

UNITED KINGDOM: ESTIMATES OF SUPPORT TO AGRICULTURE

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In 2022, the OECD published the United Kingdom's estimates of support to agriculture for the first time, with the calculation of MPS, specifically for the United Kingdom. The United Kingdom was included in the EU calculations of support up to, and including, 2020. The UK officially left the EU on 31/01/2020, but remained within the EU Single Market and Customs Union until 31/12/2020 under the transitional arrangements agreed with the European Union. Public expenditure under the European Agricultural Guarantee Fund (EAGF) continued until the end of the EU Financial Year on 15/10/2020; and thereafter the UK Exchequer funded some analogous schemes pending their replacement by UK schemes under the UK Agricultural Transition Plan. Public expenditure, co-funded by the EU, and the UK, under the European Agricultural Fund for Rural Development (EAFRD). This will continue until 2023, or until the funding already allocated to the UK under the conditions of its previous membership is spent.

Public expenditure reported under the UK indicators of support is the sum of national budget expenditure of the UK Exchequer and European Funds' expenditure attributed to the United Kingdom under the European Agricultural Guarantee Fund (EAGF) – including expenditure under the Common Market Organisation (CMO), and direct payments – under the European Agricultural Fund for Rural Development (EAFRD).

Market Price Support (MPS) calculations combine UK quantity and value measures of production and consumption volumes with the EU Market Price Differential (MPD) up to, and including 2020. Production and consumption data are sourced from the UK Aggregate Accounts for Agriculture and use a similar methodology to the European System of Accounts. From 2021, the calculations are adapted to use UK-sourced international trade and ancillary (e.g. marginal costs) data where these are available, and appropriate comparable (largely EU) data if not. Market Price Support is calculated for a subset of commodities based on the so-called standard set of MPS commodities. See notes to tables 4.1 to 4.13.

DEFINITIONS AND SOURCES

Table 1. Agricultural Support Estimates / Total Transfers contains country Total Support Estimate (TSE) and derived indicators, which cover all agricultural production, i.e. all agricultural commodities produced in the country. Definitions of basic data sets refer to the specific programmes applied in the country. For the Producer Support Estimate (PSE) and Consumer Support Estimate (CSE), each policy measure is classified according to implementation criteria, which include: the *transfer basis* of support (output, input, area/animal numbers/receipts/income, and non-commodity criteria); whether support is based on *current or non-current basis*; whether *production is required or not* to receive payment. Each policy measure is also assigned several "labels" indicating additional implementation criteria. "MPS commodities", which vary across countries, are those for which the market price support is explicitly calculated in Tables 4.1 – 4.13

Table 2. Breakdown of PSE by Commodity and Other Transfers provides a breakdown of the total PSE into four categories reflecting the flexibility given to farmers regarding which commodity to produce within the various policy measures. These categories are: Single Commodity Transfers (SCT); Group Commodity Transfers (GCT); All Commodity Transfers (ACT); and Other Transfers to Producers (OTP). All data sets in Table 2 come from Tables 1 and 3.1 – 3.13 where definitions are included.

Tables 3.1 – 3.13 Producer Single Commodity Transfers contain producer SCT by commodity, which are calculated for the United Kingdom for the following commodities: wheat, barley, maize, oats, rapeseed, sugar, milk, beef and veal, pig meat, poultry, sheep meat, and eggs, as the value of production of each of these commodities exceeds 1% of the total value of production (Tables 3.1 to 3.12). Note that UK maize production is mostly green maize for animal fodder and a negligible amount of maize grain is harvested. In addition, SCT for “other commodities” is also calculated (Table 3.13), which covers transfers *to single commodities other than MPS commodities*. All data sets in the calculation of producer SCT by commodity come from Tables 1 and 4.1-4.13 where definitions are included.

Tables 4.1 – 4.13 contain **Market Price Support (MPS)** and **Consumer Single Commodity Transfers (consumer SCT)** by commodity, calculated for the same set of commodities as **Tables 3.1 to 3.13**. Definitions are provided only for basic data sets from which all the other data sets in this table are derived.

Definitions of the indicators, criteria for classification of policy transfers included in support estimation, and methods of calculation are contained in [the PSE Manual](#) (*OECD's Producer Support Estimate and Related indicators of Agricultural Support: Concepts, Calculations, Interpretation and Use*).

TABLE 1: UNITED KINGDOM: TOTAL SUPPORT ESTIMATE

This Table contains the Total Support Estimate (TSE) calculation for the United Kingdom for the period 2017 to 2021 inclusive, and derived indicators, which cover all agricultural production, i.e. all agricultural commodities produced in the country. Definitions of basic data sets refer to the specific programs applied in the country. For the Producer Support Estimate (PSE) and Consumer Support Estimate (CSE), each policy measure is classified according to implementation criteria, which include: the *transfer basis* of support (output, input, area/animal numbers/receipts/income, and non-commodity criteria); whether support is based on *current or non-current basis*; whether *production is required* or *not* to receive payment. Each policy measure is also assigned several “labels” indicating additional implementation criteria. "MPS commodities", which vary across countries, are those for which the market price support is explicitly calculated in Tables 4.1 – 4.13.

Definitions:

I. Total value of production (at farm gate):

Total agricultural production valued at farm gate prices, i.e. value (at farm gate) of all agricultural commodities produced in the country [1].

I.1. Of which share of MPS commodities (%): Share of commodities for which MPS is explicitly calculated (in Tables 4.1-4-13) in the total value of agricultural production.

II. Total value of consumption (at farm gate):

Consumption of all commodities domestically produced valued at farm gate prices and estimated by increasing the value of consumption (at farm gate) of the MPS commodities according to their share in the total value of agricultural production $[(II.1) / (I.1) \times 100]$.

II.1. Of which MPS commodities: Sum of the value of consumption (at farm gate prices) of the MPS commodities as indicated in Tables 4.1-4.13 [2].

III.1 Producer Support Estimate (PSE):

Associated with total agricultural production, i.e. for all commodities domestically produced [Sum of A to G; when negative, the amounts represent an implicit or explicit tax on producers].

A. Support based on commodity output

A.1. Market price support

Calculated for the period 2017-20. The EU Market Price Differential [3] for commodities produced in the United Kingdom is multiplied by quantities produced in the United Kingdom. From 2021, Market Price Differentials have been estimated from UK International Trade data together with EU data, where there are no currently available UK data for processing, haulage, and quality adjustments to be used in the calculations. These initial estimates solely for the UK are provisional pending further expert peer review, additional ancillary UK-sourced data on marginal costs, and refinement of the methodology.

For animal feed output estimates that are used to calculate *Excess Feed Costs*, we know how much compound feed is produced for a given type of livestock and poultry. We also know how the quantities of specific raw materials used for purchased animal feed (in aggregate). For Great Britain, this information is collected by the Agriculture & Horticulture Development Board (AHDB) and published on their website <https://ahdb.org.uk/cereals-oilseeds/cereal-use-in-gb-animal-feed-production>. For Northern Ireland, this information is collected by the Department for Agriculture, Environment and Rural Affairs (DAERA) and published on their website <https://www.daera-ni.gov.uk/articles/animal-feed-statistics>. The raw materials used in specific animal feeds are not collected and have therefore been estimated by Defra. The two pieces of known information (described above) can be linked using a series of inclusion rates, giving the proportion of feed for a specific animal made up by a specific raw material. Estimated inclusion rates for wheat and barley were provided by a colleague with experience in the feed milling industry. The remaining rates were selected using basic industry knowledge, within the constraints applied by the known data. For this known data (quantities of raw materials and quantities of specific animal feeds), the mean values of 2016-20 were used. This seemed appropriate as the aim was to create a single set of inclusion rates to be used for multiple years, rather than different rates for each year. Once a single set of inclusion rates was finalised, it was applied to the known data for each reporting year in order to estimate the volume of each raw material in each type of animal food. A further adjustment was then conducted to allocate the relatively small volume of non animal specific food to specific animal groups.

On quantities domestically produced (excluding for on-farm feed use -- *Excess Feed Cost*) of all agricultural commodities, estimated by increasing the MPS for the MPS commodities according to their share in the total value of production by commodity group [for each commodity group: $(\Sigma \text{MPS for MPS commodities}) / (\Sigma \text{VP for MPS commodities}) \times \text{VP for total group}$]; the total MPS is then calculated as the sum of MPS by commodity group]. For the United Kingdom, the commodity groups considered are: group 1 (crops) and group 2 (livestock and animal products).

A.2. Payments based on output

Agrimonetary compensation:

- *Dairy*: payments to farmers resulting from euro/sterling fluctuations in years 2000 and 2001 (EU Reg 2799/98, 2800/98). These transfers are included in *milk* SCT.
Use of labels: Production and payment limits: No; Variable payment rates: Yes; Input constraints: No.
- *Common wheat*: payments to farmers resulting from euro/sterling fluctuations in years 2000 and 2001 (EU Reg 2799/98, 2800/98). These transfers are included in *common wheat* SCT.

Use of labels: Production and payment limits: No; Variable payment rates: Yes; Input constraints: No.

