Farm Advisory Service

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July 2021

News in brief

Summer swings and roundabouts

With the summer solstice finally bringing some warmer and, at the time of writing, drier weather; it has brought mixed fortunes. Covid cases have risen significantly linked to the new Delta variant, the easing of lockdown restrictions and dare I say it, collective watching of 'the beautiful game'.

Although the cold spring is likely to have knock-on effects on cereal and potato harvests, bringing uncertainty with regards harvest dates and yields; milk production and milk prices for most producers remain buoyant. After an extended period of rising prices due to tight supply, finished lamb prices have started to dip as the supply of new season lamb starts to increase. While the cull cow trade continues to remain strong, with price rises expected in the short-term as numbers continue to tighten; prices in the finishing market have dipped due to the availability of young bulls, with finisher's margins being squeezed by £80 to £100 a head. However, beef prices may lift again when supplies tighten again, especially if summer barbeques, and self-catering staycations boost demand for beef. With no extension to the EU Settlement Scheme deadline of 30th June 2021, and a delay in processing applicants, the fruit and vegetable sector continues to face significant challenges with regards sourcing skilled seasonal staff.

With the Farming and Food Production - Future Policy Group (FFP-FPG) draft report highlighting the increasing importance of efficient land use to meet the net zero targets; there is an increasing interest from a sustainability, food security and business development perspective in developing a protein strategy for Scotland, and also looking at ways we can learn from other countries as they define their own paths to Net Zero. As summer progresses, we need more blue sky thinking to achieve truly green economies.

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Christine Beaton

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FFP-FPG recommendations to SG

The Scottish Government (SG) recently published a draft report prepared by the Farming and Food Production - Future Policy Group (FFP-FPG) which includes their recommendations about future farming and food production policy in Scotland. The full report is available at: https://www.gov.scot/publications/foi-202100198676/, some of their recommended actions include:

- Incentivise options for food production systems to become market-oriented and meet climate change and biodiversity targets, through outcome/results-based payments and the transformation of business culture and behaviour.
- Support and enable a shift towards appropriate integrated mixes of alternative land use at the appropriate scale for environmental and economic resilience, e.g., activities such as agroforestry, farm woodland creation, and peatland restoration to meet climate change and biodiversity targets.
- Develop appropriate tools, techniques, and approaches for monitoring and evaluating biodiversity, other environmental and economic outcomes, including productivity.
- Develop improved methods of measuring greenhouse gas and ammonia emissions of land-based and non-land-based businesses that contribute to the rural economy.
- Rewards should reflect the value of the output delivered and the cost of producing it, not the income foregone from potential alternative activities.
- Strengthening the role of the food producer in the supply chain through targeted investment in skills, business development, innovation, co-operation, and collaboration.
- Strengthening collaboration and strategic, data-driven communication between producers and between constituent parts of the supply chain.
- Increase value added business opportunities within Scotland (e.g., processing, manufacturing), retaining more processing capacity within the Scottish economy and within the Scottish food and drink supply chain.
- Create opportunities for generational renewal, including support for new enterprises and the provision of an exit route for land managers and food producers.
- Develop a risk-based approach to penalties and inspections.
- Directly link payments to support the delivery of desired measurable outcomes utilising various methods, for example, through mandatory soil testing, carbon audits, vegetation, and wildlife surveys.
- Urgently initiate the start of transition, recognising the action required to meet interim and long-term climate and biodiversity targets.
- Pilots should be clustered around the three key areas of business, environment, and people. They should be taken forward by farmer or supply chain led taskforces who can work alongside government to co-design schemes from the farm up ensuring buy in from the wider industry, thus increasing the rate of embedding of new schemes and support systems.
- Implementation of the pilot schemes should be overseen by implementation boards so that industry and government can continue to tackle shared challenges to implementation together.

Island Communities Fund

Businesses and community groups located across Scotland's inhabited islands can apply for grants of up to £150,000 for projects focussed on supporting sustainable island economies and the journey towards net zero. The new Island Communities Fund (ICF) is backed by £2 million of Scottish Government funding, which comes from the £9.5 million committed to the Islands Programme for 2021-22.

Grant applications are submitted through Inspiring Scotland, who will manage the fund. Applicants will be expected to put forward 'shovel-ready' island-based community-led projects and detail how it will contribute to a successful and sustainable future for the islands and support employment and community resilience. The submission deadline for applications is noon on Friday 16th July; projects should be completed by 31st March 2022. Further information, including the online application form can be found at: https://www.gov.scot/news/new-fund-opens-for-island-communities/.

