Both these breeds were large dogs and reach weights of up to 65kg commonly. They were loyal to their owners but wary of strangers which was understandable due to their protective nature. The dogs all typically had a dark muzzle and light body similar the majority of sheep breeds in the country to allow the dogs to blend with the flock.

### France

Wolves were reintroduced into France in the late 1980s with the first official sighting in the early 1990s. They are a protected species leaving little options for

farmers to protect their flocks. During our visit in May, we visited various farmers all running guardian dogs with the flock in the hope to reduce losses.

The breed favoured in the region was the Italian Maremma sheepdog breed, a large white protection dog (up to 45kg) renowned for being loyal to the flock and gentle with humans, however, protective against unknown predators.

One farm we visited had lost 10 ewes since January to wolves, with a neighbour losing 65. The difference was undoubtedly due to the strong team of dogs, showing them to be effective. All dogs were imported from Italy and trained with the flock from the puppy with the help of government funded training schemes.



Maremma dogs protecting their flock grazing woodland in France

### Predator loss in the UK

In the UK, depending on location, farmers face a number of predators to sheep flocks including sea eagles, foxes, badgers, and domestic dogs.

A 2019 ScotGov study found 37% of farmers surveyed reported sheep to be attacked, chased, or killed by wildlife. Sea eagles have also been identified as contributing to high levels of “black loss” on Scottish hill farms, which in some cases can equate to between 20-50% of lamb losses from birth to weaning.

### The financial impact

Losses of both sheep and lambs to predators and “black loss” are of severe economic impact on a sheep farming business. Not only through death but a worrying instance can reduce overall flock performance linked to abortions, reduced feed intakes, reduced weight gain and fertility issues.

“Black loss” of 35% in a 600-ewe Scottish blackface hill flock scanning 110% equates to 231 lambs lost. Given that at a current ‘old’ season lamb liveweight prices of ~£85 per head that equates to a total loss in potential value of £19,635, having sheep guard dogs deserves more than a passing thought.

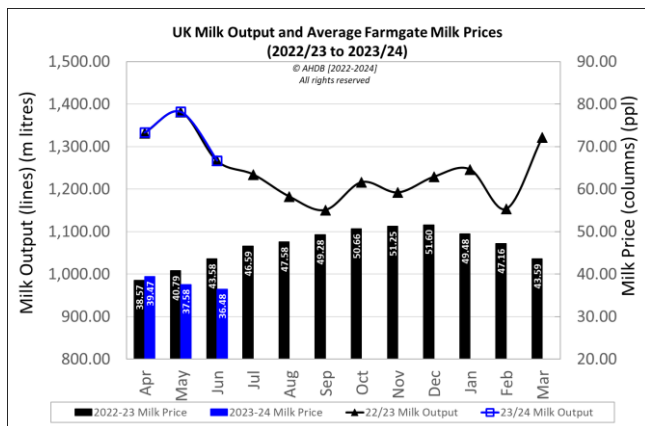
[Lorna Shaw](#); 07796 615719

## Little positivity in milk markets

- Milk volumes are still declining, as is the seasonal trend, with average daily production slightly ahead of last year.
- Little sign of any improvement in milk price on the horizon based on domestic wholesale price and the GDT auction.

## Milk production data

The latest milk production data shows that UK milk output for June 2023 was 1,267m litres, 8.5% less than the previous month but on a par against June 2022. As of the week ending 15<sup>th</sup> July, daily milk deliveries were 0.6% above the same week last year at 33.33m litres.



According to Grasscheck GB, grass growth rates are now well above the 4-year average at 67.1kg DM/ha as of 24<sup>th</sup> July. Recent rains have enhanced grass growth rates and grass protein levels have improved across dairy, beef and sheep farms to 17.3% crude protein, with an ME of 10.5MJ/kg DM. Based on a 650kg spring-calving dairy cow consuming 15kg DM from grass, this equates to M+15.6 litres from grass alone.