- *Barley*: payments to farmers resulting from euro/sterling fluctuations in years 2000 and 2001 (EU Reg 2799/98, 2800/98). These transfers are included in *barley* SCT.

Use of labels: Production and payment limits: No; Variable payment rates: Yes; Input constraints: No.

- *Oats*: payments to farmers resulting from euro/sterling fluctuations in years 2000 and 2001 (EU Reg 2799/98, 2800/98). These transfers are included in *oats* SCT.

Use of labels: Production and payment limits: No; Variable payment rates: Yes; Input constraints: No.

- *Other cereals*: payments to farmers resulting from euro/sterling fluctuations in years 2000 and 2001 (EU Reg 2799/98, 2800/98). These transfers are included in *other* SCT.

Use of labels: Production and payment limits: No; Variable payment rates: Yes; Input constraints: No.

- *Rapeseed*: payments to farmers resulting from euro/sterling fluctuations in years 2000 and 2001 (EU Reg 2799/98, 2800/98). These transfers are included in *rapeseed* SCT.

Use of labels: Production and payment limits: No; Variable payment rates: Yes; Input constraints: No.

- *Other oilseeds*: payments to farmers resulting from euro/sterling fluctuations in years 2000 and 2001 (EU Reg 2799/98, 2800/98). These transfers are included in *other* SCT.

Use of labels: Production and payment limits: No; Variable payment rates: Yes; Input constraints: No.

- *Other*: payments to farmers resulting from euro/sterling fluctuations in years 2000 and 2001 (EU Reg 2799/98, 2800/98). These transfers are included in *other* SCT.

Use of labels: Production and payment limits: No; Variable payment rates: Yes; Input constraints: No.

National deficiency payments:

- *Potatoes* (discontinued in 1993/94): deficiency payment to registered producers on authorised "quota" areas; operated by the Marketing Board. These transfers are included in *other* SCT.

Use of labels: Production and payment limits: Yes because of the quota area; Variable payment rates: Yes; Input constraints: No.

- *Eggs* (discontinued in 1990/91): deficiency payments for eggs, operated by the eggs marketing Board. These transfers are included in *eggs* SCT.

Use of labels: Production and payment limits: Yes; Variable payment rates: Yes; Input constraints: No.

National output payments:

- *Milk: UK Dairy Fund 2015*: in 2015 DEFRA secured a £26.2m **dairy aid package** for the UK from the European Commission to provide some relief to hard-pressed farmers. Farmers across the UK are paid a one-off, flat rate payment linked to milk production in December from the Rural Payments Agency. In England, dairy farmers will share £15.5m in

recognition of the prolonged period of low prices in this particular farming sector, which means an average payment of £1,800, Northern Ireland farmers have been allocated £5.1m; Wales £3.2m and Scotland £2.3m. These transfers are included in *milk* SCT.

Use of labels: Production and payment limits: Yes; Variable payment rates: No; Input constraints: No.

- *Sheep: Sheep Compensation Scheme*, payments per animal to compensate UK sheep producers for the shortfall in returns from marketing sheep from areas affected by the Chernobyl disaster in 1986. There are two elements to the Chernobyl Sheep Compensation Scheme: *mark and release compensation* where producers who present their sheep to the monitor and/or have the sheep marked before consent to move them is issued are eligible to claim compensation of £1.30 for each sheep monitored/marked and moved under consent; and *loss of income compensation*, where eligible sheep farmers can apply for compensation for any market losses incurred on marked animals sold at auction and liveweight certification centres under the mark and release arrangements. Both are effectively payment per animal though one is a fixed rate and the other is variable. These transfers are included in *sheep* SCT.

Use of labels: Production and payment limits: No; Variable payment rates: Yes; Input constraints: No.

- *Wool* (discontinued in 1994/95): deficiency payments for wool, operated by the wool marketing Board. These transfers are included in *other* SCT.

Use of labels: Production and payment limits: No; Variable payment rates: Yes; Input constraints: No.

B. Payments based on input use

B.1. Variable input use

Fuel tax rebates:

- Diesel duty rebate. Red diesel duty rebate estimates are modelled using the fuel consumption estimates from the UK Aggregate Economic Accounts for Agriculture. The model was peer reviewed and approved by statisticians at HMRC. The time series covers 2012 to the present time. HMRC estimate the concessions for heavy fuel oil use in Horticulture to be <£3million, which they regard as negligible - hence no data are available for this. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

B.2. Fixed capital formation

Investment in agricultural holdings:

- *Crofting Counties Agricultural Grants Scheme* (CCAGS, Scotland): From 1 April 2006, a new CCAGS provides grants to a crofter or eligible occupier towards the approved cost of any project or part of a project of a kind carried out for the purpose of aiding and developing agricultural production for one of the following purposes: (a) to reduce production costs; (b) to improve and redeploy production; (c) to increase quality; (d) to preserve and improve the

natural environment, hygiene conditions and animal welfare standards; and (e) to promote the diversification of agricultural activities. Approved operations for these purposes were:

1. erection or improvement of agricultural buildings;
2. works associated with agricultural buildings, including yards, hard standings, dungsteeds and slurry stores;
3. restoration of derelict land (excluding heathland and moorland) by regeneration, re seeding, laying down to permanent pasture, bracken control or reconditioning;
4. formation or improvement of access tracks to land improvement areas;
5. field drainage including under drainage, hill drainage and ditching;
6. arterial drainage;
7. provision or improvement of silos (excluding grain silos);
8. erection or improvement of shelters for the temporary housing, sheltering and feeding of out wintered livestock;
9. provision or improvement of facilities for the organised feeding of out wintered livestock including permanently fixed troughs and feed barriers and associated concrete bases;
10. provision or improvement of equipment for the handling and treatment of livestock;
11. provision of fences, hedges, walls, gates or cattle grids;
12. planting of shelter belts;
13. provision or improvement of water supplies;
14. provision or improvement of a mains electricity connection or supply;
15. supply and installation of an electricity generator;
16. provision of a gas supply;
17. provision of electrical equipment;
18. provision or improvement of roads, bridges, culverts or boat slips.

The amount of grant to (a) an eligible occupier, or a crofter may not exceed £25 000; (b) grazing committees or to groups consisting of crofters and eligible occupiers may not exceed £125 000. The amount of grant payable in a less favoured area is 50% of the approved cost up to the total amount of grant and in all other areas is 40% of the approved cost of that operation up to the total amount of the grant specified. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

- *Agriculture Business Development Scheme (ABDS, Scotland)*: (it is assumed that half the expenditure under this scheme is allocated under K. - Infrastructure - in the absence of more detailed information on the allocation of payments under the scheme). A scheme that provides variable grant assistance of up to 50% to farmers wishing to restructure or re-orientate production, or to diversify either within or outside agriculture. Assistance is provided for a wide range of projects, such as investment in agricultural holdings (provision or upgrading of livestock accommodation, storage sheds, electricity and water supplies; stock handling facilities for cattle, hard standing for livestock, investment in information technology); alternative agricultural production (development or improvement of facilities required for the production of alternative crops, establishment of alternative stock breeding and rearing enterprises, new and innovative uses of land); leisure, recreation and sporting facilities (establishment or improvement of indoor and outdoor sport and recreational pursuits, establishment or improvement of recreational facilities); retailing of processed agricultural products (development or improvement of enterprises such as retail outlets and farm shops geared towards the sale of food products, development or improvement of enterprises geared to manufacture and sale of non-food products); processing of forest products (development or improvement of enterprises geared to processing and manufacturing of timber products; drying

and preparation of timber for wood turning and other craft activities); residential letting (conversion of redundant buildings into housing for rent); rural services (establishment or improvement of a wide range of small businesses to serve the local community); tourist accommodation (the development of new or improvement of existing tourism accommodation); tourist facilities (the development or improvement of adventure playgrounds, heritage trails, farm museums, craft enterprises, visitor centres and other tourist facilities). These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

- *Farm Business Development Scheme (FBDS, Scotland)*: (it is assumed that half the expenditure under this scheme is allocated under K. - Infrastructure - in the absence of more detailed information on the allocation of payments under the scheme). A scheme to provide financial support to farming families to create new income generating opportunities, or to expand or improve existing diversified activities, either within or outside agriculture. It supports economic diversification by those engaged in agriculture and their immediate families, and helps broaden their income base and protect and create new employment. It is a discretionary and competitive scheme. Projects involving diversification outside agriculture may be offered a grant of up to 50% of eligible expenditure. For projects involving agricultural diversification, which includes novel and non-traditional crops and livestock, support may be offered to a maximum grant rate of up to 50% of eligible expenditure for projects within Less Favoured Areas (LFA's), and up to 40% of eligible expenditure for projects in non-LFA areas. The maximum grant assistance is £25 000 per eligible business. Project types include alternative agricultural production; leisure, recreation and sporting facilities; retailing of processed agricultural products; processing of forest products; residential letting; rural services; tourist accommodation; tourist facilities. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

- *Farm Improvement Grant (Wales)*: The purpose of this scheme is to support the farm infrastructure and improve the quality of the animals on farm. It aims to promote economic and/or environmental sustainability. It grants support for activities under one of these categories:
 - Waste management
 - Animal and crop husbandry
 - Resource management e.g. recycling (for non-domestic use only)