Key dates reminder

Greening

EFA fallow period ends at midnight on 15th July.

SMR 2 - Conservation of wild birds

Removing/burning scrub and gorse in the bird breeding and rearing season (1st March to 31st August is not permitted).

Consultation on the Licencing Order for Short Term Lets (incl Air BnB) ends on 13 August 2021

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Global stocks to use tighten further

Against a historical backdrop of year on year reductions in global grain stocks since 2016/17, the International Grains Council hinted this week at the first likelihood of a reversal to this decline, increasing its forecast for global grain supply to 2,301 Mt for 2021/22. Forecast demand also increases to 2,299 Mt, resulting in a potential marginal surplus of 2 Mt. It should not detract however from the fact that stocks to use ratios are still falling.

Currently, world market prices are weather driven; This is a critical time for the US maize crop and so what happens in the Midwest in the weeks ahead could have a considerable bearing on where prices go next. A continuation of dry weather and the global grain surplus is challenged, and prices likely will rise. Rain, however, will encourage managed money funds to retract from the belief that the market will move higher. We have recently seen this net long position reduce and so with-it, futures values. Therefore, keep an eye on futures over the next couple of weeks if you are considering selling forward.

In Europe, wheat production confidence continues to increase. France's soft wheat crop is currently rated 79% in good/excellent condition, well above the 56% figure recorded this time last year. Indeed, it is mainly due to the recovery in French wheat plantings this year that Brussels this week raised its EU-27 balance sheet 8.6Mt on last year. Nevertheless, with the continued pull of wheat into China and competitive prices for German/Baltic supplies, the start of the 21/22 marketing campaign should see brisk trading for EU wheat.

The recent more favourable weather here continues to underpin good prospects for UK crops, with some estimates moving toward the 15 Mt level for the forthcoming harvest. Increased domestic usage however, due to the current high price of imported maize and the increased demand for ethanol, will potentially erode any exportable surplus; of course, much will depend on final yields.

The high price for imported maize is a boost for Scottish wheat use in distilling, and particularly for the new crop. At £250/t delivered, maize is currently at a £55/tonne premium to wheat delivered at £195/t (August 21).

Whilst England and Europe plantings swung back into wheat for harvest 2021, Scotland's spring barley area has increased 2% on 2020. There are the early signs of recovery as the hospitality sector re-opens and US export tariffs are lifted. The expected lift in values this season will, however, be undermined by the disruption to the supply chain as another grain trader goes into liquidation, a key marketing issue for farmers in Scotland and a cruel blow indeed.

With UK oilseed rape production now only 1 Mt and half as much again being imported, a key factor pushing up prices has been the growth in global demand for vegetable oil at a time when sunflower and palm oil production declined.

The forecasts point to vegetable oil production slightly exceeding demand in 2021/22. Yet with a small surplus expected, and low stocks globally, it seems likely that there will still be underlying support in the market.

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Indicative grain prices week ending 27 June 2021 (Source: SACC/AHDB/trade)
'* Before oil bonus, # Ex-farm England spring brewing max 1.85%N, ~ nominal

£ per tonne	Basis	Jul '21	Harvest '21	Nov '21	Mar '22
Wheat	Ex-farm Scotland	185.00	165.00	167.60	171.25
Feed barley	Ex-farm Scotland	170.00	145.00	150.00	155.00
Malt. barley- distil	Ex-farm Scotland		185.00		
Malt. barley- brew	Ex-farm England#	195.00		185.00	195.00
Oilseed rape*~	Delivered Scotland	521.00	398.00	420.00	

B e e f

Prime beef prices have dropped slightly in June with prices looking to have steadied at around 410p, taking a good £80-£100 out of the finisher's pockets from its peak of 430-440p in the spring.

This reduction in the price is proving to be challenging for finishers as many of the more expensive March and April bought stores are now coming ready. Whilst many in the trade are talking about an upward lift, this is yet to be seen and there is a limited length of time that finishers can hold off selling for in anticipation of this rise.

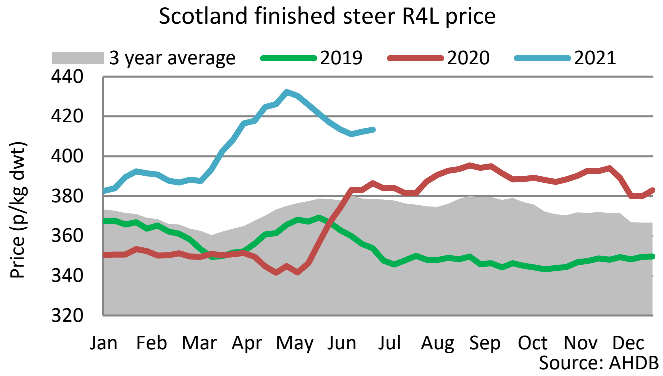
The availability of young bulls in June has helped to take the heat out of the trade. However, the majority of these bulls will be gone by mid to late July, so processors may then have a challenge in finding sufficient numbers of prime cattle to kill.

