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September 2024

# News in brief

## New self-sufficiency figures for Scotland & UK

This year, so far, has presented wetter and cooler weather on average across the UK, disrupting growth stages for crops and making field operations challenging. As highlighted in this month's cereals article (pg 3), yields across Europe are expected to be poor, although the US is seeing a bumper crop.

In livestock, both sheep and beef prices continue to strengthen amid limited supply and shrinking numbers (see pages 4 and 5); this month Wales reported beef registrations were down 4.5%, reflecting UK-wide trends of a 4% reduction in England and 2% in Scotland. While prices are positive, reduction in numbers to raise concerns around maintaining a stable internal market infrastructure, particularly in less connected rural areas.

This month also saw Defra announce 2023 figures on UK's food self-sufficiency – 62%, which reflects a small decline over the last decade. However, livestock sectors typically show high levels of self-sufficiency, with vegetables being the category most dependent on imports at 53% self-sufficiency, the lowest since records began in 1988. New research published by SRUC and The Rowett Institute presents an assessment of Scotland's food self-sufficiency.

There are new steps to further support regional food and drink, with Scottish Government announcing on the 1st August £100,000 available for Scottish food businesses, producers and groups under Scotland Food & Drink Partnership's Regional Food Fund. Applications are for £5,000 grants, and can be submitted here.

The Scottish Industrial Energy Transformation Fund (SIETF) have also been awarding grants under a £7.2 million fund, including food and drink businesses. Separately, funding has been announced to develop a green hydrogen hub in Speyside, using waste product from whisky distilleries.

### Next month:

- Biomass boilers
- Silage and winter feed

# Contents



**This month's editor:**
Anna Sellars

## Scottish Kept Bird Register

While poultry keepers with 50 or more birds will be familiar with the legal requirement to register their premises on the GB Poultry Register; from the 1st of September 2024, all Scottish bird keepers, large or small, are required to register their bird location on the New Scottish Kept Bird Register by 1 December 2024. The new ruling applies to domesticated bird species including hens, ducks, geese, quails.

With the exception of birds which have no access to the open air for example - parrots, budgies, finches etc., all bird keepers, even those with a single bird must register the location of where they are kept. This includes any random hens that dot about the croft or farm steading.

Keepers can register their bird or birds location by telephone or online. From 1 September, keepers will find a link to register on the Scottish Government website https://www.gov.scot/publications/avian-influenza-bird-flu/pages/register-your-birds/

Once registered, keepers can access their information online at any time. The information registered must be updated annually.

Registered keepers will be sent biosecurity information to help protect their birds from disease, along with disease control information in case they are affected by a disease control zone.

## Scottish Suckler Beef Scheme 2025

Following the announcement that from 2025 for a calf to be eligible for payment under the Scottish Suckler Beef Support Scheme, with the exception of maiden dams, the mother's calving interval needs to be 410 days or less; the Scottish Government have published an online document entitled 'Frequently asked questions to help you prepare for change'.

The answers to 'FAQs covers:

- Business eligibility for the Scheme
- How calf eligibility will be calculated (All calf births must be registered on ScotEID within 27 days of birth in accordance with the cattle identification and traceability regulations).
- Calf deaths
- Bought in breeding females
- Extenuating circumstances

With regards extenuating circumstances, as the calving interval condition will apply to all animals; there will be no exemptions to this condition outside of the normal exceptional circumstances/force majeure mechanism.

Examples of force majeure or exceptional circumstances include:

- the death of the farmer/crofter
- the long-term professional incapacity of the farmer/crofter
- a severe natural disaster gravely affecting the holding's agricultural land
- the accidental destruction of livestock buildings on the holding
- an epizootic disease affecting part of or all of the farmer's livestock (for example, Foot and Mouth)

If, as a result of force majeure/exceptional circumstances, you have been unable to comply with the rules of the scheme, you may retain the right to aid in respect of the claimed animal numbers. To qualify, you must notify the Rural Payments Agency in writing with relevant evidence within 15 working days from the date you are in a position to do so.

Our Management Matters article this month looks in more detail at the implications of the scheme in terms of payment rates and herd management issues.

For further information about the Scottish Suckler Beef Support Scheme 'Frequently Asked Questions,' please click on this link: Scottish-Suckler-Beef-Support-Scheme---FAQ---Aug-24.pdf (ruralpayments.org)

## Nature Restoration Fund

The Scottish Government's Nature Restoration Fund (NRF) is a competitive fund, which specifically encourages applicants with projects that restore wildlife and habitats on land and sea and that address the twin crises of biodiversity loss and climate change. While nearly £40 million has been distributed through the Nature Restoration Fund since 2021; the Scottish Government has announced that this year, in order to fund local council pay offers, £5 million from the Nature Restoration Fund is being redirected to fund the pay offer but added that it would be replaced in future years. If you have any queries about the fund, please email Nature Scot at NRF@nature.scot

## Key dates

| Date | Action |
|---|---|
| 1 Sept 2024 | New Scottish Kept Bird Register opens |
| 1 Sept 2024 | The Scottish Upland Sheep Support Scheme application window opens |

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## EU imports rise, exports fall

Earlier reports highlighted the pricing battle taking place between bearish US bumper production estimates and bullish EU and Black Sea harvest results. The US clearly won the first round and prices in the States are now trading at 4 year-lows.

