Session 5 - Farm Finances – CAP vs SFI

Farm Finances & SPS Realignment

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BCPC

British Crop Production Council

45 minutes Inc.

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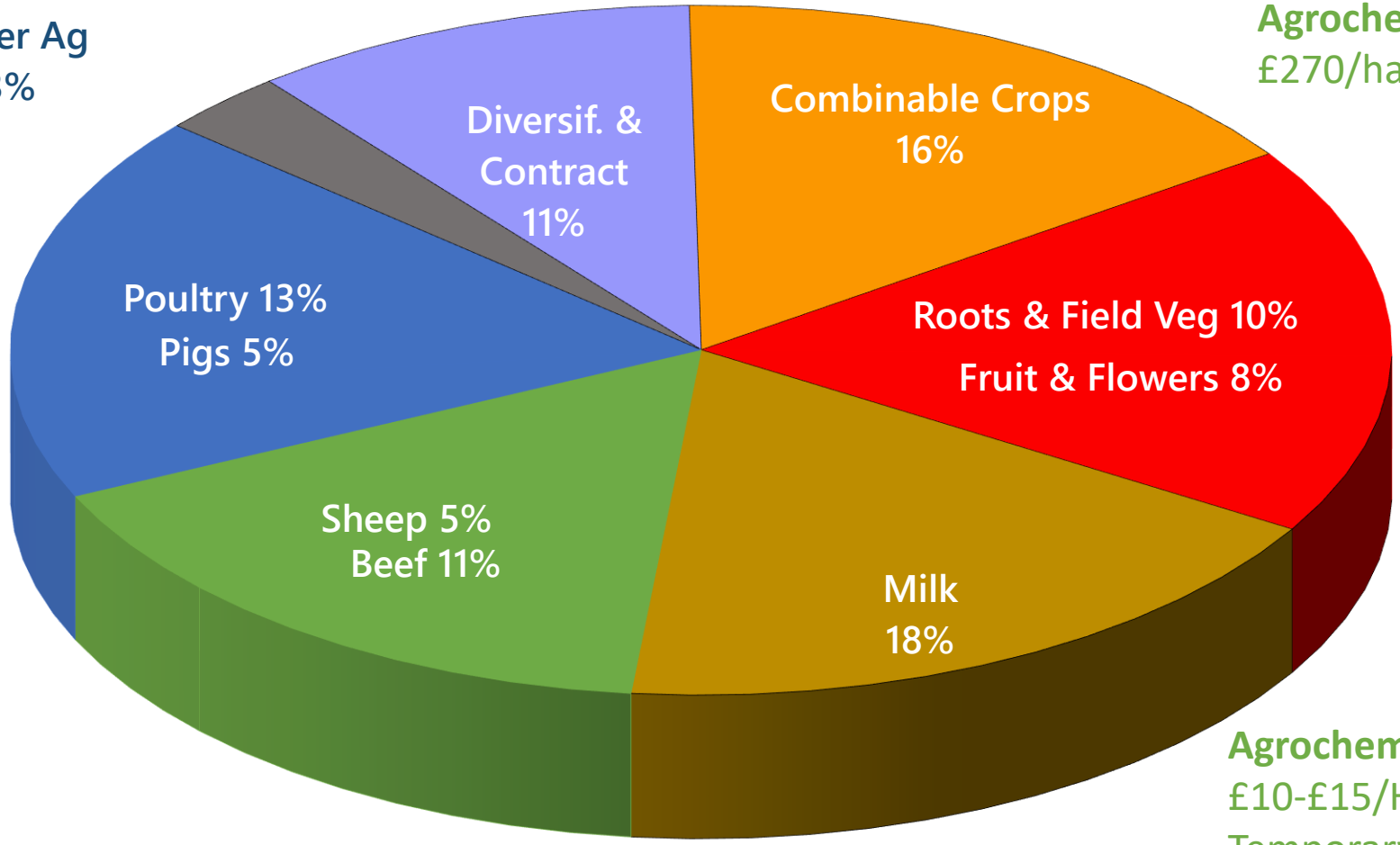
Sanitary and Phytosanitary (SPS)