The cull cow trade continues to remain strong, with price rises expected in the short-term as numbers continue to tighten. The demand for manufacturing meat for barbeque products in the summer continues to be strong. It is worth noting that the growth in beef from the dairy herd will help to fill this gap in supply of manufacturing beef over the coming years.

The ongoing theme from retailers continues to be sourcing British beef, this is the driving force between the sustained 400p + price we have seen in the last few months combined with the tightness in supply of cattle.

Traditionally, once the schools break up for summer there is a dip in retail demand for beef as families head off on foreign summer holidays. This year will be different with current covid guidelines advising against foreign travel and many processors are expecting an increase in retail sales as families holiday on home soil and talk of good weather will continue to drive barbeque meat sales.

Some processing plants have had Covid outbreaks in their workforce over the last few weeks leading to a potential reduction in kills. However, due to the strong retail demand they have organised cattle to be contract killed at other plants and so to date there has been minimal disruption.



Free trade deals

With the UK not self-sufficient in beef (we currently import 270,000t of beef annually) and the UK government putting pressure on UK beef farmers to reduce emissions (perhaps by reducing cow numbers) there will inevitably be imports of beef in the future.

At present, most of it comes from Ireland, however the trade deal with Australia may look to displace some of that Irish beef on UK shelves. What this trade deal will do is increase the volume of beef on the European market which will in turn influence prices here.

It is anticipated that Australia will target high value product markets and so we will most likely see Australia grass fed beef. Maybe now is the time for us to take a hard look at what we are doing and how we compete with beef that measures quality not yield?

This Australia trade deal is just the first of what the UK Government hope is many with countries in the Southern hemisphere and we have to be mindful that up until recently we have been sheltered from world markets and prices, and what these free trade deals do is bring us closer to world markets and prices. It may not be a race to the bottom as many assume but it will bring more price volatility to the sector in the long-term.

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

Week Ending	R4L Steers (p/kg dwt)			-U4L Steers			Young Bull-U3L		Cull cows	
		Change on week	Diff over N. Eng.		Change on week	Diff over N. Eng.		Diff over N. Eng.	R4L	-O3L
5-Jun-21	**413.4**	-3.4	14.9	**411.4**	-2.4	10.0	407.8	13.5	320.6	300.6
12-Jun-21	**411.0**	-2.4	11.7	**408.1**	-3.3	10.0	404.0	11.8	323.2	295.9
19-Jun-21	**412.4**	1.4	12.5	**412.5**	4.4	11.9	406.3	7.9	325.1	300.0

AHDB market price update

Due to the recent result of the potato ballot, where growers voted to discontinue the statutory levy, AHDB has ceased the production of potato market intelligence reports and the publication of weekly average prices.

Therefore, as a consequence there are no weekly average prices including free-buy prices available to report in this edition of Agribusiness News.

Market summary

In recent weeks, free-buy trade has remained slow with contracted volume taking priority. Many packers are clearing contracts and continuing to use the remaining old-crop supplies in store.

The late spring and cold weather has impacted on crop emergence and development, with many crops across Scotland being around 1-2 weeks behind where they would normally be at this point in the season. Despite a warm spell in June boosting growth, crops may not fully catch up, therefore potentially delaying harvest by a week to ten days. A slightly longer old-crop season would be welcomed by growers with surplus Whites stocks in store, but this is unlikely to have a significant impact on prices.

Buyers are continuing to source Maris Piper to see them through to the end of the season with availability continuing to tighten.

There is now a strong focus on early new-crop development as packers and processors will be eager to start into new-crop supplies as soon as they become available. Maris Piper continues to be the consumer favourite holding a considerable premium over Whites. Prices for top quality Piper are very likely to remain strong into August and September.

Market prices on 25th June 2021

In Scotland, Grade 1 Maris Piper is trading between £260/t ex farm and £350/t ex farm. Quality and availability continues to drive price with top end free-buy stocks proving hard to find. Whites, on the other hand, are trading around £60-£75/t ex farm with plentiful supply.

This trend is almost identical in English packing markets. Grade 1 Piper is trading between £320/t ex farm and £360/t ex farm. Grade 1 Whites are trading between £95-£150/t ex farm.