Eligible farming businesses receive grant towards approved expenditure incurred by that business in connection with the above activities. The maximum amount of grant payable is 30% of approved expenditure subject to a minimum claim of £450 and up to a maximum of £16 000 (£20 000 if a young farmer is included in the partnership). The maximum rate could be enhanced by 10% in respect of applications submitted by, or involving, young farmers (aged 18 to 39 years inclusive). These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

- *Farm Enterprise Grant (Wales)*: (it is assumed that half the expenditure under this scheme is allocated under K. - Infrastructure - in the absence of more detailed information on the allocation of payments under the scheme). The Farm Enterprise Grant (FEG) is for on-farm diversification, covering 35% of costs, or 45% for young farmers, and includes:
 - Provision of rural services and facilities for community use

- New enterprises
- Alternative crops and livestock
- Processing of non-food farm products

These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

Setting-up of young farmers:

Financial Assistance for Young Farmers Scheme - Northern Ireland (June 2005-February 2009): The Northern Irish Department of Agriculture and Rural Development operated a Financial Assistance for Young Farmers Scheme (known as the New Entrants Scheme) to promote additional investment to farming by new entrants under the age of 40. Under the Scheme, participants were encouraged to come forward with innovative projects that will add value and make a positive impact on the farming industry and the Northern Ireland rural economy. Financial assistance takes the form of an interest rate subsidy on loans taken out on an agreed project. The interest rate for which subsidy is payable is capped at 3.5% above the Bank of England Base Rate. The maximum amount of aid available to each participant is £17,000 and the maximum duration of interest payments is five years. A total of £4.5 million has been allocated to the Scheme. The Scheme is 100% nationally funded using modulation match funding. The Scheme was suspended to applications on 25 July 2008 and permanently closed to new applications on 27 February 2009. Payments under the Scheme will run until 2015. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

Other capital grants:

- Sum of expenditures on the following programmes: *Farm Conservation Grant Scheme* (national), *Agricultural Improvement Scheme* (national), *Agriculture and Horticulture Development Scheme* and *Additional benefits under Agriculture and Horticulture Development Scheme*, *Farm Structures*, *Northern Ireland Agricultural Development Programme* (NIADP), *the Northern Ireland Agricultural Development Operational Programme* (NIADOP), *the Sub-Programme for Agriculture and Rural Development* (SPARD), and "Other schemes (Northern Ireland) – capital grants": 2009-2014 data include payments to Farm modernisation and the Manure efficient Scheme. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

Other interest concessions:

- *Small Firms Loan Guarantee Scheme (SFLG)*: DEFRA does not supply any guarantees on agricultural loans. The Department for Business, Innovation & Skills (BIS) provides a temporary loan guarantee scheme (Enterprise Finance Guarantee Scheme, EFG) which farmers can apply to. EFG is aimed at facilitating additional bank lending (of between £1000 and £1 million) to viable businesses (with a turnover of up to £25 million) which due to the current economic conditions are at the margin of commercial lending. The Government provides a 75% guarantee to the lender in the event that the borrowing business defaults on repayment. Replacing the Small Firms Loan Guarantee (SFLG), EFG came into operation on 14 January 2009 and is due to operate until 31 March 2010. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

Meeting standards (animal waste management, welfare, identification):

- *Farm Waste Grant Scheme*: A scheme to help farmers to comply with the restrictions on the spreading of livestock manures in *Nitrate Vulnerable Zones* by providing grants to assist with the installation or improvement of farm waste facilities. This includes the provision, replacement or improvement of above and below ground storage tanks or chambers for slurry; slurry storage compounds, e.g. sleeper compounds, earth walled compounds or lagoons; under-floor slurry storage systems; manure stores including roofs; slurry reception pits; slurry separators; fixed transfer and disposal facilities; facilities for storing silage effluent; channels and pipework to drain effluent from existing silage stores; clean and foul water drainage systems (if they reduce the need to store slurry); capital contribution for connection to main sewer. Grants available, at a rate of 40%, on eligible expenditure up to an investment ceiling of £85 000 for each agricultural business. These transfers are included in *all livestock* GCT7.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Mandatory.

- *Farm Nutrient Management Scheme* (Northern Ireland): Provides financial assistance to farmers who are installing facilities to increase storage capacity for farm manures produced within the farm, such as clean and dirty water drainage systems (that reduce the volume of slurry to be collected and stored); improvements to roofing existing middens (i.e. waste disposal site) and channels and pipework to drain effluent from existing middens and silage stores to suitable/adequate effluent collection facilities; above and below ground slurry storage tanks constructed outside buildings; slurry tanks constructed inside buildings; lined, earth walled lagoons; roofed middens; slurry reception pits/tanks; slurry channels; facilities for storing silage effluent; facilities for storing dirty water; slurry separators; pumps and pipework. The grant rate available is 40% on the first £85 000 of eligible expenditure for each agricultural business (maximum grant payable per farm business is £34 000). These transfers are included in *all livestock* GCT7.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Mandatory.

Drainage:

- Budget expenditure on land improvement through drainage. Note that the GBP sum for this has remained unchanged since 2001 up to 2016. Consequently, these data are deleted from 2017. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

Other water management (dykes):

- Budgetary expenditures on agricultural water resources management (*Rural Enterprise Scheme*, England). These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

B.3. On-farm services

Pest and disease control:

- Pest and disease control expenditure. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

Disease control:

- *BSE-related aid* expenditure on animal culls and feed recall: payments to farmers under the BSE offspring and selective culls, the *Over Thirty Months Scheme* and MBM (*Meat and Bonemeal*) *Feed Recall Scheme*. *Over Thirty Month Scheme* (OTMS): introduced in May 1996 as a market support measure to remove cattle from the market and pay compensation to producers for cattle aged over thirty month that could no longer enter the food chain. This programme ended 20 January 2007 and was replaced on 23 January 2006 by *Older Cattle Disposal Scheme* (OCDS). The OCDS is an exceptional market support measure providing for disposal of, and compensation for, cattle born or reared in the UK before August 1996. It operated until 31 December 2008. These transfers are included in *all livestock* GCT7.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Yes where animals are slaughtered.

- *Fallen Stock Scheme* (UK): The National Fallen Stock Company (NFSCo) was set up by DEFRA and the Devolved Administrations to run a voluntary scheme to assist farmers with the cost and practicalities of complying with the EU Animal By-Products Regulation, following the ban on on-farm burial or burning. The scheme also ensures confidence that fallen stock will be collected and disposed of according to strict biosecurity guidelines. The cost of collection of fallen stock under the Scheme is offset using Government funding – the Government will provide a contribution to these charges on a declining basis until November 2008. The National Fallen Stock Company has distributed over £11 million of Government funding up to November 2006 to farmers since the beginning of the scheme in November 2004. Total funding will be £20 million over four years from November 2004 to November 2008. These transfers are included in *all livestock* GCT7.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

- *Foot and Mouth schemes (2007):*

- *Additional support for hill farmers* (England): This was a one off support payment for hill farmers in England affected by the movement restrictions put in place to control Foot-and-Mouth Disease (FMD). This was paid to 2007 recipients of the less favoured area support scheme in England (called 'Hill Farm Allowance'). It was equivalent to just over 30% of the 2007 payment in England.
- *Light lambs scheme* (Wales): The Light Lambs Welfare Disposal Scheme in Wales was designed to address animal welfare problems relating to lambs arising from EU export restrictions imposed in response to foot and mouth disease. It was a voluntary scheme where farmers were given the opportunity, for a fixed period of 10 weeks, to dispose of light lambs for a fixed amount (£15) through collection centres for slaughter. The animals were then destroyed.
- *Scottish Ewe Scheme* (Scotland): The purpose of the scheme was to compensate farmers in Scotland for income losses caused by movement and export restrictions imposed because of Foot and Mouth Disease (FMD). Some of the additional costs borne by the

sheep sector involve additional costs associated with feedstuffs for store lambs and cast ewes, loss of condition arising from additional competition for existing grazing, and loss of market value arising from the delay or cancellation of sales. Farmers received a flat rate of £6 per head for each breeding ewe and gimmer (female sheep over a year old) declared on the Single Application Form (SAF) submitted in May 2007.

- *Sheep Welfare Scheme (Scotland)*: The Sheep Welfare Scheme in Scotland was similar to the Light Lambs Welfare Disposal Scheme in Wales. It was designed to address animal welfare problems relating to lambs arising from EU export restrictions imposed in response to foot and mouth disease. Farmers were paid £15 per animal which then went to abattoirs for slaughter. Some carcasses were rendered allowing use of skins and fat for biodiesel, the remainder were incinerated.