UK SECTOR BREAKDOWN

Share of Total Revenue – 2020 to 2024



Agrochemicals:
£270/ha W Wheat

Agrochemicals:
£0/Ha
Sheds

Agrochemicals:
£690/Ha
Maincrop Potatoes

Agrochemicals:
£0-£5/Ha
Permanent Pasture

Agrochemicals:
£10-£15/Ha
Temporary Pasture

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Source: Defra / Andersons

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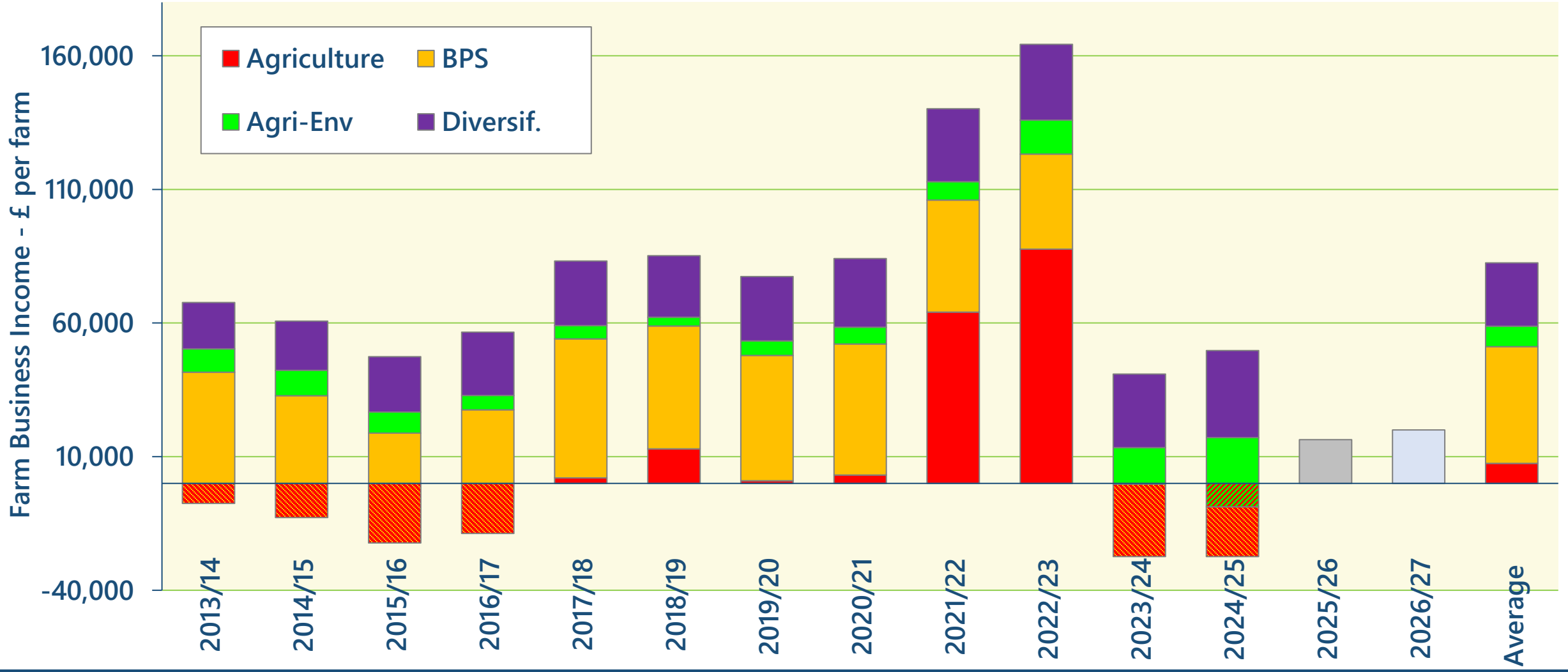
CEREAL FARM PROFITS

Farm Business Income* (England)



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*Real terms, 2024/25 prices | Source: Defra / The Andersons Centre