Our markets are tending to resist downward pressure in anticipation that spring crops are likely to disappoint and so potentially strengthen prices. All in all, markets often work in chapters focusing on one thing at one time; in late Spring consideration was given to the EU & Black Sea production risks, and over early summer the focus moved to the bumper US crop estimates, and starting now, there could be some support to prices if markets actually focus on the very poor EU harvest results and downgraded predictions for Black Sea spring crops.

The EU harvest was indeed over-estimated; the EU rapeseed production was well below par and the French wheat crop could be the lowest since 1984, at only 25Mt with an average yield below 6t/ha. Additionally, the German crop will likely be 18.03 Mt, 15% down on last year due to untimely rain leaving disappointing yields and quality.

Although there is much variation across EU member states regarding the impact of the unfavourable weather conditions on cereal crops, a third consecutive cut to the total cereals yield estimates highlights the persistence of the difficult conditions felt across Europe. Furthermore, spring crops all around the Black Sea, from Bulgaria to Russia, have faced hot and dry conditions and the impact upon the sunflower and maize crops will be very significant. For Ukraine too, the negative impact is anticipated to result in a 20% reduction on the initial maize potential.

While harvest concludes on the continent, the European Commission has issued its latest yield estimates for soft wheat, barley (winter and spring), and maize. Overall, the outlook for total cereals remains poor as the yield is estimated at 5.36 t/ha, 0.12 t/ha below the five-year average. All this conspires to decrease EU exports and increase imports.

## Harvest 2024

The average reported yield (as per the AHDB's second 2024 harvest report) for the UK for winter barley, is 6.3t/ha – 11% down on the UK five-year average. Winter malting barley quality is good, although there have been some lower bushel weights and subsequently lower screenings, and specific weights are averaging 64kg/hl across the UK. Nitrogen levels within the winter malting barley samples have averaged 1.5% which is low as maltsters are looking for samples of up to 1.75% and this could affect exports as a higher nitrogen level up to 1.85% is required for continental malting.

Feed barley prices have been relatively immune from the drop in wheat futures markets because of a lack of farm selling and continued demand from the UK compounder. The lack of farmer selling has been stimulated by an early completion of the UK winter barley harvest and buyers have been looking to cover both spot positions and winter positions meaning English barley's discount to wheat has narrowed closer to £20/t. (£40/t Scotland)

Average yields of OSR across the UK are estimated at 2.93t/ha, down 9% on 2023's performance. Of all EU27 (plus the UK) Member States, the UK has been the single worst performing country in terms of average yields; average OSR yields in the UK have dropped 10%, (0.36t/ha) during the most recent 5-year period when compared to the previous 5-year average. *The UK will, this year, import more OSR than it produces for the first time ever, a far cry from when the UK was self-sufficient in OSR and had 40% security on edible oils; today that figure is just 20% of domestic edible oil consumption. This move from net exporter to importer is deemed likely to cost £1billion to the UK economy.*

Feed beans are still valued at a £40/t premium to London wheat futures and lately there has been some export interest at these values despite the strength of sterling. However, domestic demand is still low as feed compounders view beans as expensive in comparison to other mid-range proteins, such as rapeseed meal and soybeans.

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**Indicative grain prices week ending 31/08/2024** Source: SAC//United oilseeds/Farmers weekly/AHDB)

| £ per tonne | Basis | Harvest '24 | Nov '24 | Mar '25 | Nov '25 |
|---|---|---|---|---|---|
| Wheat | Ex farm Scotland | 195 | 198 | 200 | 191 |
| Feed Barley | Ex farm Scotland | 155 | 158 | 160 | 171 |
| Oats milling | Ex farm Scotland | 265 | | | |
| Oilseed Rape | Ex farm Scotland | 366 | 367 | 370 | 367 |
| Beans | Ex farm Scotland | 225 | 235 | | |

## Finished price reaches £5/kg

After a short-term uplift in numbers forward between mid-May and mid-June, finished cattle numbers are now scarce (as many had predicted) with processors eager to source cattle. This has led to a rise in fat cattle prices throughout July and August with prices recently breaking back above year's levels to above £5/kg. Prices now being quoted in Scotland for R4L steers is 502/p/kg/dwt.