## Farmgate prices: August 2023

The UK average milk price for June 2023 was 36.48ppl – down 1.1ppl from May and 16% lower than June 2022. Milk processors have either reduced their price for August or held at the July price.

Milk Prices for July & August 2023 Scotland	Standard Ltr ppl	
First Milk Manufacturing (4.2% BF & 3.4% Protein)	Aug	36.85
Müller - Müller Direct - Scotland <sup>1,2</sup>	Aug	36.75
Grahams <sup>1</sup>	Aug	36.00
Arla Farmers Manufacturing (4.2% BF & 3.4% Protein)*	July	35.21
Lactalis / Fresh Milk Co. <sup>1*</sup>	July	35.50
Yew Tree Dairy <sup>1,3*</sup>	July	37.00

<sup>1</sup> Liquid standard litre – annual av. milk price based on supplying 1m litres at 4.0% butterfat, 3.3% protein, bactoscan = 30, SCC = 200 unless stated otherwise.  
<sup>2</sup> Includes 1.00ppl Müller Direct Premium + additional 0.25ppl haulage charge for Scottish suppliers.  
<sup>3</sup> Liquid standard litre price for A volume litres.  
\* July price – August price not announced at time of writing 27 July 23.

The milk price that Arla's 2100 farmer members in GB receive for August will partly depend on how many points they score from 19 environmental sustainability measures. Up to 80 points are available at 0.03 eurocent/kg of milk – max. 2.4eurocents/kg or 2.2ppl.

## Dairy commodities & market indicators

Trade in dairy commodity products has been very quiet over the summer holiday period. Both market indicators AMPE and MCVE fell for July 2023, reflecting decreases to the wholesale prices of butter, SMP and mild cheddar from 26<sup>th</sup> June to 17<sup>th</sup> July. Only cream showing a 1% uplift in price. Limited demand and falling prices at the GDT auction are continuing to put downward pressure on prices.

UK dairy commodity prices (£/tonne)	Jul 2023	Jun 2023	Jan 2023
Butter	3,790	3,990	4,120
SMP	1,900	2,060	2,270
Bulk Cream	1,644	1,622	1,747
Mild Cheddar	3,470	3,560	4,200

UK milk price equivalents (ppl)	Jul 2023	Jun 2023	Jan 2023
AMPE	29.66	32.66	35.09
MCVE	35.92	37.59	44.46

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The latest GDT auction held on 18<sup>th</sup> July returned another negative change to the price index of -1% from the previous auction to an average of \$3,289/t. Five out of the last eight auctions have shown a downward trend in the price of dairy commodities sold. At this recent auction, cheddar dropped 10.1% to \$3,955/t and butter fell 2.7% to \$4,705/t.

## Looking forward

Although milk volumes are falling, there are still ample supplies around both here and in the EU. There is little demand for product and sellers are under pressure to reduce their prices. As demand is not likely to increase any time soon (Chinese imports are well below historic levels, keeping GDT auctions bearish), the only thing that would help stimulate an increase in the milk price is for volumes to crash.

Currently, the futures commodities markets convert to a milk price of just below 30ppl from now until the end of October and above 30ppl for Nov & Dec. Therefore, there is still a possibility of further milk price reductions this autumn before things start to improve. Globally, milk volumes need to drop by 1 to 2% in order to correct the imbalance between supply and demand. With input costs still relatively high in comparison to the milk price, many farmers will be struggling with negative cash flows.

According to the Scottish Dairy Cattle Association, there are now just 799 dairy herds in Scotland (as of 1<sup>st</sup> July), a loss of 20 herds from this time last year. The average herd size is 223 and the total number of milking cows is 178,460, a drop of only 94 since the start of the year. Ayrshire is home to the highest number of herds at 209, followed by Dumfriesshire at 148 herds.