These transfers are included in *sheep* SCT.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

Premiums for the slaughter of sheep (disease eradication):

- *Scrapie Compensation Scheme*: From 1997, farmers whose sheep develop scrapies, a condition similar to BSE, were compensated for the value of the animals, which were destroyed. In addition, the total expenditure under the Scheme includes compensation for sheep slaughtered under the *National Scrapie Plan (NSP)*, which was launched in 2001. The aim of the NSP was to increase the level of resistance to Transmissible Spongiform Encephalopathies (TSEs) in the national sheep flock, to the extent necessary to eventually eradicate all TSEs. These transfers are included in *sheep* SCT.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Mandatory

- *Compulsory Scrapie Flocks Scheme (Great Britain and Northern Ireland)*: The Compulsory Scrapie Flocks Scheme (CSFS) was introduced in 2004 in the UK as part of the GB National Scrapie Plan (NSP) and the Northern Ireland Scrapie Plan (NISP). It enables the UK competent authorities to implement the requirements of Community legislation (EU Regulation 999/2001 as amended) on action to eradicate Transmissible Spongiform Encephalopathies (TSEs) in ovine and caprine animals on farms where a case of Scrapie is confirmed. It was notified as State Aid N/N76/2004 (ex N263/2004) dated 16 June 2004. This is a re-notification of the CSFS State Aid under the block exemption rule for agricultural state aids (Commission Regulation 1857/2006).

[http://www.defra.gov.uk/animalhealth/publications/NSPAC/CSFS%20stateaid%20re-notification%20\(v0%203\)%2031%20Jul%2008%20\(3\)%20\(3\).pdf](http://www.defra.gov.uk/animalhealth/publications/NSPAC/CSFS%20stateaid%20re-notification%20(v0%203)%2031%20Jul%2008%20(3)%20(3).pdf)

These transfers are included in *sheep* SCT.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Mandatory

Technical assistance / Extension:

- Advisory expenditure.

These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

Setting-up of farm relief and farm management services:

- *Rural Enterprise Scheme*, England. This can include the setting up or expanding of labour and/or machinery rings or other farm support services; milking, shepherding or environmental grazing services; farm management or secretarial support and farm relief to cover for farmers' absences for training, holidays or other reasons. This scheme closed to new applications on 30 June 2006.

These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

C. Payments based on current area planted/animal numbers/revenues/incomes, production required

Special beef premiums (incl. top-ups):

- Payments per head of bovine animal for deseasonalisation (Northern Ireland). These transfers are included in *beef* SCT.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: No.

Set aside related to per hectare aid:

- Optional set-aside: payments per ha of land set aside to producers for the withdrawal of arable land from production. These transfers are included in *COP, cereals, oilseeds and protein crops*, GCT11.

Use of labels: Production and payment limits: Yes, the land set aside; Variable payment rates: No; Input constraints: Mandatory.

Less-favoured area payments before 2000: payments per head:

- *Hill Livestock Compensatory Allowances* (HLCA's) was a socio-economic payment aimed at support to hill farmers in less favoured areas. It was based on animal numbers, that is payments per head on beef breeding cows and ewes kept in regular breeding herds/flocks, this scheme ended in 2000. These transfers are included in *ruminants* GCT8.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

Extensive management of grassland:

- *Nitrate sensitive areas*: per ha payments to limit nitrate leaching either through conversion of arable land to extensive grass or through extensification of existing intensively managed grass. The scheme is voluntary. These transfers are included in *other crop group* GCT5.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

- *Pilot beef and sheep extensification scheme*: payments to farmers for reducing livestock stocking densities, per eligible animal reduced paid annually in arrears for each of the five years extensification agreement. The scheme was in operation between 1991/92 and 1996/97. These transfers are included in *other crop group* GCT5.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

Less-favoured area payments from 2000:

- *Less favoured areas support schemes* (UK) per ha payment for continued agricultural land use and help preserve the farmed upland environment by ensuring that land in LFAs is managed in a sustainable way. These schemes provide support to livestock farmers in less favoured areas on a current basis. They provide support for agriculture in less favoured areas for its contribution to rural society and to the managed environment of uplands by compensating hill farmers for the difficulties of farming in less favoured areas. These replaced the HLCA, which was headage based. These less favoured areas schemes are expressly prohibited from being headage based; they are area based and on a current year basis. Part of Pillar II of the CAP. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: Yes; Variable payment rates: No; Input constraints: Voluntary.

Disaster payments per hectare for all commodities:

- *Weather Aid* (Northern Ireland), paid per ha of affected land and for forage production based on purchases of additional feedingstuff. The aim of the scheme is to compensate agricultural producers for losses to production that occurred as a result of abnormally wet weather conditions in Northern Ireland in 2002. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: Yes; Input constraints: No.

- *Snow hardship* (Northern Ireland and Scotland), paid per ha of affected land. The aim of the scheme is to compensate agricultural producers for losses to production that occurred as a result of snow hardship in Northern Ireland and Scotland in 2013. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: Yes; Input constraints: No.

- *Weather aid* (Scotland 2015), £0.07 million in 2015. This amount is comprised of means tested weather aid payments made via a charity. Farmers have to apply and meet certain criteria to receive payment. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: Yes; Input constraints: No.

Payments to organic farming:

- Per hectare payments to farmers over five years on land being converted to organic production. The payment rate varies between less favoured areas (LFAs) and non-LFAs and decreases over time. Any agricultural land not already in organic production is eligible to enter the scheme. Existing organic farmers may also benefit when converting new land. The scheme is voluntary and there is a limit of a minimum of 1 hectare up to a maximum of 300 hectares per holding. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary, organic production standards.

- *Organic Farming Scheme (Conversion of Animal Housing Scheme, Northern Ireland)*: The Scheme provides assistance to organic and in-conversion farmers for:

- Conversion, construction or replacement of livestock accommodation including associated fixed machinery and equipment to meet organic standards;
- Storage facilities for farmyard manure;
- Storage of bedding materials.

The maximum payment per farm business under this scheme is £30 000. The rate of grant is 60% (or 75% in Less Favoured Areas) of the total cost of housing. The rate of grant is 40% (or 50% in Less Favoured Areas) of investments in associated machinery and equipment, provision of storage for farmyard manure and provision of storage for bedding material. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary, organic production standards.

Maintenance of protected/environmentally sensitive areas:

- *Environmentally Sensitive Area (ESA's)* payments per hectare of land entered into the scheme to farmers to adopt agricultural practices which will safeguard and enhance the rural environment and create improvements in public access to areas of particularly high landscape, wildlife or historic value which are threatened by changes in farming practices. Payment rates in each Environmentally Sensitive Area (ESA) vary according to local economic conditions. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

- *Sites/Areas of Special Scientific Interest:* there are over 4 000 Sites/Areas of Special Scientific Interest (SSSIs). Agreement may be reached with farmers in these areas to manage the land in certain ways to preserve their conservation interest for which farmers receive direct payment based on the income foregone. Payment for management agreements are calculated on the basis of income foregone, additional costs and the need to provide incentive. Income foregone is calculated on the basis of net income foregone by owners/occupiers in changing current land management practice to that required for the benefit of nature conservation. Where additional costs are incurred, e.g. where it is necessary to introduce livestock grazing to a site to achieve the appropriate level of management, a contribution to the cost of this may form part of payment; agreements may include payments for capital works and other one-off measures to restore or enhance the land's nature conservation value, e.g. fencing or scrub control. Payment of an incentive limited to a maximum of 20% of the income foregone and additional costs to encourage positive management measures to be adopted is permitted. These agreements are nationally funded payments rather than being funded through the Common Agricultural Policy. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

Environmentally friendly production:

- *Countryside Stewardship Scheme (England):* Payments were made to farmers and other land managers to enhance and conserve English landscapes, their wildlife and history and to help people to enjoy them. Many types of conservation work were involved, e.g. restoring an old orchard, rebuilding a dry stone wall, regenerating a hedgerow, managing a hay meadow, creating an uncropped margin alongside a field of growing crops and providing wildlife

habitats. The scheme also provided new opportunities for walkers, schools, etc to visit farmland. Under agreements of usually 10 years per ha payment is specific to the particular work carried out under detailed specifications. Closed 2004 to be replaced by *Environmental Stewardship Scheme*. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

- *Environmental Stewardship Scheme* (England): Opened 2005 with first per ha payments in 2006. An agri-environment scheme which provides funding to farmers and other land managers in England who deliver effective environmental management on their land. There are three strands to the scheme: *entry-level* and *organic entry-level*, both of which are paid per hectare, and the *higher-level strand* for which payments depend on the options chosen. All participants in the higher-level have to be in either entry-level and organic entry-level. It replaces the *Environmental Sensitive Areas Scheme* in England and the *Countryside Stewardship Scheme*. Its primary objectives are to:

- conserve wildlife (biodiversity)
- maintain and enhance landscape quality and character
- protect the historic environment and natural resources
- promote public access and understanding of the countryside
- natural resource protection

These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

- *Tir Cymen*: whole farm scheme launched by CCW in 1992. Restricted to the three pilot areas of Swansea, Dinefwr and Meirionydd, the purpose of the scheme is to integrate farming practices with the conservation of wildlife, landscape, historic features and public access. In return for annual payments per hectare, all existing wildlife habitats and environmental features across the whole farm must be managed according to scheme prescriptions. Additional annual and/or capital payments are available for landscape protection and the provision of new public access. Agreements last for ten years. The scheme closed to new applicants in October 1998. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