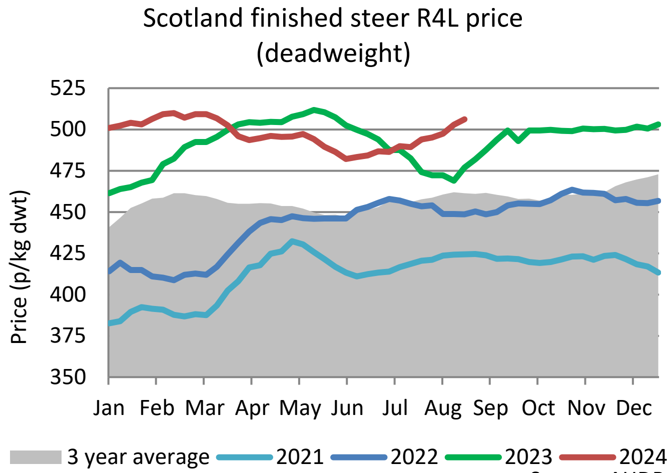
Going forward, expectations are for cattle numbers to tighten further into the autumn and final quarter of the year, with the 2022 spring calf crop passing peak slaughter age and young bull availability also now past its seasonal peak, which will support prices. The beef price is predicted to remain strong over the coming weeks, as reports point to supplies tightening further.

An uplift in price, combined with lower feed prices, will be reassuring and encouraging for finishers as we move toward the big autumn calf sales. At these, some sucker producers may have been fearing finishers would be cautious, after the falling beef price back in the spring.

Finished prices in England have also risen recently, again due to the shortage of finished cattle. With supplies tightening south of the border it is likely that the autumn calf sales will be strongly supported by English buyers.

## US beef demand

Cattle numbers are currently smaller on a global scale, with the US reported to have the lowest number of cattle on farms since 1951, and figures showing 2% fewer cattle on farms at the start of the year compared with 2023. US beef production is reported to be down by 3% so far in 2024, although heavier slaughter weights are helping to offset this.



Source: AHDB

## Store cattle

Store cattle prices remain strong, and it is anticipated that there will be strong competition ringside as finishers look to fill sheds at the autumn sales. Figures from BCMS data in April highlight reductions of over 4% in the 6–12-month age group in both Scotland and south of the border, which suggests a tight supply of shorter-keep store cattle.

## Cull cow values

Cull cow values have crept upwards in recent weeks, with better consumer demand, improved BBQ weather compared with last year, fewer livestock numbers forward for slaughter. Those with spring calvers should consider scanning early to get empty cows away at current prices, as seasonally cull cow prices become less ahead of winter housing.

## Straw price variations

Reports suggest considerable variations in straw availability which is impacting prices across the country. For those who are reliant in buying in straw for winter, now is the time to contact straw suppliers and merchants to source straw.

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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 Bulls -U3L | | Cull cows | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Change on week | Diff over North Eng. | | Change on week | Diff over North Eng. | | Diff over North Eng. | R4L | -O3L |
| 03-Aug-24 | **495.1** | 1.2 | -1.8 | **489.7** | -0.9 | | 488.1 | | 406.6 | 378.1 |
| 10-Aug-24 | **497.4** | 2.3 | -1.6 | **496.9** | 7.2 | | 490.1 | | 410.4 | 373.6 |
| 17-Aug-24 | **502.8** | 5.4 | -3.4 | **503.3** | 6.4 | | 494.0 | | 414.9 | 378.1 |

## Store lamb phenomenon

The store lamb sales have gone off with a bang, with averages showing a rise on the year across the country. This shows the confidence the finishers have in the price of the finished product for the winter and spring. Looking at trends, we know both the national and European flocks have declined in volume, the past years, resulting in fewer lambs being available for domestic and export from the UK.

The Australian flock has strengthened in volume, and has been an attractive choice for importers, due to its low price. However, this price has increased (peaking end July), an example of this, is the week ending 17th August 2024 the price was €4.89/kg DW, compared to the same week in 2023 at €2.74/kg DW (note price shown in Euro). The reasoning for this rise throughout the year, is due to demand in the middle East in the early lamb marketing season, making supplies now tighter as Australia reaches the end of old season lamb marketing. The UK and European early lamb was slow to come forward due to early lambs being hit with poor Spring weather and disease issues such as Schmallenberg, which again made Australian lamb attractive for importers. The Australian lamb marketing for new season lamb will begin again in September. The outlook is for prices to be stronger than last year, with tight supplies in the early part of this marketing season for both Australia and New Zealand.

The UK lamb marketing season has been slow to start, but recent weeks have seen a rise in volume of prime lamb being marketed. With current short supplies the price is set to remain at a premium to previous years over the coming months.

In the UK bank interest rates dropped by 0.25% on the 1st August, which made the Sterling weak and less attractive to investors, reducing its demand. Which in turn has made our lamb cheaper to import and more attractive to European buyers.

## Vaccine shortage continues

As tup sales progress across the country, many are turning their thoughts to the 2025 lamb crop. There are issues with availability of the Enzootic Abortion (EAE) vaccine, which may have an impact on the next lamb crop, depending on flock circumstances.