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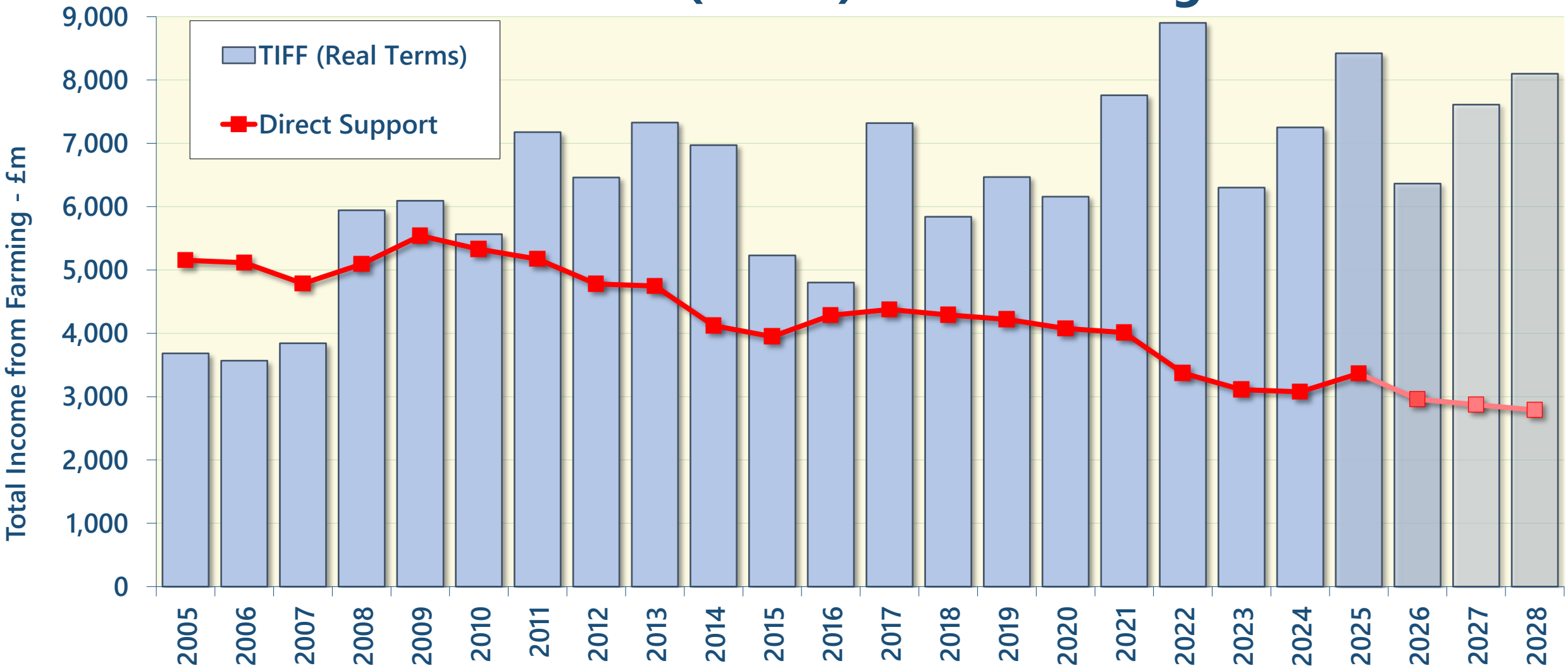
UK FARM PROFITABILITY

Total Income (Profit) From Farming



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*Real terms, 2025 prices | Source: Defra / The Andersons Centre

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POLICY AND GOVERNMENT

- **Budget for UK farm support unchanged in current prices since 2007**
  - a real-terms decline of over 40% (irrespective of system) – any increase unlikely
- **In England, SFI now looks like a time-limited, transitional, scheme**
  - Farming Roadmap - support to be 'targeted' after 2030 - no 'broad & shallow'
  - elements to move to a higher 'Regulatory Baseline' – esp. around water quality
- **Environmental rhetoric toned-down, but still driving policy-making**
  - binding targets on climate change, biodiversity etc.; but not food production
- **Government is not going to 'save agriculture'**
  - profitability of the sector is down to its own efforts

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SPS REALIGNMENT – THE LATEST

- **UK agrifood exports to the EU have fallen by 32.5% since 2019**
- **Common Sanitary and Phytosanitary (SPS) Area created; the entire UK and EU will have the same rules in areas covered by the Agreement (no vote):**

- animal health and breeding,
- plant health and plant reproductive material,
- antimicrobial resistance in animals,
- food and feed safety,
- animal welfare,
- fishery products,
- food supplements, fortified foods, food for specific groups,
- nutrition & health claims, nutrition labelling,
- wider agri-food rules related to food labelling,
- organics,
- key agri-food marketing standards and compositional standards,
- regulation of pesticides and biocides
- Alcohol excluded

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SPS REALIGNMENT – THE LATEST

- Minimal impact on Combinables
- Considerable for livestock produce and horticulture (perishables)
- 30-60% reduction of NTM costs
- Overall worth £5bn per year, largely from UK fisheries

- Pesticides 9 to 21-month use-up period – and can market after that
- Biocides 42 months supply and
- deal to create a common EU-UK SPS Zone – easier trade (esp. animal & food products)
  - UK only has a *decision-shaping, not decision-making role* (no vote)
- UK & EU has identical pesticide regulation, but different interpretation (e.g. MRLs)

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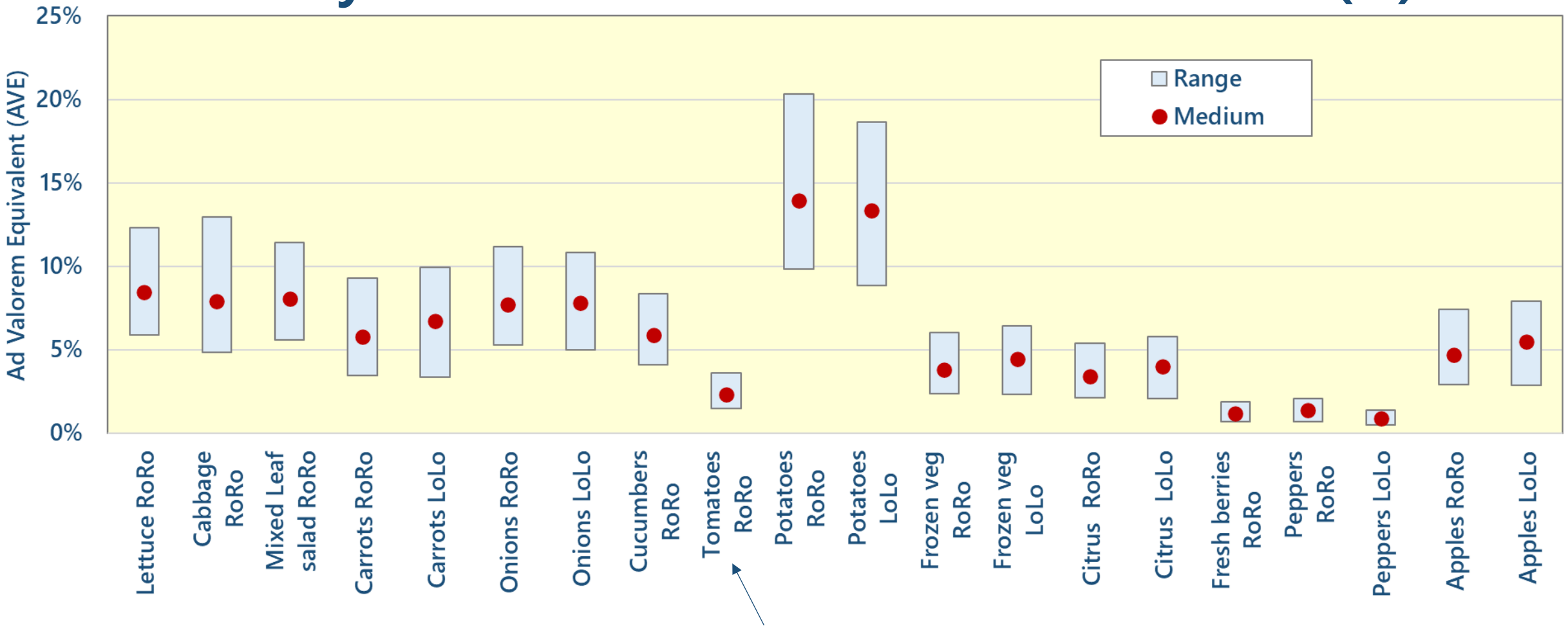
NTM AVES – FRESH PRODUCE

Summary of NTM AVEs – GB to EU – Probabilistic (%)



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Sources: The Andersons Centre / Trade Facilitation Consulting Ltd.