- *Tir Gofal*: launched by NAW in 1999, *Tir Gofal* is a whole farm scheme run by CCW. Available throughout Wales, the scheme incorporates elements of a number of predecessors including *Tir Cymen*, *ESA*, *Habitat Scheme*, *Moorland Scheme* and *Farm Conservation Grant*. The purpose of the scheme is to integrate farming practices with the conservation of wildlife, landscape, historic features and public access. In return for annual payments per hectare, all existing wildlife habitats and environmental features across the whole farm must be managed according to scheme prescriptions. Additional annual and/or capital payments are available for habitat restoration (including the re-establishment of arable cropping and protection of watercourses), landscape protection and the provision of new public access. Agreements last for ten years with a five year break clause. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

- *Tir Cynnal* (Wales): an entry-level environment scheme offering per ha payments to farmers to meet the scheme objective of protecting and improving the quality of soil, water and air. Introduced in 2006. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

- *Tir Glastir (Wales): Tir Glastir* is a sustainable land management scheme, jointly funded by the Welsh government and the EU (adjustment has been made accordingly). Introduced in 2012, this scheme replaces Tir Gofal and Tir Cynnal (Wales) from 2014. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

- *Countryside Premium (Scotland):* designed to encourage farmers, crofters and common grazing committees to adopt environmentally-friendly farming practices and to manage particular habitats and features in the interests of conservation. It provides payments for a range of management, creation and capital options designed to contribute to the Government's environmental objectives for agriculture. Payments reflect income foregone in changing current land management practice to that required for the benefit of nature conservation and the cost of participating in the scheme. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

- *Countryside Management (Northern Ireland):* an agri-environment scheme operating in Northern Ireland whereby farmers receive direct payments for managing their land in such a way as to benefit the environment. To qualify for scheme payments, all works must be completed as specified in the scheme agreement, including the management requirements for all farm and optional habitats. Payment for specified type and length of field boundary restoration is included in the annual management. Annual payments vary according to farm size, the habitats and archaeological features that are present on the farm and the area/length of optional habitats agreed. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

- *Rural Stewardship Scheme (Scotland):* an agri-environment scheme designed to encourage farmers, crofters and common grazing committees to adopt environmentally friendly practices and to maintain and enhance particular habitats and landscape features, with per ha payments or per running metre of hedgerow managed, for example. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

- *Land Management Contract Menu Scheme (Scotland):* introduced in 2005. The scheme offers 17 options to promote initiatives such as participation in Quality Assurance schemes, animal health and welfare programmes and the environmentally sensitive management of habitats. Payments depend on the options undertaken. Some are per hectare; some are per length; some are one-off payment for completing a task. The health and welfare option, for example, is “On the advice of your veterinary surgeon undertake sampling to identify diseases/conditions that may be present on farm and having a negative impact on animal health and welfare, such as twin lamb disease or copper deficiency, and take informed control measures to address identified conditions.” for which there is an annual payment. The management of habitats is paid per hectare. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

Animal welfare payments:

- *Animal welfare payments:* Payment in 2010 only. These transfers are included in *all livestock*.
Use of labels: Production and payment limits: No; Variable payment rates: No; Input constraints: Voluntary.

D. Payments based on non-current area planted/animal numbers/revenues/incomes-production required

No entry

E. Payments based on non-current area planted/animal numbers/revenues/incomes-production not required

No entry

F. Payments based on non-commodity criteria

F.1. Long-term resource retirement

Afforestation:

- *Farm woodlands and forestry:* payments per hectare to encourage farmers to convert productive agricultural land to woodlands. It is part of the UK programme under EC Reg. 2080/92 on forestry measures in agriculture.
Use of labels: Production and payment limits: No; Input constraints: Voluntary.

Permanent abandonment of olive trees/hop plantations/orchards:

- *Orchard grubbing scheme:* payments per ha to producers for the withdrawal of orchard trees from production, based on a premium that was fixed taking account, in particular, of the grubbing-up costs and the loss of income to the producer.
Use of labels: Production and payment limits: No; Input constraints: Voluntary.

Premium for definite abandonment or reduction of milk production:

- *Milk outgoers:* payments to farmers in return for withdrawing from milk production per unit of milk quota. Effectively, the Government purchased quota from producers who wished to completely cease milk production.
Use of labels: Production and payment limits: No; Input constraints: Voluntary.

F.2. Specific non-commodity output

Biodiversity

- *Moorlands scheme:* Farmers may also be eligible for per hectare payment in respect of bracken control and the erection of temporary fencing (per metre of fencing) and annual payment to farmers per ewe removed from the flock to meet maximum winter and summer stocking density limits in order to protect and improve the upland moorland environment.
Use of labels: Production and payment limits: No; Input constraints: Voluntary.

- *Habitat scheme*: payments per hectare for helping farmers to create or enhance certain valuable habitats over 10 or 20 years by taking land out of agricultural production, or introducing extensive grazing, and managing it for the benefit of wildlife. The scheme is targeted to land coming out of the former voluntary 5-year set-aside scheme, land suitable for conversion to salt marsh, and land alongside watercourses and lakes in six pilot areas. These transfers are included in *all commodities*.

Use of labels: Production and payment limits: No; Input constraints: Voluntary.

Amenities (Terraces, stone walls, hedges, shelter belts, buffer strips, etc.):

- *Countryside Access Scheme/Set Aside Access*: payments to farmers per kilometre for access routes and per hectare for open field sites to encourage farmers to provide public access to suitable set-aside land for walking and quiet recreation.

Use of labels: Production and payment limits: No; Input constraints: Voluntary.

G. Miscellaneous payments

No entry

III.2 Percentage PSE

$[100 \times (\text{III.1}) / ((\text{I}) + (\text{Sum of A2 to G}))]$

III.3 Producer NPC:

For all agricultural commodities the Producer NPC is estimated as a weighted average of the producer NPC calculated for the individual MPS commodities and shown in Table 4. For each commodity Producer NPC = [domestic price received by producers (at the farm gate) + unit payments based on output] / border price (also at the farm gate).

III.4 Producer NAC

$[1 / (100 - (\text{III.2})) \times 100]$

[2] value of consumption: Value of consumption, covers Total Domestic use and is sourced from the AUK publication Sources:

[1] value of production: data as used in the UK Aggregate Accounts for Agriculture and sourced from Agriculture in the United Kingdom (AUK), equivalent to those previously supplied to EuroStat for the Economic Accounts for Agriculture, although there are slight difference in methodologies to align the data with OECD requirements. [Agriculture in the United Kingdom - GOV.UK \(www.gov.uk\)](http://www.gov.uk).

[3] European Union MPD – see Definitions and sources for European Union tables 4-1 to 4-21 <http://stats.oecd.org/wbos/fileview2.aspx?IDFile=0870f8af-f85b-4a0e-8581-7f8b6ead7745>

[4] UK HMRC Overseas Trade Data, supplied by Defra Trade statistics team. Imports and exports (by value and volume) of selected commodities for the 12 months to October 2021. Figures do not include non-response estimates.

[5] Data from the Agriculture and Horticulture Development Board (AHDB) ahdb.org.uk are used to estimate ancillary data (such as marginal costs) for MPS calculations.

[6] CAP expenditure is consolidated data from the [UK Coordinating Body](#), which provides the audited financial returns for the UK to the European Commission, for EAGF + EAFRD, including UK Exchequer matched funding. Agricultural subsidies are a devolved matter in the UK and the UKCB receives financial data from each Devolved Administration and also from UK central government Defra.

EAGF year runs from 16th Oct - 15th Oct, with the largest payment (Basic Payment Scheme, BPS) made in Dec of that year. For example, EAGF year 2020 runs from Oct 20 - Oct 21 (Q4 of 2020, Q 1-3 of 2021). The 2021 EAGF year is forecasted for this submission (using Q1-3 2021 in place of Q1-3 2022) and will be revised with actual figures in the following year. Payment data are for schemes funded from the EAGF (European Agricultural Guarantee Fund) budget until EAGF year 2019, switching to UK funding from EAGF year 2020 onwards. The EAGF primarily finances income support for farmers and market measures, such as intervention buying, private storage aid, or exceptional market disturbance measures (Pillar 1 support). Following the UK's exit from the EU on 31st January 2020, the UK Government published the Agricultural Transition Plan which describes the changes being made to agricultural policy (assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/954283/agricultural-transition-plan.pdf). Percentage reductions in payment amounts between 5-25%, depending on the payment band, began to apply to the 2021 Basic Payment Scheme along with the removal of greening rules. Percentage reductions will be increased until the final year of Direct Payments in 2027.

EAFRD data include EU and UK matching funds by measure for schemes implemented in the UK. Payment data have been provided at the submeasure level for measures M02, M04 and M06. Following the UK's exit from the EU on 31st January 2020, commitments under EAFRD 2014-2020 will continue to be co-funded by the EU until either the fund (paid into by the UK during EU membership) is depleted or until 2024 - whichever is earlier. For 2021, some schemes under M04 switched from EU to UK funding in England. Data are sourced from the individual Payment Agencies and from the UK Coordinating Body (UKCB), which reports to the EC on behalf of the UK.

For the 2021 reporting year, data disaggregated to submeasure level have been provided directly by the 4 Payment Agencies and for all other measures data from UKCB have been used. Data from UKCB are taken from the Quarterly Declarations to the EC and are fully audited. The 'gross' payments data are used - without consideration of cross-year and other adjustments; these are insignificant for statistical purposes. UK Payment Agencies data are sourced from the Quarterly detailed X-Table provided to the EC (which contains all their individual transactions). The data from the Payment Agencies are in close agreement with the UKCB data and no major discrepancies that would impact the derived indicators were found.

[7] Additional UK national expenditure is funded under various State Aid programmes. Up to the end of the UK's Transition Period on 31/12/2020, these schemes were funded under the Agricultural Block Exemption Regulation or *de minimis* provisions; information on these schemes can be found in the EU database. From 2021, the UK operates an independent State Aid regime subject to international agreements including the EU-UK Trade and Cooperation Agreement. For 2021, EU State Aid rules ABER and *de minimis* only apply to Northern Ireland under the terms of the Trade and Co-operation Agreement. UK state aid data is provided at scheme level for 2020 and 2021 (including 'legacy' state aid schemes for

GB). UK state aid data for 2020 have been sourced from Defra Subsidy Control. Previous years from 2017-19 were provided in the 2020 submission as an aggregated total allocated to category 'G. Miscellaneous'; the proportional split by OECD categories from the 2020 data has been used to model disaggregated figures for 2017-19 as this will provide a better estimates for these categories. GB legacy state aid data for 2021 have been estimated as a mean of the previous years' spend for schemes that were reported as continuing beyond 2020. NI state aid data for 2021 have been sourced from DAERA as provisional spend for 2021. All estimates will be revised with actual figures in the next submission. New UK-funded non-CAP schemes funded by UK Exchequer, starting in 2021, are reported. This includes schemes that would previously have been reported as State Aid but have been notified as new or amended schemes under the terms of the WTO Agreement on Agriculture. GB legacy State Aid data for 2021 have been estimated as a mean of the previous years' spend for schemes which were reported as continuing beyond 2020. Northern Ireland State Aid data for 2021 have been sourced from DAERA as provisional spend for 2021. All estimates will be revised with actual figures in the next submission. Payments under new UK-funded schemes have been sourced from Defra policy teams and Devolved Administration finance teams. A full list of 15 new UK policies and schemes was provided in the accompanying metadata submitted by Defra and provides all the available detail for each. Similar metadata are provided for the 2020 and 2021 continuing State Aid programmes. The metadata file should be consulted directly as it would be too lengthy to insert all this information into the cookbook.

IV. General Services Support Estimate (GSSE)

Total budgetary expenditure to support general services provided to agriculture [Sum of H to M].

Data supplied are mainly reported by UK Financial Year (Apr-Mar), in which the reporting year = Q 1-3 of that period. Some Research expenditure data are reported by academic year, the reporting year = Q 2-4 of that period.

H. Agricultural knowledge and innovation system (old H. Research and development)

H.1 Agricultural knowledge generation :

Research:

- Various Research and development expenditure, including some research for BSE emergency measures during the period of the BSE outbreak. Data are available from 2014 for some H.1, and for all H.1 providers from 2017. For 2021, improvements to the data extraction methodology by some of the [UK Research and Innovation](#) (UKRI) Research Councils has led to revisions of earlier figures (revised data now exclude overseas research expenditure).

H.2. Agricultural knowledge transfer (old I. Agricultural schools) :

Data are provided for Knowledge Transfer activities primarily by the UKRI bodies Innovate UK & Research England. Any other activities under this heading will be captured as State Aid payments.

H2.a. education

Agricultural schools

H2.b. extension services

Training of advisors

Vocational training:

- The *Vocational Training Scheme* (VTS) provides funding of up to 75% of eligible costs for vocational training activities that contribute to an improvement in the occupational skill and competence of farmers and other persons involved in forestry and farming activities and their conversion (i.e. diversification into non farming or forestry activities, or a change from one type of agricultural activity to another). It ended June 2006. The VTS supports training which aims to:
 - prepare farmers for the qualitative reorientation of production (improving the quality or scope of production in an environmentally sensitive manner);
 - improve the skills base in the agricultural (including horticultural) and forestry sectors;
 - improve the economic situation for farming, horticulture and forestry;
 - improve competitiveness;
 - strengthen the rural economy;
 - further diversification;
 - promote production practices which maintain and enhance the landscape;
 - protect the environment;
 - adopt best practice in relation to hygiene standards and animal welfare;
 - promote forest management practices that improve the economic, ecological or social functions of forests.
- Various training expenditures.

CAP2014 P2 M01 and CAP2014 P2 M02.3

CAP2014 P2 M20

I. Inspection and control

The UK has a number of Arm's Length Bodies sponsored by Government Departments and Devolved Administrations that carry out various inspection and control functions. Data has been commissioned from these agencies for the period from 2017. Data for 2021 supplied by Animal and Plant Health Agency (APHA) has been disaggregated into more appropriate categories than in previous submissions - the same methodology will be used to update previous years in the next submission. The 2021 dataset also includes the cost of animal health services in Northern Ireland - an attempt will be made to source data back to 2018 for the next submission.

I.1. Agricultural product safety and inspection:

Official controls These data are provided by the Food Standards Agency (England, Wales, Northern Ireland) and Food Standards Scotland for their official controls on dairy & meat products.

I.2. Pest and disease inspection and control:

Inspection services:

- Various expenditures for BSE emergency measures (historic).
- Plant Health & Seed Inspectorate (part of APHA)
- Bee Health department (GB only)

- Animal health Inspection and enforcement services, certification, delivery of official controls. Includes bovine TB.
- Animal health Laboratory testing fees. Includes bovine TB.
- Delivery of plant health services, including scientific services such as diagnostics to support delivery of Official Controls

I.3. Input control:

Industrial & Biological Inputs inspection and control Plant variety and seed certification & control (minus fees) for GB (not NI) only. Activities undertaken by Chemicals Regulatory Directorate of the Health and Safety Executive staff to deliver Defra priorities in relation to Pesticide regulation along with monitoring costs and the provision of the Expert Committee on Pesticides.

J. Development and maintenance of infrastructure:

J.1. Hydrological infrastructure

Investments in physical assets CAP2014 P2 M04.3 (25%) (M04.3 is allocated as follows: 1/2 in PIF20 + 1/4 in GSSEJA + 1/4 in GSSEJB)

J.2. Storage, marketing and other physical infrastructure

Investments in physical assets CAP2014 P2 M04.3 (25%) (M04.3 is allocated as follows: 1/2 in PIF20 + 1/4 in GSSEJA + 1/4 in GSSEJB)

Development and improvement of infrastructure connected with the development of agriculture:

- *Development and improvement of infrastructure connected with the development of agriculture (Measure 125):* This could include local infrastructure projects designed to benefit agriculture, such as the provision or upgrading of access roads or bridges, and the provision of local energy or technological infrastructures. This scheme closed to new applications on 30 June 2006.

J.3. Institutional infrastructure

Co-operation including CAP2014 P2 M16

J.4. Farm restructuring

Diversification of activities:

- *Farm Diversification Scheme:* The scheme provides grants for farmers to enable them to diversify into non-agricultural activities, such as the manufacture of craft items and tourist souvenirs; food processing; the processing of timber; the processing of agricultural produce for purposes other than human or animal consumption; the repair and renovation of agricultural machinery; establishing a 'farm shop', a shop primarily used for the sale of the produce of the agricultural business; the provision of accommodation for tourism; the provision of sporting activities, such as field sports or horse riding. To be reclassified to PSE, section F3 if it is

diversification within agriculture and to be removed from GSSE if it is for non-farming activity (e.g. tourism). Would it be possible to know the share of agricultural activity?

- *Agriculture Business Development Scheme (ABDS, Scotland)*: (it is assumed that half the expenditure under this scheme is allocated under B.2 - Fixed Capital Formation - in the absence of more detailed information on the allocation of payments under the scheme). A scheme that provides variable grant assistance of up to 50% to farmers wishing to restructure or re-orientate production, or to diversify either within or outside agriculture. Assistance is provided for a wide range of projects, such as investment in agricultural holdings (provision or upgrading of livestock accommodation, storage sheds, electricity and water supplies; stock handling facilities for cattle, hard standing for livestock, investment in information technology); alternative agricultural production (development or improvement of facilities required for the production of alternative crops, establishment of alternative stock breeding and rearing enterprises, new and innovative uses of land); leisure, recreation and sporting facilities (establishment or improvement of indoor and outdoor sport and recreational pursuits, establishment or improvement of recreational facilities); retailing of processed agricultural products (development or improvement of enterprises such as retail outlets and farm shops geared towards the sale of food products, development or improvement of enterprises geared to manufacture and sale of non-food products); processing of forest products (development or improvement of enterprises geared to processing and manufacturing of timber products; drying and preparation of timber for wood turning and other craft activities); residential letting (conversion of redundant buildings into housing for rent); rural services (establishment or improvement of a wide range of small businesses to serve the local community); tourist accommodation (the development of new or improvement of existing tourism accommodation); tourist facilities (the development or improvement of adventure playgrounds, heritage trails, farm museums, craft enterprises, visitor centres and other tourist facilities). To be reclassified to PSE, section F3 if it is diversification within agriculture and to be removed from GSSE if it is for non-farming activity (e.g. tourism). Would it be possible to know the share of agricultural activity?
- *Farm Business Development Scheme (FBDS, Scotland)*: (it is assumed that half the expenditure under this scheme is allocated under B.2 - Fixed Capital Formation - in the absence of more detailed information on the allocation of payments under the scheme). A scheme to provide financial support to farming families to create new income generating opportunities, or to expand or improve existing diversified activities, either within or outside agriculture. It supports economic diversification by those engaged in agriculture and their immediate families, and helps broaden their income base and protect and create new employment. It is a discretionary and competitive scheme. Projects involving diversification outside agriculture may be offered a grant of up to 50% of eligible expenditure. For projects involving agricultural diversification, which includes novel and non-traditional crops and livestock, support may be offered to a maximum grant rate of up to 50% of eligible expenditure for projects within Less Favoured Areas (LFA's), and up to 40% of eligible expenditure for projects in non-LFA areas. The maximum grant assistance is £25 000 per eligible business. Project types include alternative agricultural production; leisure, recreation and sporting facilities; retailing of processed agricultural products; processing of forest products; residential letting; rural services; tourist accommodation; tourist facilities. To be reclassified to PSE, section F3 if it is diversification within agriculture and to be removed from GSSE if it is for non-farming activity (e.g. tourism). Would it be possible to know the share of agricultural activity?
- *Farm Enterprise Grant (Wales)*: (it is assumed that half the expenditure under this scheme is allocated under B.2 - Fixed Capital Formation - in the absence of more detailed information on

the allocation of payments under the scheme). The Farm Enterprise Grant (FEG) is for on-farm diversification, covering 35% of costs, or 45% for young farmers, and includes:

- Provision of rural services and facilities for community use
- New enterprises
- Alternative crops and livestock
- Processing of non-food farm products

To be reclassified to PSE, section F3 if it is diversification within agriculture and to be removed from GSSE if it is for non-farming activity (e.g. tourism). Would it be possible to know the share of agricultural activity?

- *Diversification of agricultural activities (Rural Enterprise Scheme, England):* Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes. This could include the production and marketing of new or non-mainstream crops or livestock products, or the conversion of agricultural buildings to new non-agricultural uses and non-farming activities on the farm. This scheme closed to new applications on 30 June 2006. To be reclassified to PSE, section F3 if it is diversification within agriculture and to be removed from GSSE if it is for non-farming activity (e.g. tourism). Would it be possible to know the share of agricultural activity?

CAP2014 P2 M06.2 + M06.4 and M06.5

K. Marketing and promotion (old L. Marketing and promotion):

K.1. Collective schemes for processing and marketing:

Investments in physical assets CAP2014 P2 M04.2

Setting up producer groups and organisations: CAP2014 P2 M09

Producer groups Fruits and vegetable CAP P1 05 02 08 03

K.2. Promotion of agricultural products

Processing and marketing:

- *Co-operation grants* (might be related to HLCA's (Hill Livestock Compensatory Allowances)?): data for 1990-95. Provides for support to aid co-operation, collaboration and development within the food chain. Reclassified to: K.2. Promotion of agricultural products.
- *Marketing & feasibility grants:* data for 1999 and 2000. Reclassified to: K.2. Promotion of agricultural products.
- *Marketing and promotion:* data for the 1986-88 period. Reclassified to: K.2. Promotion of agricultural products.
- *Processing and Marketing Grant (England)* (ended June 2006): This scheme provided support for capital investment in projects aimed at improving the processing and marketing of agricultural products in order to increase their competitiveness in the market place and their added value. Such investments must contribute to improving the situation of the agriculture sector producing the relevant basic commodities, and be of appropriate economic benefit to the primary producers of that commodity. Grants were available towards the cost of new buildings, the refurbishment of old buildings and the purchase of new equipment. Applications for support could be submitted by individuals, groups of primary producers or companies of any

size (although small and medium sized enterprises were given priority) involved in agricultural production, processing and marketing. Reclassified to: K.2. Promotion of agricultural products. However the principle is that support to on-farm investment to processing activities should be classified in PSE. So would it be possible to know how expenditure is split between processing and marketing and the share of on-farm investment?

- *Agriculture Development Scheme* (England): The scheme provides project grants to farmers and growers in England to improve their competitiveness through better marketing. This is a non-capital business support scheme to provide match-funding (i.e. 50% grant) for industry-led projects. Projects need to be about the organisation, promotion, coordination or facilitation of the marketing of agricultural products, including non-food crops such as bio-fuels. Reclassified to: K.2. Promotion of agricultural products.

Promotion of agro-food products

Assistance to agro-food enterprises

Marketing of quality agricultural products:

- *Rural Enterprise Scheme* (England): Marketing of quality agricultural products i.e. those with identifiable quality attributes which raise the product above the basic 'commodity' level. This could include projects to raise the quality of production to meet market needs, the formation or development of collaborative groups to market quality products, marketing of organic products, consumer and quality assurance schemes, speciality foods, establishing farmers' markets, regional or local branding of foodstuffs, etc. This scheme closed to new applications on 30 June 2006. . Reclassified to: K.2. Promotion of agricultural products.

Commodity boards

Producer groups:

- *Energy Crops Scheme The Energy Crops Scheme* (ECS, England) (ended June 2006) provided establishment grants for two energy crops, short-rotation coppice (SRC) and miscanthus, and aid to help SRC growers set up producer groups. Reclassified to: K.2. Promotion of agricultural products.

Beekeeping

L. Cost of public stockholding

Cost of disposal of stocks

Private storage and market measures milk and milk products

Private storage pigmeat

Disposal of stocks

- *Over Thirty Month Scheme and Selective Cull Scheme*: BSE-related stockholding costs since 1996/97 not reimbursed by EAGGF budget. Reclassified to: L. Cost of public stockholding.

M. Miscellaneous (old N. Miscellaneous (national payments))

No entry

Sources:

[1]: value of production is sourced at DEFRA, Agriculture in the United Kingdom. [Agriculture in the United Kingdom - GOV.UK \(www.gov.uk\)](http://www.gov.uk). Value of consumption, covers Total Domestic use and is sourced from the Economic Accounts for Agriculture.

V.1 Consumer Support Estimate (CSE)

N. Transfers to producers from consumers (-)

No entry

O. Other transfers from consumers (-)

No entry

P. Transfers to consumers from taxpayers

P.1. Commodity specific transfers to consumers:

School milk EU EAGFxxxx

Beef sector: 1996-98

- BSE-related aid to downstream industries.

P.2. Non-commodity specific transfers to consumers

School schemes EU EAGFxxxx

Domestic food aid

Q. Excess Feed Cost:

Associated with market price support on quantities of domestically produced crops and used on-farm as feed as calculated (Sum of Excess Feed Cost in the MPS Tables 4.1, 4.3 and 4.4).

V.2 Percentage CSE

$[100 \times (V.1) / ((II) + (P))]$

V.3 Consumer NPC

For all agricultural commodities the consumer NPC is estimated as a weighted average of the consumer NPC calculated for the individual MPS commodities and shown in Table 2. For each commodity consumer NPC = domestic price paid by consumers (at the farm gate)/ border price (also at the farm gate).

V.4 Consumer NAC

$$[(1 / (100 - (V.2)) \times 100]$$

Sources:

VI. Total Support Estimate

$$[(III.1) + (IV) + (P)] \text{ and } [(R) + (S) - (T)]$$

R. Transfers from consumers [(N)+(O)]

S. Transfers from taxpayers [(III.1)-(N)+(IV)+(P)]

T. Budget revenues [(O)]

Sources:

TABLE 2. UNITED KINGDOM: BREAKDOWN OF PSE BY COMMODITY SPECIFICITY AND OTHER TRANSFERS

All data sets in Table 2 to come from Tables 1 and 3.1 to 3.21 where definitions are included.

Definitions:

I. Producer Single Commodity Transfers (producer SCT):

The annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm level, arising from policy measures directly linked to the production of a single commodity such that the producer must produce the designated commodity in order to receive the payment. This includes policies where payments are specified on a per-commodity basis [Sum of SCTs for individual commodities from Tables 3.1-3.13].

Percentage producer SCT: is the commodity SCT expressed as a share of gross farm receipts for the specific commodities (including support in the denominator). This indicator can be expressed for the total SCT (Table 2), or for a specific commodity (Table 3.1 to 3.13).

$$\%SCT = 100 * SCT / (\text{Value of production}_{COM} + A.2_{COM} + B_{COM} + C_{COM} + D_{COM})$$

$$\text{Share in Total PSE (\%): } SCT_{SHARE} = 100 * SCT / PSE$$

II. Group commodity transfers (GCT):

The annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level, arising from policy measures whose payments are made on the basis that one or more of a designated list of commodities is produced. That is, a producer may produce from a set of allowable commodities and receive a transfer that does not vary with respect to this decision [GCT = B_{GROUP} + C_{GROUP} + D_{GROUP}].

$$\text{Share in Total PSE (\%): } GCT_{SHARE} = 100 * GCT / PSE$$

Transfers to specific groups of commodities: the GCT indicator is calculated for the European Union for the following groups of commodities:

- **All crops:** This includes any policy that is available to producers of any crop, such as measures for irrigation, pest control or environmentally friendly crop farming.
- **All arable crops:** This includes any policy that is available to producers of any crop. This group is only used for measures such as payments for crop rotation, as most area payments under Agenda 2000 were restricted to COP (see below).

- **Cereals, oilseeds and protein crops (COP):** This includes any policy that is available to producers of any COP crop, such as set-aside payments and Agenda 2000 area payments after 2003.
- **Grains:** This includes payments per hectare of cereals, with a rate per ha for any cereal different from that for oilseeds or protein crops. They were introduced by the 1992 reform. In 2004, these payments became part of the cereals, oilseeds and protein crops (COP) group.
- **Oilseeds:** This includes payments per hectare of oilseeds, with a rate per ha for any oilseed different from that for cereals or protein crops.
- **Protein crops:** This includes payments per hectare of protein crops, with a rate per ha for any protein crops different from that for cereals or oilseeds.
- **All fruits and vegetables:** This includes measures for the whole fruit and vegetable sector, such as measures for orchard improvement.
- **Other crops:** This group includes payments to non-commodity specific crops other than COP, including grass and forage crops.
- **All livestock:** This group includes policies directed at producers of livestock, including cattle, pigs, dairy, and poultry. Examples are measures for disease control, breeding improvement, compensating losses or manure handling, as well as some regional payments.
- **Ruminants:** This includes payments for beef, sheep and goats such as less-favoured area payments before 2000, which per paid per livestock unit.
- **Non-ruminants:** No payment is made specifically to non-ruminants in EU member states.
- **Milk and beef:** This includes payments to the dairy sector, which cannot be associated to either milk production or meat production, such as investments in stables.

III. All commodity transfers (ACT):

The annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farm gate level, arising from policy measures that place no restrictions on the commodity produced but require the recipient to produce some commodity of their choice [$ACT = C_{ALL} + B_{ALL} + D_{ALL}$].

Share in Total PSE (%): $ACT_{SHARE} = 100 * ACT / PSE$

IV. Other Transfers to Producers (OTP): the annual monetary value of gross transfers made under policies that do not fall in the above three cases (SCT, GCT, ACT). That is, payments that do not require any commodity production at all. [$OTP = E + F + G$]

Share in Total PSE (%): $OTP_{SHARE} = 100 * OTP / PSE$

V. Total PSE: $PSE = A + B + C + D + E + F + G = SCT + GCT + ACT + OTP$

Percentage PSE: $\%PSE = 100 * PSE / (\text{Total Value of Production at farm gate} + A.2. + B + C + D + E + F + G)$

TABLE 3. UNITED KINGDOM: PRODUCER COMMODITY SPECIFIC TRANSFERS BY COMMODITY

Tables 3.1 to 3.13, provide information on Producer Single Commodity Transfers (PSCT) for the following commodities: wheat, barley, maize, oats, rapeseed, sugar, milk, beef and veal, pig meat, poultry meat, sheep meat, eggs and “other commodities”. All data sets in the calculation SCT by commodity come from Tables 1 and 4.1 to 4.13 where definitions are included.

Definitions:

I. Level of production:

Data from respective commodity Tables 4.1 – 4.13 (Market Price Support tables)

II. Value of production (at farm gate):

Data for respective commodity Tables 4.1 – 4.13 (Market Price Support tables)

III. Producer Single Commodity Transfers:

Sum of transfers to respective single commodity in categories A, B, C and D, described below.

A. Support based on commodity output

A1. Market Price Support [Data for respective commodity from Table 4]

A2. Payments based on output

Payments based on output (A.2) provided to respective single commodity [Data from Table 1]

B. Payments based on input use, single commodity [$B.1_{COM} + B.2_{COM} + B.3_{COM}$]

B1. Based on variable input use

Payments based on variable input use ($B.1_{COM}$) provided to respective single commodity [Data from Table 1].

B2. Based on Fixed capital formation

Payments based on fixed capital formation ($B.2_{COM}$) provided to respective single commodity [Data from Table 1].

B3. Based on on-farm services

Payments based on on-farm services (B_{COM}) provided to respective single commodity [Data from Table 1].

C. Payments based on current A/An/R/I, production required, single commodity

Payments based on current A/An/R/I (C_{COM}) provided to respective single commodity [Data from Table 1].

D. Payments based on non-current A/An/R/I, production required, single commodity

Payments based on non-current A/An/R/I, production required (D_{COM}) provided to respective single commodity [Data from Table 1].

IV. Percentage producer SCT :

$$\%SCT = 100 * (III) / ((II) + (A.2) + (B_{COM}) + (C_{COM}) + (D_{COM}))$$

TABLE 4. UNITED KINGDOM: MARKET PRICE SUPPORT AND CONSUMER SUPPORT ESTIMATE BY COMMODITY

Tables 4.1 to 4.13, contain calculation of the Market Price Support (MPS) and Consumer Single Commodity Transfers (consumer SCT) for the following commodities: wheat, barley, maize, oats, rapeseed, sugar, milk, beef and veal, pig meat, poultry meat, sheep meat, eggs, and “other commodities”. Note that UK maize production is mostly green maize for animal fodder and only a negligible amount of maize grain is harvested. It is agreed that maize should be dropped from the calculations in future. The data sets used in calculation of the MPS and consumer SCT by commodity are described below. Values for “other commodities” are derived using information on total Market Price Support and Value of Production, and individual commodity data.

Market Price Support (MPS) calculations combine UK quantity and value measures of production and consumption volumes with the EU Market Price Differential (MPD) up to the end of 2020 when the UK left the EU Single Market and Customs Union. Production and consumption data are sourced from the UK Aggregate Accounts for Agriculture and use a similar methodology to the European System of Accounts. From 2021, the calculations are adapted to use UK-sourced international trade and ancillary data where these are available and appropriate comparable data (e.g. EU marginal costs) if not. Market Price Support is calculated for a subset of commodities based on the so-called standard set of MPS commodities. See notes to tables 4.1 to 4.13.

The switch to use of UK border reference prices in 2021 represents a step change in methodology for the data series. Not all the required ancillary data for processing, haulage and other marginal costs are yet compiled (and some may not even be collected in the UK). Knowledge of the structure of UK trade is needed to define appropriate quality adjustments. The estimates presented must be considered highly provisional pending expert peer review and further data collection where necessary. Following review of the initial estimates made using the agreed methodology, some estimates were considered to be implausible and have been set to zero.

4.1. WHEAT

I. Level of production

Total harvested production, crop year, annual data.

Source: [1] data as used in the UK Aggregate Accounts for Agriculture and sourced from Agriculture in the United Kingdom (AUK)

II. Producer prices (at farm gate)

Source: [1] data as used in the UK Aggregate Accounts for Agriculture and sourced from Agriculture in the United Kingdom (AUK); price is derived from volume of production and value.

III. Value of production (at farm gate) [(I)*(II)]

IV. Trade status

Imported.

Source: [4] UK HMRC overseas trade data.

V. Market price differential at the farm gate

Initial estimate calculated as a difference between producer and reference price at the farmgate. Prior to 2021, EU reference prices based on export (Free On Board) prices adjusted for marginal costs and quality are used. From 2021, a UK reference price (at the farmgate) has been estimated from HMRC Import (Cost, Insurance, Freight) price [4] minus estimated marginal costs from AHDB import parities dataset [5]. Initial estimate was negative and could not be explained. Recommended provisional value = zero following review.

VII. Level of consumption (at farm gate)

Total domestic use, crop year.

Source: [1] data as used in the UK Aggregate Accounts for Agriculture and sourced from Agriculture in the United Kingdom (AUK).

VIII. Consumption prices (at farm gate)

Derived from producer price adjusted for market transfers.

IX. Value of consumption (at farm gate) [(VII)*(VIII)]

Source: [1] data as used in the UK Aggregate Accounts for Agriculture and sourced from Agriculture in the United Kingdom (AUK)

4.2. BARLEY

UK is a net exporter of Barley, so the export price (FOB) was used for the initial estimates – this is the same basis as in the EU27 but uses UK data from 2021. The EU percentage marginal costs and quality adjustments for 2021 are used as proxies for UK figures because there are no data available in the UK. The initial positive value was considered implausible because there are no known policies in the UK that could cause this. Following review the provisional estimate is set = zero.

4.3 MAIZE

Note that UK maize production is mostly green maize for animal fodder and only a negligible amount of maize grain is harvested. The calculation cannot be performed for Maize grain, so the MPD and MPS ate

set to zero for this commodity. Given the very small volume and value of maize, <1% of total agricultural production of all maize (grain and fodder), and the mix of data provided (trade data for grain, fodder data for production and consumption), it has been decided to omit maize from future MPS calculations.

4.4. OATS

The UK is a small net exporter of Oats. The EU marginal costs and quality adjustment were used to calculate initial estimates for 2021. The reference price estimated using UK FOB prices was wholly unrealistic and led to MPD of -70% of the producer price at the farmgate. It was decided to set the MPD and MPS for Oats to zero. