UK200Group news
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Agriculture

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More land required to meet green targets

Government targets for renewable energy generation will require an additional 219,000 acres of agricultural land by 2040. This is according to the Central Association of Agricultural Valuers (CAAV), which has warned that these targets cannot be met without regulatory changes.

The CAAV has calculated that in order to meet the targets, the UK's total installed renewables capacity must reach 70GW by 2040, which will require an extra 4.3GW of energy from onshore wind farms and an extra 3.9 GW from solar photovoltaic (PV) installations.

Each MW of solar PV energy requires 3.5 acres, and each MW of wind energy requires 1.2 acres, for equipment such as turbines, foundations, transformers and tracks. This means that a total of 5,000 acres for wind energy and 14,000 acres for solar PV energy are required to achieve the 70GW target.

However, the CAAV has also calculated that the five-fold increase in solar PV capacity suggested by the Government in its Energy Security Strategy would require an additional 200,000 acres by 2035.

In evidence submitted to a House of Commons Business, Energy and Industrial Strategy Committee inquiry, the CAAV warned that the rate at which infrastructure for renewable energy capacity is being installed falls far short of what is required by the Energy Security Strategy.

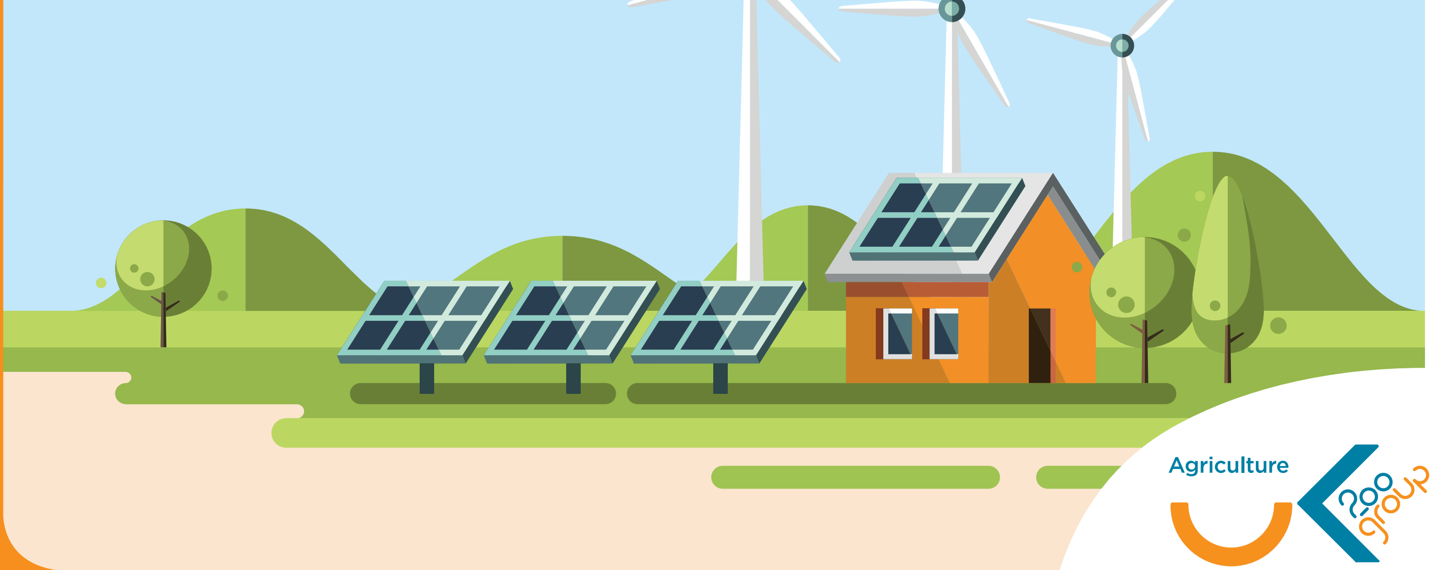
In order to accelerate the installation of renewables capacity on agricultural land, the CAAV claims that a regulatory overhaul is needed to achieve a new balance between the competing demands of food security, renewables, carbon sequestration and environmental protection.

The Growth Plan 2022, which was published in September 2022, included a pledge to "unlock the potential" of onshore wind energy by relaxing planning consent rules that have effectively prohibited the installation of new wind farms since 2015. Relaxations are likely to include reducing the complexity of environmental assessments and reforming regulations that protect habitats and species.

However, as the number of renewable energy projects increases, infrastructure for the transmission and distribution of generated energy, including grid connections and rural power lines, is coming under increasing pressure.