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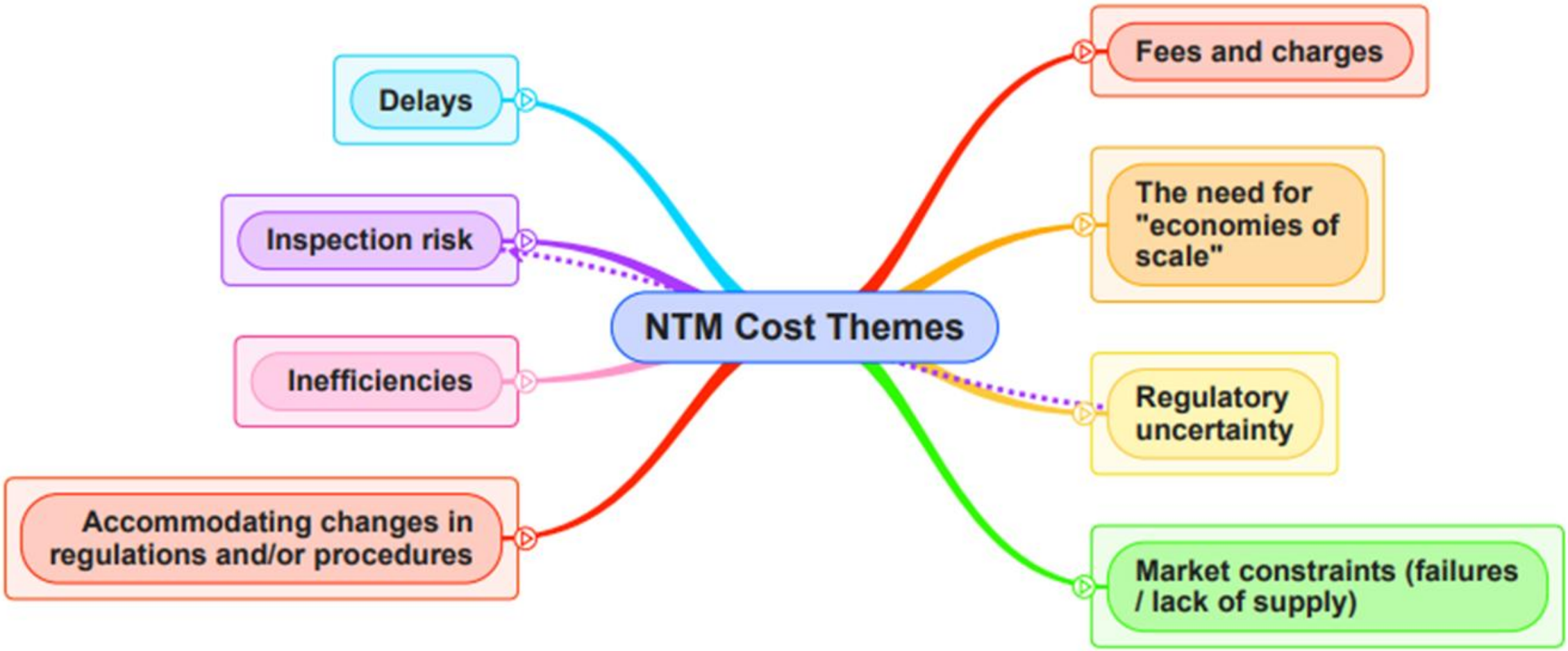
NTM COST THEMES