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# I n p u t s: Marketing

## Direct Marketing

Selling a farm product or service direct to the consumer can be a significant opportunity for many farm businesses in a range of sectors. Many successful businesses have added event venues, onward processing of primary produce, tourist accommodation, farm shops, cafes, and on-farm experiences to their core farm business. For some these have grown to overtake the original farm business in size, and many have developed significant income streams to support the next generation returning to the farm business.

## Keeping it in house

In the start-up phase of a new enterprise initial budgets may not stretch to a full-scale suite of marketing tools, or significant external marketing campaign. However, finding the time and resources to manage your own marketing campaign can reap rewards especially with farm connection giving easy access to a plethora of engaging stories.

After the initial set up, marketing should be scheduled to take up a small portion of any one person's day.

## Social Media

It sounds obvious, but it's important to remember that social media serves a specific purpose which is to engage with your target audience.

The stories about your farm and business should engage your audience and demonstrate the benefits that your product can bring to them and how it can enrich their lives. When thinking about your product and why a consumer should choose yours over a competitor's, keep this to front of mind when designing campaigns.

Although marketing's primary purpose is to help engage with a target audience to generate sales, it also has the extra side effect of forcing a fledgling business to hone their story and try different styles to find out what works and what doesn't for your product or offer. What stories deliver the best results and with whom? What is your market?

## Social Media platforms

There are 5 main social media platforms to engage with. They all have a different reason for existing and it is important to understand their individual purposes so that your time spent with them supports your business and sales goals. Also, how will you design a campaign for sales that speaks to the different demographics on each platform?

**Twitter (TW):** is for news. It's hard to see its value as a sales platform for the farm diversification activities described here, however it can be useful for last minute special offers as a news item, or for sharing your news. It can also help broaden your network of like-minded businesses.

**Facebook (FB):** is focused on people related stories of personal success, failure and often some struggle. How can you turn this into an opportunity for sales for your business? What aspects of your product talk to this concept? It is less obvious for an outstanding steak, and more so for an on-farm nature walk. The other aspect of FB activity is that it is a very widely used platform amongst an older demographic, with time and disposable income, and the platform has a wide range of users. Many micro food businesses do all their business on FB.

**Instagram (IG):** is an aspirational lifestyle choice for people to engage with. Does your product deliver this? What are you selling that could work here? Great pictures, with happy people enjoying amazing views on farm as they celebrate their engagement / wedding / significant life event / holiday can be very compelling and generate sales leads.

**LinkedIn (LI):** a useful platform for recruiting staff and for demonstrating, as a business owner, where your personal values lie. Less obvious for sales.

**TikTok:** well embedded now into the social media mix, if the concept of clips of footage on repeat is a struggle for you to see how it turns into sales, then please think again. This is the platform for selling actual products. The algorithms are tight and are based on users' interests. The products that users are offered in their feed are honed to those interests. Interestingly, it is also increasingly popular amongst Gen Z users as a replacement for a google search.

## Other resources

**YouTube:** a channel for storing video resources, it can be monetised, and can turn into a business in its own right.

**Podcasting:** exposure of your business aspiration and reputation on the range of farming podcasts can help you hone and craft your story.

**Mailchimp:** lastly, never forget the power of regular email communication with your current customers via the most widely used free platform for managing your mailing lists. Keep it brief, not too often, and occasionally, surprise and delight them with small offer for their loyalty. It's a small cost of sales that can work wonders.

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# Sector Focus: Pigs

**A summer of optimism for the sector** as pig prices keep rising on the back of falling feed prices with producer margins now back in the black.

So far 2023 has been notable for the UK pig sector as prices have continued to rise on a weekly basis, finally allowing producers to turn the corner after more than two years of substantial losses. Supplies of finished pigs are extremely tight as the sector has contracted and the shoots of recovery are there with some of the larger processors with pigs of their own, now increasing sow numbers to maintain supply.