Developers already face delays of up to ten years because of a shortage of grid connections, and the CAAV has warned the Government that the large projected increase in energy generation must be matched by a transformation of the transmission and distribution system. It has also warned developers that they should begin the process of applying for a grid connection early, so that they can get a place in the queue.

Read more about the land required at:
https://bit.ly/3E8iYPK
and
https://bit.ly/3rqic96
Read more about the planning restrictions at:
https://bit.ly/3e18mre



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'Agflation' to remain elevated beyond end of the year

Farm business consultants Andersons has warned that inflation in agriculture ('agflation') will remain elevated for the rest of 2022 and beyond. This is mostly due to input costs soaring to levels not experienced in decades, which has been attributed to the conflict in Ukraine. According to Andersons, farmers will face difficult decisions on cropping and business viability should they fail to achieve higher prices for their output in the coming months.

Andersons estimated that agflation fell slightly but remained above 23% from June to July 2022. Output prices and agflation rose at roughly the same rate over the four months to June, before accelerating in July and August. This is partly due to retailers and foodservice providers' reluctance to pass higher costs on to already struggling consumers. Energy bills and consumer inflation are forecast to increase further before the end of the year, worsening the situation. Rising energy prices will also continue to affect agflation in relation to fuel, fertiliser and feed costs.

Certain agricultural sectors have experienced agflation-busting increases to output costs. For example, the dairy sector benefited from a 41% rise in milk prices over the 12 months to July 2022 and cereal prices rose by 29% over the same period. In contrast, livestock prices increased by between 10% and 19% and egg and fresh vegetable prices fell.

Farmers in all sectors received an advance on basic payment scheme (BPS) payments in July 2022. However, the value of BPS payments is falling and they will be worth 35% less in 2023 than in 2020.

Read more about this story at: https://bit.ly/3SOrjMr

Beef farmers' net zero ambitions held back by financial and practical barriers

Beef farmers are being held back from achieving net zero carbon emissions by financial barriers and policymaker indecision. This is according to a study carried out by the University of Exeter, Rothamsted Research and the Ruby Country Net Zero Beef Farmers Forum, which includes beef farmers in Devon's 'Ruby Country' and adjacent areas. The study's findings will form part of the evidence for the new Devon Carbon Plan, which outlines the county's path to achieving net zero by 2050 at the latest.

Beef farmers who took part in the study were supportive of focusing on environmental issues in agriculture and land use and willing to make changes. This is demonstrated by their adoption of sustainable farming practices to promote good soil health and biodiversity. Examples include planting hedges and raising low-input grass-fed cattle.

However, beef farmers' support was tempered by a desire for policymakers to understand their need to make a living, particularly given current financial challenges. Agro-forestry schemes were cited as an example. These schemes reward farmers for combining trees and shrubs with crop and livestock farming systems in the long-term, providing little benefit to those struggling with cash flow. Farmers also criticised a 'one-size-fits-all approach' to net zero as unworkable.

The study highlighted specific practical problems for farmers. For example, concerns were raised about how to secure grants and planning permission for large-scale infrastructure and funding for specialist equipment, and whether they will be rewarded for work already carried out.

Read more about the study at: https://bit.ly/3dYlgX5

In brief...

Cheese exports to the EU recover

UK cheese exports to the EU are showing signs of recovery following a fall in export volumes due to the introduction of post-Brexit trade rules. Figures from the AHDB have revealed that UK cheese exports increased by 25% between January and June 2022 compared with the same period in 2021. Cheese was the only dairy category to record an increase in export volumes in the first half of 2022. The AHDB has warned that although cheese exports to the EU have improved, it could still take some time before volumes return to pre-Brexit levels. Read more about the figures at: https://bit.ly/3Suvvl1

Trade deal with New Zealand damaging for Scottish farmers

The Scottish Government has warned that the UK's Free Trade Agreement with New Zealand will be damaging to Scottish farmers and food producers. In particular, the agreement allows larger quantities of produce to come into the UK tariff-free, meaning Scottish farmers will be at a disadvantage compared with their New Zealand counterparts. The Scottish Government has also claimed that the UK's agreement does not include the same level of safeguards for domestic producers compared with those secured by the EU in its own trade deal with New Zealand. In the first year of the agreement, the UK will allow 12,000 tonnes of beef to enter from New Zealand, while the EU has agreed to just 3,333 tonnes. Read more about the warning at: https://bit.ly/3SydUbF

High gas prices hit fertiliser supplies

Fertiliser supplies are expected to tighten further due to the impact of rising gas prices on ammonium nitrate plants. A growing number of plants in Europe that supply ammonium nitrate to fertiliser manufacturers in the UK have been forced to either partially or completely shut due to high gas prices, which is impacting fertiliser supply levels. Growing demand and the shortage of fertiliser is also leading to higher prices for the agriculture industry, while the price of nutrients imported into the UK, such as phosphorus and potassium, has also increased. Read more about the shortage at: https://bit.ly/3C66KUW

Hay yields fall by a third due to climate change

A study from Rothamsted Research and the University of Reading has revealed that spring hay yields in the south of England have fallen by around 35% over the last century due to climate change. In addition, yields are forecast to fall by a further 20-50% between 2020 and 2080. The study is based on data collected between 1902 and 2016, which found that warmer and drier autumns and winters are leading to lower spring hay yields. The study has also warned that since spring hay is used to feed livestock in the winter and during summer droughts, falling yields are a significant challenge for farmers. Read more about the study at: https://bit.ly/3C9Iba2

Plans to reduce methane emissions from livestock

Defra has published a call for evidence to collect feedback from across the UK agriculture industry on how to tackle methane emissions from livestock. The call for evidence will explore how new types of animal feed products with methane supressing properties can help reduce greenhouse gas emissions. It is also seeking views on barriers that could prevent the introduction of methane suppressing feed products, as well as potential solutions and Government interventions that could help accelerate uptake. The deadline for responses is 15 November 2022. Read more about the call for evidence at: https://bit.ly/3fCUXpR

Fall in tractor registrations

Figures from the Agricultural Engineers' Association (AEA) have revealed that tractor registrations in the UK fell in July 2022 to below the seasonal average. Overall, there were 973 tractor sales in the UK in July 2022, down 4.7% year-on-year and 17% below the previous five-year average. According to the AEA, the impact of supply chain challenges on lead times was responsible for the fall in tractor sales. The figures have also revealed that 7,393 tractors were registered between January and July 2022, which is a fall of 6% compared with 2021 but still slightly above average. Read more about the figures at: https://bit.ly/3yaCwzj

Rural infrastructure changes could mean opportunities for farmers

Significant changes to rural infrastructure could mean both new challenges and more opportunities to the Central Association of Agricultural Valuers (CAAV). Farmers could benefit from Government plans to focus on new infrastructure as a key part of rebuilding the post-Covid economy and 'levelling up', with £640 billion of public and private investment allocated for 2020 to 2025.

Demand for electricity is expected to double by 2050, due to increased use of electric vehicles, the need for the UK to become self-sufficient and to meet net zero targets. This is likely to result in an increase in nuclear power, wind and solar farms, and an upgraded national grid. According to the CAAV this could see more permitted development rights for small-scale solar projects, as well as easier planning permission for larger scale projects.

An annual target of 300,000 new homes being built across England means there could be increased development opportunities for landowners in areas targeted for housing, particularly in the Midlands and the North. Other projects may be more controversial, such as HS2, and road, water or telecoms developments, along with climate change mitigation measures, many of which could require compulsory purchases.

Most projects, however, will face tighter environmental regulations, which could offer farmers the opportunity to generate income from environmental land management. This could include, for example, selling management measures such as reed beds to reduce phosphate pollution or flower strips to boost pollinators, in order to ensure new housing development schemes meet the target of a 10% gain in biodiversity. The CAAV claims that such deals could be worth around £5,000 to £7,000 per house.

The CAAV advises farmers and landowners to keep up to date with changes to ensure they are maximising any opportunities.

Read more about the changes here: https://bit.ly/3Rw2KTD

Marginal farms could benefit most from net zero schemes

Smaller, marginal farms in poorer areas of the UK are well-placed to benefit from both public and private net zero funding streams. Analysis by the Energy and Climate Intelligence Unit (ECIU) has found that poorer areas of the UK already benefit disproportionately more from the current smaller government schemes to support environmental measures, receiving proportionately 50% more funding. The analysis, which covered 25 poorer areas across England, found that farms on average received 21% of their subsidy in the form of payments in return for environmental measures, compared to a 14% average across England as a whole.

Funding for measures such as offsetting emissions by storing carbon in vegetation and soils could reach £3.1 billion per year by 2028, with public funding set to increase to £2.4 billion and private investment likely to hit £700 million. This will particularly benefit smaller farms, which are especially struggling as the price of gas and chemical fertilisers increases in the wake of the war in Ukraine.

Many smaller farms are already ahead of the curve in implementing environmental measures such as soil management, tree and hedge planting and cutting emissions. This could not only help diversify income but boost food security, increase farm resilience against extreme weather and help limit climate change.

However, the ECIU is warning that a lack of clarity over rules and delays to implementing the Government's new farming system is holding farmers back and potentially limiting private investment. Defra's Farmer Opinion Tracker recently found that over three quarters (80%) of farmers think the new net zero farming system will be important to their businesses in the future.

Read more about the analysis here: https://bit.ly/3UPePWK

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