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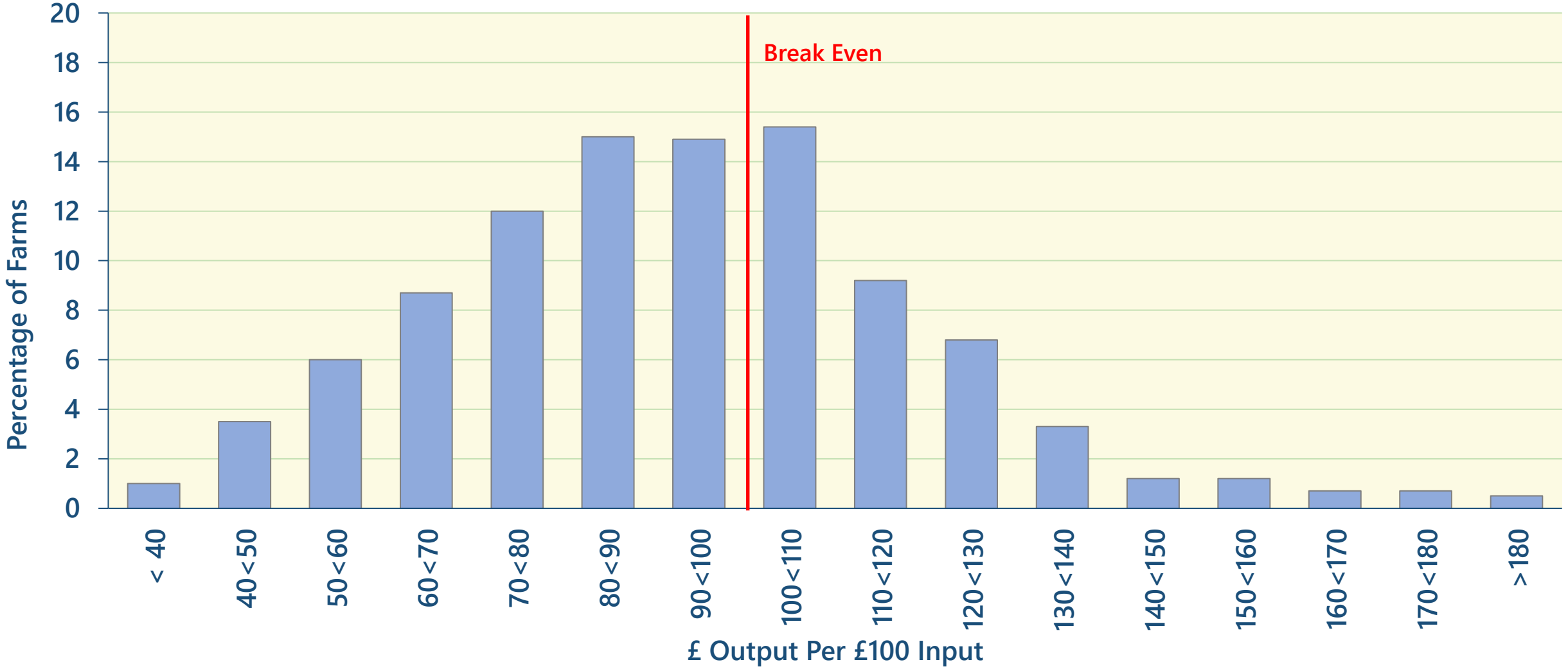
RANGE IN PERFORMANCE

£ Output per £100 Input – England – by Farm



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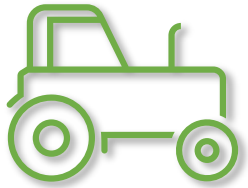
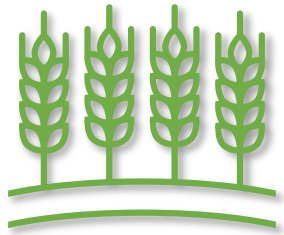
TOP PERFORMING FARMS 2030



Minimise Overheads



Return on Spend



Set Goals & Budgets



Useful Information



Focus on Detail



Mindset for Change

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Source: Andersons for AHDB

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NIX FARM MANAGEMENT POCKETBOOK

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