In the East of England chipping sector, Agria is trading around £370-£430/t ex farm and Markies is trading around £310-£370/t ex farm. Other Whites varieties are trading around £200-£275/t ex farm.

Chipping Whites in the South of England are reported to be trading around £150/t ex farm and there are no reports of prices in the West of England or in Scotland.

In the Processing sector, Peeling Piper is trading around £195-£200/t ex farm, with Whites trading around £45-£100/t ex farm.

Seed potato exports

Seed potato exports from Scotland in 2020/21 totalled 97,744 tonnes, with 82.3 kt destined for non-EU markets and 15.4 kt for export to the EU. Previously, seed sent to nations within the EU was classed as "home market" and exact figures for export were unavailable.

As in previous years, Egypt was the most important destination for seed potatoes accounting for almost half of exports (43.2 kt), a year-on-year reduction of about 3,400 tonnes.

Morocco was the second most important destination (10.7kt, down 427t). Saudi Arabia (5.1kt) and Brazil (1.0kt) both saw relatively large increases in tonnage (+1.7 kt and + 0.9 kt respectively) compared with the 2019/20 season.

Spain (4 kt), Ireland (3.7 kt), and the Netherlands (2.7 kt) were the most important EU export destinations. Unless the UK and EU governments reach an agreement, this trade will not be possible in the 2021/22 season. However, data highlights the heavy dependence on a few key markets (Egypt and Morocco).

Scottish seed maintained its excellent health status last season, with only 2% of lots being rejected (either domestically or at destination).

Hermes (20 kt), Cara (16.2 kt), Desiree (10.6 kt), and Atlantic (9.1 kt) were the varieties most frequently exported.

16.1kt of ware potatoes were exported from Scotland – mostly to Northern Ireland and the Canaries. Maris Piper, Rooster, and Cara made up almost half these exports.

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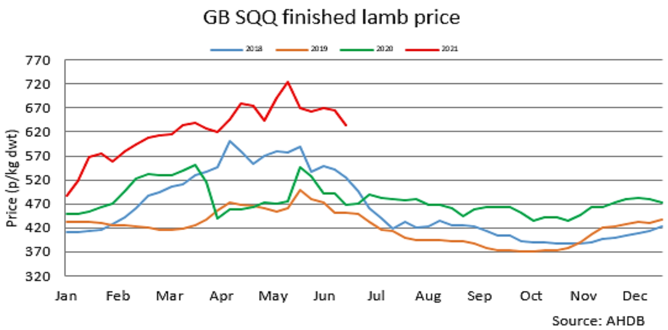
Seasonal Dip with Increased Supply

Both live and dead markets are dipping as the supply increases with more lambs coming forward for sale. The live markets showed a SQQ of 255.81p/kg for the week ending 23rd June, showing a decline of 43p/kg from the previous week. The dead market is following the same pattern with a SQQ of 634.5p/kg, back 31p/kg on the week before. Looking back to 2020, the SQQ on the same week was 468.6p/kg, meaning the current price is 165.9p/kg higher on the year.

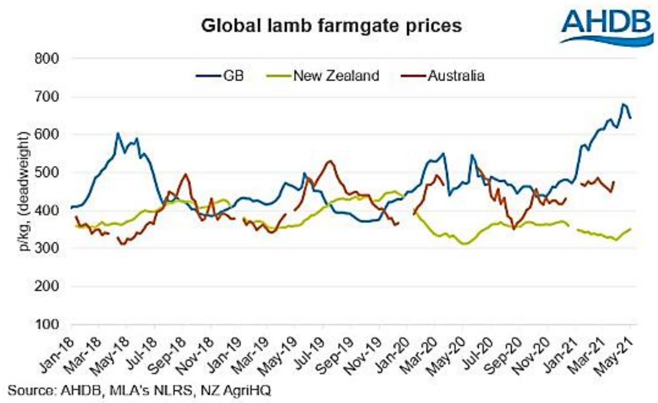


Store and Breeding

In Scotland, there are not many store lambs for sale as yet, and weaning is just around the corner. In England, there have been some early sales, which have shown favourable, with good levels of interest. Breeding gimmer sales are starting, especially for those who are turning to lambing 3 times in 2 years, with Dorset's and Suffolk X gimmers trading well. One market reported an average of £198 for Suffolk X gimmers at a breeding sale last week. A limited numbers of tups have also started trading for early lambers, again prices are showing good for the early sales.