If you are buying in new female breeding stock, consider your flock status, and the status of stock being bought in. There is an inactivated vaccine available and can be used in flocks at risk, producers should contact their vet to discuss the most appropriate actions for their flocks ahead of the next breeding season.

## Food security crisis preparedness

The European Union has recently published a report from the European Food Security Crisis preparedness and response Mechanism (EFSCM). Which shows the recommendations on methods to reduce risks and vulnerability in the food supply chain following events such as world conflicts and disease outbreaks e.g. COVID-19. This focusses on the EU, which is off course a major trading partner for the UK. This recognises the requirement of financial support to primary food producers to allow for stability of food supply and the continuation of the supply chain. It outlines 6 different risk types including –

1) Biophysical and environmental
2) Economic and market
3) Socio-cultural and demographic
4) (Geo)political and institutional
5) Supply chain performance
6) Information and technology

The main recommendations include that the EU must build trust, adopt more collaboration and monitor their food supply, with other countries. There is an interesting monitoring dashboard available at: European Commission | Agri-food data portal | Monitoring food supply and security (europa.eu)

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| Week ending | GB deadweight (p/kg) 16.5 – 21.5kg | | | | Scottish auction (p/kg) | | | | Ewes (£/hd) Scottish |
|---|---|---|---|---|---|---|---|---|---|
| | R3L | Change on week | Diff over R2 | Diff over R3H | Med. | Change on week | Diff over stan. | Diff over heavy | All |
| 03-Aug-24 | **656.7** | 7.1 | -2.3 | 0.5 | **309.40** | 9.1 | 2.2 | -0.3 | 111.38 |
| 10-Aug-24 | **668.6** | 11.9 | -2.7 | 0.2 | **309.80** | 0.4 | 6.5 | 0.9 | 108.43 |
| 17-Aug-24 | **665.9** | -2.7 | -3.6 | -0.2 | **301.70** | -8.1 | 4.3 | 1.1 | 96.80 |

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
**Note: From 11th May, prices transition to new season lambs**

# Sector Focus: Pigs

***Just like the summer of 2024, prices in the pig sector over the past few months have been unremarkable. For every chink of sunshine something comes along to rain on producers' parades, when they are really looking for a pot of gold at the end of the rainbow.***

Prices have been fairly static in 2024, although over time have very slowly edged downwards. Pig production is currently reasonably profitable. However despite the fundamentals of pig numbers being well back on previous years and the country being little more than 50% self-sufficient in pig meat, the crisis of the early 2020s has knocked the proverbial stuffing from the sector; there is little appetite from producers to expand or interest from new entrants to enter the sector.

## Standard Pig Prices (SPP EU Spec)

Prices peaked at just under 226 p.p.kg in August 2023, but saw a steady decline over the autumn and winter before levelling off at 211 p.p.kg in January (AHDB). Since then, prices have very slowly crept downwards reaching 209.84 p.p.kg by mid-August. One major concern for prices is the recent fall in prices in the EU, where, for example, prices in Germany have fallen by nearly 10% in the last 2 months. This has seen the differential between UK and EU prices increase, meaning EU pig meat is more competitive as it looks to find space on UK supermarket shelves. To add to the woes, the UK summer (or lack of it) has impacted on demand with the barbeque boost sadly missing.

## Slaughter weights

Slaughter weights still remain historically high at just under 90kg, although have crept downwards from a peak of 91.68kg in early April (AHDB). Recent months have seen some uncertainty in the slaughter numbers published by DEFRA with some slight changes to the final figures expected. Regardless, the contraction of the UK sow herd in 2021 and 2022 has meant an equivalent reduction in pig numbers coming forward although this is mitigated in part by heavier carcass weights.

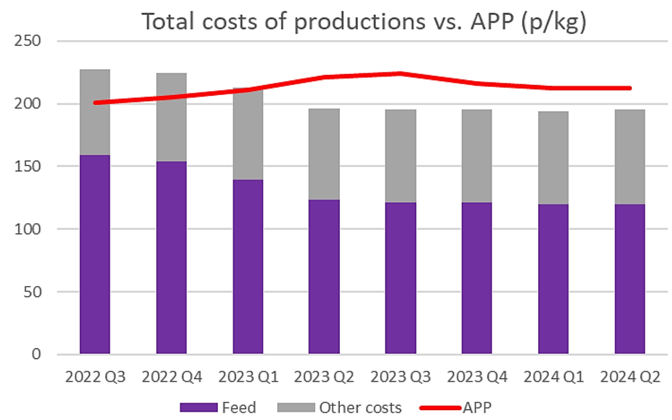
## Cull sows & weaners

Unsurprisingly cull sows have followed pig prices in EU in recent months with values dropping 25% since April to around 90 p.p.kg (T.V.C.) in mid-August. Weaner values have remained fairly consistent with 7kg weaners trading at £53 - £55/head (T.V.C.) and while contracted pigs are still finding homes, surplus weaners are become more difficult to place although falling cereal prices may help boost demand from specialist finishers.

## Costs of production

The latest published margins from AHDB (for Q2 of 2024) showed pig producers margins have slightly fallen over the last quarter at 17 p.p.kg (£15 per pig), back from 18 p.p.kg and £16 per pig in Q1. Costs had crept up slightly between the two periods, reaching 195 p.p.kg (£172 per pig). Within this, feed made up 62% of the total costs, at 120 p.p. kg or £107 per pig. Despite good margins now having been made for well over a year, helping replenish depleted bank balances after the preceding crisis, there is still some reluctance in the sector to expand or reinvest in capital projects again. There are also a number of empty or mothballed units across the country however very few parties willing to take the risk and fill them. The exception is those processors who also rear pigs, who have expanded pig production in recent years.

*Figure 1. GB All Pigs Price (APP) vs. Cost of production Jul 2022 to Jun 2024, (Source: AHDB Pork)*




## ASF update

African Swine Fever (ASF) continues to cast a shadow on UK pig production as it continues to move across Europe. The latest outbreak assessment from Defra in July confirmed that outbreaks in domestic pig herds in both Germany and Poland had increased in June, and ASF in wild boar also detected in West Germany for the first time. The ongoing threat to the UK industry has recently seen the NPA and AHDB host an ASF simulation exercise, which saw 30 individuals from various bodies and government departments (including Defra, FSA and APHA) discuss the various protocols and decision making processes involved in a hypothetical outbreak. This included at an on-farm level and also the wider supply chain. One key piece of advice was the importance of detailed movement records of animals, deadstock and people to help speed up both decision-making and the implementation of restrictions in a suspected outbreak. Overall, this simulation exercise has helped improve preparedness in the event of an outbreak.

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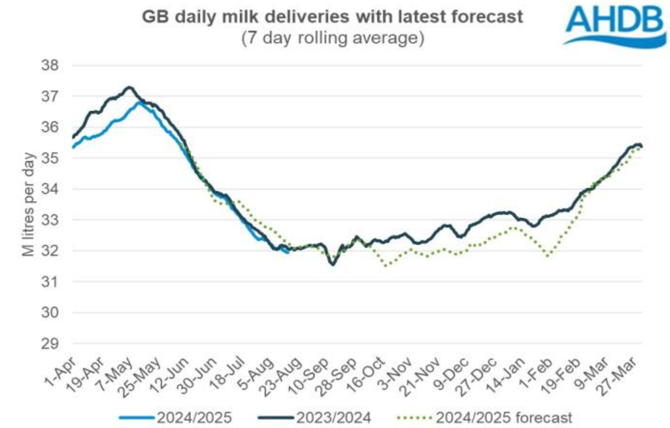
## Milk production data

The latest GB monthly milk production data from AHDB is estimated at 1,023m litres for July, which is 252m litres less than the previous month and just 0.4% less than July 2023. Daily deliveries were 31.94m litres for the W/E 17th August, 0.4% below the previous week and 0.4% down on the same week last year. The UK milk volume for July is estimated at 1,247m litres.




Source: AHDB

## Farm-gate prices

Milk prices from the main Scottish milk buyers available at the time of writing are shown below. The trend for processors here and south of the border is still positive with milk price rises on the back of low seasonal production and commodity prices rising on the back of product shortages.

| Milk Prices for Aug/Sep 2024 Scotland | Standard Ltr ppl | |
|---|---|---|
| First Milk[2] | Sep | 42.00 |
| Müller - Müller Direct - Scotland [1, 3] | Sep | 40.25 |
| Grahams[1] | Aug | 38.00 |
| Arla Farmers[2] | Aug | 42.44 |
| Lactalis / Fresh Milk Co.[2] | Aug | 41.09 |

*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 Manufacturing standard litre - annual av. milk price based on supplying 1m litres at 4.2% butterfat, 3.4% protein, bactoscan = 30, SCC = 200 unless stated otherwise.*

*3 Includes 1.00ppl Müller Direct Premium. Haulage deducted depending on band for 2023 vs 2021 litres, ranging from -0.25 to -0.85ppl.*

## Dairy commodities & market indicators

Wholesale prices for dairy commodities continue to rise, most notably for cream and butter which were both up 7% on the month. Low milk volumes and lower butterfat levels with cows at grass has contributed to little availability. Butter production has declined on the back of limited availability of cream and along with demand picking up after the holiday period, is helping bolster prices. The market for SMP has been quiet, with little change in the August average price and mild cheddar is up just 2% on July, with reports of mixed demand. As a result, the AMPE price rose more than the MCVE price mainly due to the increase in the butter component, with little change in the butter milk powder and skim milk powder component of AMPE pricing.

| UK dairy commodity prices (£/tonne) | Aug 2024 | Jul 2024 | Feb 2024 |
|---|---|---|---|
| Butter | 6,100 | 5,680 | 4,850 |
| Skim Milk Powder (SMP) | 2,020 | 2,010 | 2,140 |
| Bulk Cream | 2,703 | 2,528 | 1,996 |
| Mild Cheddar | 3,860 | 3,770 | 3,530 |
| **UK milk price equivalents (ppl)** | **Aug 2024** | **Jul 2024** | **Feb 2024** |
| AMPE | 42.68 | 40.49 | 37.65 |
| MCVE | 40.95 | 39.65 | 36.77 |



The Milk Market Value indicator represents the average market value of milk and is derived from how that milk is utilised in the UK. It is currently at 41.29ppl for August (+1.48ppl from July). This is the 4th increase in a row and movements in this indicator are often reflected in farm-gate price changes in three months' time, meaning that milk price rises look likely to continue into the autumn. Margins over purchased feeds should also improve as prices for protein supplements have dropped over the last month; wheat distillers' dark grains are back about £20/t to ~£275/t and soya has dropped about £15/t to ~£370/t for full loads delivered to the central belt.

## Bluetongue update

The UK's chief veterinary officer is urging farmers to remain vigilant regarding the purchasing of livestock from bluetongue affected areas in Europe. The number of cases has been increasing rapidly, with over 4000 new cases since May, with Belgium, Germany and the Netherlands being particularly affected. In addition, France, Luxembourg and Denmark have also seen their first ever cases. The risk level for introduction of the disease into GB remans at "medium".

## Dairy herds in decline

Recent data from the Scottish Dairy Cattle Association show that the number of dairy herds in Scotland has fallen by 21 in the first six months of 2024, with 773 herds remaining. Dairy cow numbers now stand at 180,250, 398 fewer since the start of the year, with the average herd size now 233 cows. A similar trend was seen in AHDB's survey of major milk buyers in April 2024, estimating the number of GB dairy producers to be 7,130, down 440 on the previous year (-5.8%). Despite this, milk production for the 2023/24 milk year was only back 0.2% on the previous year, with milk volumes per farm increasing. As well as the low milk price in relation to cost of production, other reasons thought to be behind farmers leaving the industry include good cull cow prices, sustained inflation pressure on inputs and the cost of borrowing with increasing interest rates. Further significant investment required to comply with NVZ regulations and slurry storage may also have been a decisive factor.

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# Brazil: flawed agri-powerhouse?

Brazil is an agricultural giant. The environmental cost of this productive success is, however, widely considered too high. The European Union Deforestation Regulation (EUDR), which comes into effect at the start of 2025, appears designed specifically with Brazil in mind. So, is Brazil a flawed agri-powerhouse?

### Cornucopia

Between 2000 and 2020 overall Brazilian agricultural output doubled, thanks in large part to a trebling of livestock production. Whilst still an important producer of tropical products like coffee and sugar juice, most of the industry's growth since the turn of the century has come from soybeans, poultry, beef, cotton and corn (maize).

Brazil produces more than half of global trade in soybeans. And is the biggest beef exporter in the world with an annual export of 2.05mt forecast for 2024; despite the Brazilians themselves eating 80% of total beef produced.

High productivity explains the growth of Brazilian agriculture. The country averaged 2.3% growth in total factor productivity per year over the period 2010-19, well above the global average of 1.7%. UK agriculture recorded zero productivity growth for the same decade according to the OECD.

Brazil's stellar performance is in large part due to its geography, with land and water plentiful. It is certainly not thanks to generous government support which is very low. Most support is channelled through preferential interest rates and insurance. Critically, the Brazilian government has long invested in a world class research and knowledge transfer system run by EMBRAPA.

Double cropping is a good example of rapid adoption of best practice driving growth. Planting maize in the same year after soybeans helped Brazil produce 112mt of corn in 2023, double the tonnage harvested in 2018. By 2032 a Brazilian corn crop of 177mt is predicted.

### Is the UK an important export market for Brazil?

'No, but…' is maybe a fair assessment. Brazil is the third largest agri-food exporter after the EU and USA. China is its star market. In 2021, China took 70% of Brazil's total soybean exports, and half (1.15mt) of Brazilian beef exports last year.

Nevertheless, any market of nearly 70m reasonably affluent people that imports nearly 40% of its food needs, will interest the Brazilians. In 2022, the UK imported 786,140t of soyabean meal equivalent from Brazil (just under a third of the total imported). To the end of July this year the UK has imported 55,000t of poultrymeat and 14,360t of beef, mostly corned beef, from Brazil.

The growing presence of Brazilian meat processors here, is perhaps a sign of future intent. The biggest meat processor in the world, JBS, owns both Moy Park (poultry) and Pilgrim's (pork and lamb), itself Brazilian owned. Taking over a rival to further integrate into UK meat supply chains seems an obvious strategy. Brazil does not feature near the top of the new UK government's list for trade deals. Yet with a population of over 200m, Brazil offers a big export market for UK service industries. It is clear what Brazil will want as part of any deal.

### Making future Brazilian growth sustainable

The world needs a lot more food and Brazil is well placed to provide much of it. The USDA estimates that an extra 20m hectares of Brazilian land will be brought into crop production by 2031.

There are, of course, factors constraining such potential expansion. The cerrado, a vast area of natural grasslands, covering a quarter of Brazil will supply much of the new land. But it is inland and getting crop (and meat produced from those crops) to export ports will be a big problem given the poor road system. The country also currently imports 85% of its fertiliser requirement so expansion will depend on cost and availability of key nutrients.

Yet the biggest issue overshadowing future growth is environmental damage, especially that caused by habitat loss. The EUDR seems a direct response to the clearing of Amazon rain forest for agriculture. Big western processors and retailers are also supporting initiatives to drive sustainable practices. The UK Roundtable on Sustainable Soya was set up in 2018 specifically to reduce UK soya imports sourced from land conversion in Brazil and Argentina.

The message is getting through, and the new Brazilian government is redoubling efforts to reduce the conversion of the Amazon forest and cerrado savannah to food production. Credit and insurance come with greater environmental conditions. Agricultural land zoning has been tightened. And by disseminating best practice, for example, the aim is to lift the productivity of Brazilian cattle farming to that achieved in western countries.

These efforts to improve the sustainability of Brazilian agriculture are being noticed. A recent article in *The Grocer* detailed the big efforts of the Brazilian meat industry to improve environmental and welfare standards. Worryingly, it noted that our own standards leave much room for improvement.

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# Management Matters: Suckler Beef Support Scheme

The Scottish Suckler Beef Support Scheme (SSBSS) year runs from 1 January to 31 December each year and claims can be made throughout the subsequent year. The payment is made on both male and female calves that are at least 75% beef bred and that have been born on a Scottish holding and kept there for 30 days (so the youngest calf for the scheme year is born on 1 December, a calf born 2 December is eligible in the next Scheme year).

## New measures being introduced

The Scottish Government have committed to retaining the SSBSS until 2028 and have stated that there is no intention to change or reduce the £40 million budget. However, from 2025, as part of the reform to the SSBSS, a 410-day calving interval Is being introduced.

From 2025, a dam must have a calving interval threshold of 410 days or less in order for her calf to be eligible for SSBSS payments. This will be measured on an individual animal basis, not on herd averages. The first calf of any dam (heifer) will be exempt from the calving interval conditionality.

A recent SRUC report noted that the average calving interval across Scotland in 2021 was 400 days. Also, based on the spread of calving intervals; going forward, it is estimated that 13% cows will not be eligible as they will be over 410 days.

You can check your herd average through ScotEID login, MyHerdStats, then Cow Efficiency. This section will show you the numbers of cows with various calving intervals and will give you a base from which to make management decisions.

### Payment Rates

On the basis that the Scottish Government have stated there is no intention to change or reduce the £40 million budget, £36 million for mainland and £6 million for islands and the expectation that less calves will be claimed on; an initial prediction of the 2025 payment rates based on 2023 claims which are most recent available numbers are approximately:

- £121 for mainland herds
- £173 for the Islands.

This is a lift of about £16 per mainland claim and £22 for Islands.

**To get fully accurate payment rates it will not be known until Spring 2026 how many claims were submitted in 2025.**

## Potential Financial Impacts

An example using 2023 claimed numbers: on the mainland, if a farm has 100 cows and previously claimed 90 calves that would have returned £9,459 (£105.10 per head). If in the new system based on £121 per head that would return £10,890 if again claiming 90 calves, so increasing the total SSBSS payment by £1,431. Interestingly, if only 78 calves were claimed, it would still return the same as previous at about £9,450.

## Management matters to consider

Impact of moving calved cows from Spring to Autumn herds or vice versa will result in calving interval of over 410 days. This is similar when purchasing cows and calves in.

## What about Force Majeure?

The decision on whether a situation is recognised as a case of force majeure is to be taken on a case-by-case basis using relevant documentary evidence provided. Businesses must be able to provide documentary evidence which demonstrates that the event which prevented them from meeting their scheme obligations was an abnormal circumstance.

A business must also be able to demonstrate that the consequences of the event could not be avoided in spite of the exercise of all due care and that they have taken all appropriate measures to guard against the consequences of the abnormal event.

Examples include Disease Issues and Bull Failure. With bulls where it is infertile so leading to claimed calves not meeting the 410 day calving interval eligibility requirement The type of evidence that may be relevant could include:

• Evidence of any testing of the bull or pregnancy scanning of the cows that has/had taken place.

• An explanation of bull management, e.g. are bulls rotated around a closed herd, are bulls hired in. Help to demonstrate whether using another bull was possible or obtaining a replacement bull was the only option

• Evidence that the bull been replaced.