**Standard Pig Prices (SPP):** From a low of 137 p.p.kg in February 2022, the SPP has now reached just under 225 p.p.kg in less than eighteen months – a rise of 64%. Pig meat from the EU, for so long the cheap alternative that has kept a lid on UK prices and displaced it from supermarket shelves, has also risen substantially over the past eighteen months as sow numbers have also dropped dramatically on the continent with the influential German price now the equivalent of 217 p.p.kg.

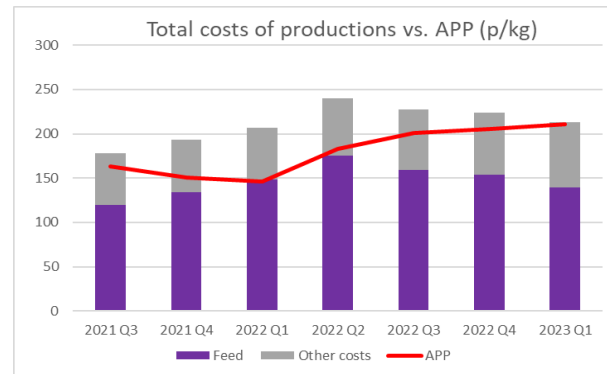
**Slaughter Weights:** Slaughter weights have remained consistently between 88 - 89kg for some time despite the reduced numbers coming forward. Numbers slaughtered weekly in England, Scotland and Wales were 41,700 and 26,700 lower in the first two weeks of July 2023 than the same weeks in 2022. While processors did pull pigs forward as numbers first started to reduce at the start of the year, the processing sector seems to have adjusted and contracted to match the fall in supply, with some sites closing and others moving to four-day weeks.

**Cull Sows & Weaners:** For much of the past few years cull sow values have been extremely low, partly due to BREXIT and also due to the greater numbers coming forward as farmers either reduced sow numbers or dispersed herds altogether. While February 2022 saw cull sow values at around 20 p.p.kg, prices have risen steadily since then with a cull sow now worth around £140 p.p.kg. (T.V.C.). The much-improved outlook for the sector in terms of finished pig prices and reduced feed costs has also led to much more demand from specialist finishers with 7kg weaners trading at ~ £55/head with any surplus pigs finding a ready buyer.

**Costs of Production:** Even though prices have continued to rise to record levels, the latest published margins from AHDB (for Q1 of 2023) showed pig farmers were just short of breaking even. Total costs had fallen considerably from the peak of 240p.p.kg (£214 per pig) in Q2 of 2022 to 213p.p.kg (£189 per pig) by Q1 in 2023, with prices received rising to

211p.p.kg (£187 per pig). Apart the rise in prices received the main driver was the fall in feed prices which had fallen from 175p.p.kg to 139p.p.kg over the same period, falling from an unprecedented 73% of production costs to a more normal 65%. The next set of published results are expected to show a positive margin as prices have continued to rise and feed prices have continued to fall.

Figure 1. GB All Pigs Price (APP) vs. Cost of production Jan 2021 to Mar 2023, (Source: AHDB Pork)



## Imports & Exports

The reduction in finished pigs in the UK has had knock-on effects to both imports and exports. The latest import figures for the month of May 2023, revealed an increase of 9,300 tons of pig meat (16%) were imported to the UK compared to April. Imports from Denmark, Germany and the Netherlands accounted for nearly 58% of the total imports. This has been blamed on reduced availability of UK pig meat for the home market (AHDB).

Conversely, the reduced availability of UK product at home has seen exports fall slightly in May by 1000 tons (4%) compared to the previous month, falling to 24,000 tons. More interesting was the year-on-year reduction, with 12,000 less tons exported compared to May 2022, again for largely the same reason.

**African Swine Fever (ASF):** A commercial farm in Italy has now been affected as ASF continues to move across Europe spreading both in the wild boar populations and, as is suspected in Italy and several other outbreaks, by human activities. UK producers are being asked to review their biosecurity measures and remain vigilant, with illegal meat imports from affected areas still being intercepted at ports.

**Outlook:** Continuing tight supplies supporting prices in the short and medium term combined with reduced feed prices will allow producers to claw back some of the losses made over the past few years. Whether profits are high enough to provide the confidence to make investments or expand remains to be seen.

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# Management Matters:

## The Whisky industry and Net Zero

### Setting intentions

The Scotch whisky industry has set ambitious goals for achieving net zero, with the Scotch Whisky Association (SWA) pledging to reduce, avoid and offset their local emissions in their constituent distilleries by 2040. SWA members have already made significant progress, achieving a 53% reduction in emissions between 2008 and 2020 and many distilleries are on track to achieve net zero ahead of the 2040 target.

Importantly, the SWA target is limited to their Scope 1 and Scope 2 emissions and excludes upstream emissions (Scope 3):

- **Scope 1:** 'Direct' emissions from burning fuel on site.
- **Scope 2:** Emissions from the creation of purchased electricity, heat, and steam.
- **Scope 3:** Supply chain emissions embedded in purchased raw materials, good and services; Also includes transportation, distribution, processing, use, and end-of-life treatment of sold products.

This is similar to goals set by other food and drink sector stakeholders, e.g., Tesco and Sainsbury's, which have comparable targets set for 2035.

In the context of whisky production, Scope 1 and 2 is limited to maltings, distillation, maturation, blending, bottling, and warehousing. The primary source of Scope 1 and 2 emissions for distilleries is heat generation for the distilling process.

### Widening the scope

There is a recognition in the industry that whisky is a product embedded and crucially dependent on a well-functioning landscape. Therefore, whisky producers accept that they need to go further and take responsibility for the rippling effects the industry has on Scotland's environment.

SEPA's Scotch whisky sector plan gives the upstream effects of whisky production as:

### GHG emissions

- Nitrate emissions and diffuse pollution from production of cereals

- GHG emissions from production and transport of raw materials
- GHG emissions and impacts on biodiversity from peat extractions and burning

### Other impacts

- Impacts on water quantity and ecology from abstractions to irrigate cereals
- Impacts on quality and structure of soils from cereal production

Many distillery operations have taken it upon themselves to put sustainability at the centre of their values, embracing a holistic, life-cycle view and scrutinising their operations from grain to glass.

### Implications for farmers

Barley makes up 63% of Scotland's cereal crop and the whisky industry makes up a large proportion of demand. As distillery buyers look to cut emissions associated with the barley they are sourcing, this will drive a 'race to the bottom' and innovation among cereal producers and agronomists.

Heriot Watt University's International Centre for Brewing and Distilling has launched a two-year project to trial sustainable fertilisers on barley crops, to replace high-footprint fertilisers. These alternative 'bio-stimulants' are made from algae, bacteria, and yeast. The team at Heriot Watt, in collaboration with University College Dublin, are examining their effects on health, yield, high heat tolerance, enzyme values, soluble protein content, and flavour in the resulting malts.

Other supply chain actors are doing their part also, with Simpsons Malt launching a £45m project to install a high-voltage electrical boiler which will use surplus energy from wind farms and reduce their Scope 1 and 2 emissions by 55%, significantly reducing emissions embedded in their produced maltings.

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## Key economic data

General Indicators		Price indices for May 2023 (Defra 2020 = 100)			
		Output Prices		Input Prices	
Base interest rate	5% (4.5% 22 Jun 23)	Wheat	130.6	Seeds (all)	106.6
ECB interest rate	3.75% (3.5% 27 July 23)	Barley	140.9	Energy	169.8
UK (CPI) inflation rate	7.9% (target 2%)	Oats	146.5	Fertiliser	184.6
UK GDP growth rate	0.1% (Q1'23)	Potatoes	149.4	Agro chemicals (all)	126.4
FTSE 100	7,709.89 (28 July 23)	Cattle and Calves	144.5	Feedstuffs	148.3
		Pigs	138.0	Machinery R&M	118.2
		Sheep and Lambs	148.0	Building R&M	142.6
		Milk	131.4	Veterinary services	105.8

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