World Prices

While our lamb is still showing at a premium, compared to average years, in other countries, lamb is not. Australia is currently trading lamb 12% lower than last year, and our lamb has overtaken the price of French lamb for the majority of the spring. Our lamb being at such a premium does make it less attractive for the export market. Now we are in the position of supply exceeding demand, we move to being a net exporter, relying on our European customer.



In New Zealand, store lamb sales are ramping up, where exceptional prices are higher than the five year average. The latest sale at Stortford, saw 32-34kg lambs averaging $4.80/kg ($1.40/kg increase on the five year average) and 28-29kg lambs at a premium of $1.50-$1.60 on the five year average. The forward contracts being offered from abattoirs is thought to be driving this.

Eid al-Adha – Qurbani

The three day festival of sacrifice starts on the 20th of July, where an estimated 100,000 sheep are killed within the UK for the Muslim festival. There are strict animal requirements for this festival and the timing of slaughter. The animals must be sacrificed during the 3 day festival, after the Eid prayers following sunrise on the first day. The timing for the festival this year will allow a good market for July prime lambs and cull ewes. The date moves earlier by 10 days every year due to the lunar year being shorter than the solar year.

Wool

The British Wool Board have reported that the 11m kg of unsold stock is now clear following a move to more frequent wool trading and on an online platform. There is demand again for wool and the average auction price is 67p/kg.

Trading of wool over in Australia is coming to an end, but reports are still identifying merino wool to be in high demand. Crossbred wool is less of a premium, but market signals are showing demand from China in the coming four weeks before winter recess.

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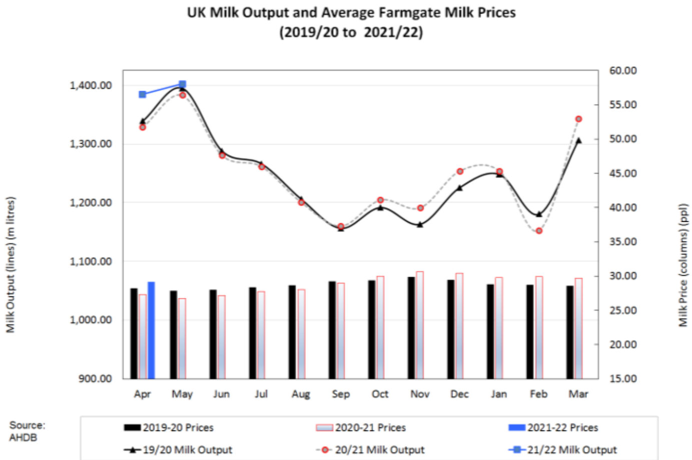
Week ending	GB deadweight (p/kg) 16.5 – 21.5kg				Scottish auction (p/kg)				Ewes (£/hd) Scottish	Ewes (£/hd) Eng&Wal
	R3L	Change on week	Diff over R2	Diff over R3H	Med.	Change on week	Diff over stan.	Diff over heavy	All	All
5-Jun-21	**666.3**	5.7	-2.0	-2.6	**330.40**	3.6	6.2	14.3	102.12	103.68
12-Jun-21	**662.5**	-3.8	0.0	1.3	**323.70**	-6.7	9.2	6.4	99.21	100.25
19-Jun-21	**633.8**	-28.7	2.3	4.6	**294.00**	-29.7	0.6	1.0	95.24	93.57

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

Prices hold up despite high output

- *UK milk production has got off to a flying start in 2021/22.*
- *After the first two months of the 2021/22 milk year output is already 75m litres ahead of last year.*

UK monthly milk output continued to grow in May 2021, reaching a new high estimated at 1,402.25m litres (before butterfat adjustment). This represents an increase of 19.09m litres on May 2020 output when UK production for the month stood at 1,383.16m litres. Cumulative UK milk output for the first two months of the milk year stands at 2,786.96m litres (75.13m litres up on the same period last year).



The latest AHDB data shows that the UK average milk price slipped back by 0.53ppl between March and April 2021, with prices for April averaging 29.15ppl, compared with 29.68ppl for March 2021.

Dairy commodity prices have remained stable throughout May and June; prices for butter and SMP have dropped back very slightly, whilst cream prices have increased, and cheddar prices remain unchanged. With the Covid-19 vaccination programme now well under way and restrictions in England potentially set for easing by 19th July 2021, the outlook is improving as more definite signs of economic recovery emerge.

UK dairy commodity prices (£/ tonne)	Jun 2021	May 2021	Dec 2020
Butter	3,320	3,350	3,000
SMP	2,150	2,210	1,970
Bulk Cream	1,433	1,348	1,150
Mild Cheddar	2,980	2,980	2,940
UK milk price equivalents (ppl)	**Jun 2021**	**May 2021**	**Dec 2020**
AMPE (2020) *	32.46	33.20	29.05
MCVE (2020) *	33.62	33.61	31.94

Source: AHDB

Farmgate prices: July 2021

Despite the seasonal peak to milk production being higher than ever in 2021, stable demand has helped to keep farmgate milk prices buoyant and, in some cases, prices have even increased further. Price announcements for July 2021 are detailed as follows:

- Fresh Milk Company (Lactalis) – FMC has confirmed a 0.50ppl price increase to take effect from 1st July. This follows a 1.25ppl rise in June 2021. This takes the standard litre price up to 29.50ppl and this new price is to act as a minimum price level for August/ September 2021.
- First Milk – FM has confirmed a further 0.50ppl price increase for July 2021. This follows price increases during both May and June. See milk price table below for details.
- Arla Foods amba – Arla has confirmed a hold on prices for July 2021. After currency levelling, this results in a 0.03ppl reduction which takes the manufacturing standard litre price down to 33.20ppl. The liquid standard litre price moves down by the same margin to 31.95ppl.
- Arla organic supplies – Arla's organic milk prices also reduce by 0.03ppl for July 2021, due to the impact of currency levelling. The manufacturing price drops back to 41.56ppl whilst the organic liquid standard litre moves back to 39.99ppl.
- Sainsbury's – Members of Sainsbury's Dairy Development Group (SDDG) will receive an increase to milk price equating to 0.89ppl. This takes Müller suppliers up from 31.80ppl to 32.69ppl. Arla suppliers receive the same increase but will see their price move up from 31.68ppl to 32.57ppl. The bulk of the price increase has been triggered via the Sainsbury's cost of production tracker and an increase to feed costs during the six months to April 2021.
- Müller Direct – following a 1.00ppl price increase during June, Müller has confirmed a further 0.75ppl increase from 1st July 2021. This takes the liquid standard litre up from 28.25ppl to 29.00ppl. Suppliers in Scotland will receive 28.75ppl, after allowing for 0.25ppl additional haulage charge.
- Müller Direct – In addition to recent milk price increases, Müller Direct suppliers have also received a 0.31ppl retailer supplement (paid June, based on May milk supply).

Annual Average milk price estimates for July 2021 (ppl)	
Milk Buyers – Scotland	**Standard Ltr***
Lactalis (No profile or seasonality) [1]	29.50
First Milk Liquid [1, 2]	29.51
First Milk Manufacturing *(4.2% Butterfat & 3.4% Protein)* [2]	30.50
Müller - Müller Direct - Scotland [1, 3]	28.75

1 *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.*
2 *The FM member premium is set to remain at 0.50ppl from April 2021.*
3 *No monthly supplementary payment included in the price estimate. Includes 1.00ppl Müller Direct Premium and additional 0.25ppl haulage charge for Scottish suppliers.*

August price rise for FM suppliers

First Milk have confirmed a 0.50ppl price increase for August 2021. This takes the manufacturing standard litre for August up to 31.00ppl.

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EU Settlement Scheme

Post Brexit under the EU Settlement Scheme EU nationals living in the UK had until 30th June to apply to stay in the UK. By the end of May 2021 around 5.6 million European Economic Area (EEA) citizens and their dependents had already applied to the scheme; of which just 263,000 applications had been made by EU citizens to stay in Scotland.

As of the 31st of May 2021, Settled Status has been granted to 2.75 million people. It can be awarded to EU Citizens who started living in the UK before the 31st of December 2020, and who have lived in the UK, the Channel Islands, or the Isle of Man for a continuous 5-year period (i.e. for at least 6 months in any 12 month period). Settled Status entitles EU citizens to stay in the UK as long as they want to and to apply for British Citizenship if they are eligible.

As of the 31st of May 2021, Pre-settled status has been granted to 2.28 million. Pre-Settled Status will be awarded to citizens who started living in the UK before the 31st of December 2020 but who do not have 5 years continuous residency. Once they have 5 years continuous residency, they can apply for Settled Status. Seasonal Workers can apply for Pre Settled Status if they cannot meet the continuous residency condition of having 'been resident in the UK for at least 6 months in any 12 month period'.

A successful application allows EU Nationals to retain the same rights of residence, travel, employment and access to healthcare and benefits as they were afforded when the UK was part of the European Union. Although there is a reported backlog of ~ 350,000 applications, applicants' rights will be protected while their application is being processed.

From the 1st of July, immigration enforcement officials will begin issuing 28-day notices to people, advising them to apply for settled status.

Farmers are advised to check with their EU National workers that they have applied to the Scheme and to ask for confirmation of their status as soon as they have been notified. Late applications will be accepted if they had reasonable grounds for the delay.

Further information for EU citizens living in Scotland can be accessed here.

Seasonal Worker Sponsor Licence

Following Brexit and the consequential end of free movement of workers within the European Economic Area (EEA), from 11pm on the 31st December 2020, farmers and producers in the edible horticultural sector who employ T5 (Temporary Worker) Seasonal Workers from within the EEA must hold a valid 'Seasonal Worker Sponsor licence'. The 'Edible Horticultural' sector includes protected vegetables, field vegetables including herbs, soft fruit, orchard fruits, and vine, bines, and mushrooms.

The Sponsor licence is in 3 main parts:

1. Part 1 tells farmers/producers how to apply for a sponsor licence, the requirements they must meet, how the Government considers the application, and what happens if they refuse the application
2. Part 2: Sponsor a worker – general information: tells farmers/producers about the processes they must follow to sponsor a worker once they have obtained your sponsor licence
3. Part 3: Sponsor duties and compliance: tells farmers/producers about their duties and responsibilities as a sponsor and the action the Government will take if they breach, or are suspected of breaching, these duties, including if they act in a manner that is not conducive to the public good

Appendix A details the documents that must be submitted to support a sponsor licence application

Appendix B: Details the record-keeping duties as a licensed sponsor.

From the 1st July 2021, the fees for a T5 (Temporary Worker) Seasonal Worker visa is £244.00.

Further information regarding EU Settlement Scheme and seasonal workers can be accessed on the RSABI, Citizens Advice Bureau and NFUS websites.

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Plant Proteins

In the recent election manifestos, both the SNP and Scottish Greens indicated that there was policy interest in developing a protein strategy for Scotland to outline opportunities for sustainability, food security and business development. A report by Zero Waste Scotland published last July provides national and regional examples of protein strategies around the world, and key lessons to learn from and implement including increased production, legislation, funding, and a focus on the bioeconomy. But how applicable is this to Scotland, and what really are the opportunities here?

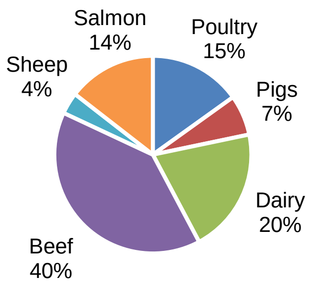
What plant proteins can Scotland produce?

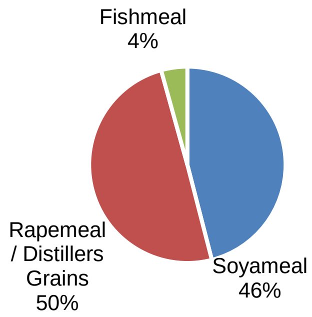
The main obvious limitation for plant protein production in Scotland is land suitability; just 9% of Scottish agricultural land is suitable for arable crops, and pulses currently account for less than 1% of this. Any increase in production of arable crops (cereals or pulses) is likely to displace production of other crops and their markets, so careful impact analysis is needed here. Also, with existing challenges in processing and securing markets which reward farmers at least as much as their usual crop, switching to these alternative crops is currently too high-risk for most producers.

However, when looking at the whole picture of protein sources in Scotland, the vast majority of Scottish protein comes from grass (indirectly, converted into human-edible protein through livestock), followed by around a third from cereals and ~5% from other plant proteins (the majority of which goes to livestock e.g., field beans/peas). In their natural state, grass and cereals may not produce the type or quality of proteins desirable for human consumption but bioprocessing and biorefining of these offers new opportunities for novel uses, particularly as technology advances.

This links to why soya, particularly soya meal for livestock production, is preferred over other protein sources; it provides one of the highest quality proteins for the lowest price per tonne. Soya meal provides 12% of feed protein straights in Scotland, and is largely used for poultry, dairy, and salmon production. Rapemeal accounts for 13%, the vast majority for beef production. Figure 1 shows how important rape and soya meal are for protein straight requirements in Scotland. Alternative feed straights will have to compete for quality, price, or both to be viable substitutes.

Figure 1: Estimated feed use requirement for protein straights in Scotland by livestock sector (left) and by type (right)





What opportunities are there?

- **Processing to add value and quality**: Scotland has large quantities of feedstock that has potential to be converted into higher quality proteins, e.g., cereals, forage, grass, as well as distillers grains and by-products. Economics, research, and processing capacity are currently barriers, with costs either prohibitive, or feedstocks preferred for AD due to financial incentives.
- **Increasing consumer appetite for plant proteins**: Consumers are increasingly conscious of the provenance, sustainability, and health credentials of food, with homegrown proteins ticking all of these boxes, and well-suited for the trend in convenience and snack foods. Hemp, fava beans, seaweed, buckwheat, potatoes, duckweed, lucerne and lupins offer some scope, notwithstanding agronomic challenges for some crops in Scotland.
- **Solutions for sustainable farming futures:** As policy priorities shift towards rewarding low carbon and sustainable farming practices, switching away from soya-based imported feeds and to homegrown proteins may become a more financially viable option for farmers with subsidies or incentives. Proteins can already be a key option in reducing a farm's carbon footprint (e.g., clover forages reducing fertiliser use), and incorporating land use change is likely to drive forward growing soya alternatives.
- **Risk management in supply chains:** While there seems sufficient interest in both markets and farming, a lack of certainty in supply chains for many proteins make diversifying a risky business. Facilitating conversations and finding areas of mutual benefit for stakeholders offers great opportunity for future protein markets.

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Changing political landscape drives green agenda and low-carbon goals

As of June 2020, the new coalition in the Republic throws a new light on their policy priorities going forward. The Green Party (centre-left), Fine Gael and Fianna Fail (both centre-right) coalition drives the climate agenda further into the mainstream than perhaps it ever has been before in Ireland.

The new Climate Action Bill, agreed a fortnight ago, sets out a national goal of net-zero by 2050. This is big news for agriculture which is the largest contributor to emissions in Ireland by sector at 33.9% in 2018, and particularly so as Ireland has the highest per capita emissions across all EU states. With over 56% of agricultural emissions coming from enteric methane, the net-zero target raises big questions for the dairy and beef industries, the country's foremost agricultural sectors, but also integral parts of Ireland's rural culture and economy.

Similar, in many ways, to parts of Scotland's rural economy, low carbon development plans must juggle how to drastically reduce emissions while avoiding a reduction in production and maintaining rural livelihoods. There is encouragement to move some production away from livestock but to a limiting degree, especially as, for many areas, diversification options with be constrained by land capability. Current industry focus, therefore, is around a three-point strategy: 1) improve efficiencies; 2) low emission technology; and 3) carbon sequestration.

Recent CAP reform and Climate Action Bill proposals spark national protests

In recent weeks, the lead up to announcing the Climate Action Bill has seen farmers protesting on the streets around Ireland, largely because they feel that it:

- Does not account for existing reductions made to farm carbon emissions and the real effects of enteric methane from livestock
- Does not factor into carbon budgets the role of agriculture in carbon sequestration sufficiently, just emissions
- Risks reducing food production in Ireland, thereby increasing food imports from other countries with a higher carbon footprint and threatening the economic and social sustainability of rural communities.

The Bill also adds to frustration in the Irish farming community with CAP reform proposals, focused around payments based on environmental (climate and biodiversity) benefits, which would see many Irish farmers, currently considered as productive farmers, receive a large cut in subsidies.

What impact will Ireland's new climate policy have on Scotland and the UK?

In the face of changing subsidies and markets, Irish farming is keen to focus on quality rather than quantity of production, particularly when it comes to beef and dairy. The UK-Australia trade deal recently announced threatens the Irish export market to the UK, to which Ireland currently exports around half of its beef, as increased Australian beef imports risk undercutting British and Irish beef. Differentiating products based on quality and provenance will be crucial for both British and Irish producers, who may end up fighting over a smaller market if similar levels of output are maintained in the next few years.

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Key Economic Data

General Indicators		Price indices for April 2021 (Defra 2015 = 100)			
		Output Prices		Input Prices	
Base interest rate	0.1% (0.75% Mar '20)	Wheat	170.6	Seeds (all)	117.9
ECB interest rate	0.00% (0.00% Sep '18)	Barley	144.8	Energy	122.2
UK (CPI) inflation rate	2.1% (target 2%)	Oats	126.2	Fertiliser	112.2
UK GDP growth rate	-1.5% (Q1 '21)	Potatoes	131.8	Agro-chemicals (all)	143.1
FTSE 100	7,110 (29 Jun '21)	Cattle and Calves	121.2	Feedstuffs	128.5
		Pigs	109.9	Machinery R&M	115.5
		Sheep and Lambs	170.4	Building R&M	123.0
		Milk	119.0	Veterinary services	114.7

SAC Consulting 2021. SAC Consulting is a division of Scotland's Rural College (SRUC)
This publication is funded by the Scottish Government and EU as part of the SRDP Farm Advisory Service

SAC Consulting, Rural Business Unit publication
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