• Evidence of herd performance in previous years. Help to demonstrate whether this was an abnormal circumstance that has only occurred this year.

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# Input Costs: Grazing Winter Cereals

Grazing winter cereals is not a new but with a move towards greater consideration of soil health and reducing inputs, the practice is becoming more common on farms in Scotland. The principle is simple. In the winter when there can be limited forage, utilise early established autumn sown cereals to graze sheep.

SRUC over the last few years have looked at the crop benefits of grazing winter cereals and this year are undergoing a project to understand livestock growth when grazing these crops.

### What is the nutritional value to livestock?

***Winter Barley***

| | Crude Protein | ME |
|---|---|---|
| **Date** | **g/kg DM** | **MJ/kg DM** |
| **16/11/2020** | 313 | 14.8 |
| **30/11/2020** | 304 | 15.5 |
| **14/12/2020** | 219 | 13.7 |
| **05/01/2021** | 284 | 14.9 |
| **19/01/2021** | 280 | 14.9 |
| **25/02/2021** | 264 | 14.8 |
| **22/03/2021** | 217 | 14.1 |
| **13/04/2021** | 170 | 13.7 |
| **07/05/2021** | 149 | 13.6 |

***Winter Wheat***

| | Crude Protein | ME |
|---|---|---|
| **Date** | **g/kg DM** | **MJ/kg DM** |
| **30/11/2020** | 291 | 15.3 |
| **14/12/2020** | 281 | 13.3 |
| **05/01/2021** | 286 | 14.6 |
| **19/01/2021** | 318 | 14.6 |
| **25/02/2021** | 293 | 14.2 |
| **22/03/2021** | 267 | 14.3 |
| **13/04/2021** | 248 | 14.5 |
| **07/05/2021** | 276 | 15.2 |

*(Data from Mixed Project R Walker et al)*
*Based on trial data collected from Craibstone, winter barley crop averaged Metabolisable Energy (ME) of 14.4 MJ/kg/DM, Crude Protein (CP) of 244g/kg/DM and the winter wheat averaged ME of 14.5 MJ/kg/DM, CP of 283g/kg/DM. For comparison an average grass silage will have a typical ME of 10.7 MJ/kg DM and CP of 113g/kg/DM.*

### What are the effects on crops?

From the trials carried out the mains findings were:

- There was no clear difference in tillering, disease pressure, and weed numbers;
- Growth stages were similar between the grazed and ungrazed during the season;
- There was no statistically significant difference between the grain yield of grazed and ungrazed;
- There was a slight reduction in overall crop height in grazed relative to ungrazed.

On-farm experience has varied depending on winter weather, time of grazing, duration of grazing and grazing intensity. However, observations have included an increase in yield, a reduction in disease pressure (no T0 fungicide required) and reduced weed pressure.

### What impacts does this have on soil?

The benefits to the soil are less well defined, as in real terms the grazing periods are short and unlikely to have a benefit in the growing season (apart from some available nitrogen from the sheep urine). In the medium to long term, the addition of organic matter and organic fertiliser through sheep faeces should stimulate soil biology and increase nutrient cycling in the soil and reduce the resilience in inorganic inputs.

### Benefits for the arable farmer?

For the arable farmer there are a number of benefits: the crop can be sown earlier knowing that if it is strong going into the winter it can be controlled using grazing; an additional income can be earned through grazing a third parties' livestock; potential reduction in fertiliser through the addition of inorganic fertiliser; reduction in fungicide spend through reduced need for a T0 spray. There is a need for fencing but in many cases, graziers are happy to erect temporary electric fencing and manage health and welfare of the livestock when they are grazing.

### What are the benefits for the livestock farmer?

For the livestock there are also a number of benefits: availability of good quality grazing at a time of year when grass is less plentiful; clean grazing that is unlikely to have had stock on it for a number of years; reduce pressure on their own grazing.

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## Key Economic Data

| General Indicators | |
|---|---|
| Base interest rate | 5% (5.25% July 24) |
| ECB interest rate | 3.75% (4.00% Sept 23) |
| UK (CPI) inflation rate | 2.2% (target 2%) |
| UK GDP growth rate | 0.6% (Q2 2024) |
| FTSE 100 | 8,341.76 (28/08/2024) |

| Price indices for June 2024 (Defra 2020 = 100) | | | |
|---|---|---|---|
| **Output Prices** | | **Input Prices** | |
| Wheat | 123.8 | Seeds (all) | 108.8 |
| Barley | 156.4 | Energy | 150.1 |
| Oats | 190.8 | Fertiliser | 153.9 |
| Potatoes | 281.5 | Agro chemicals (all) | 115.4 |
| Cattle and Calves | 141.4 | Feedstuffs | 125.7 |
| Pigs | 131.5 | Machinery R&M | 126.2 |
| Sheep and Lambs | 164.7 | Building R&M | 137.6 |
| Milk | 134.4 | Veterinary services | 109.9 |


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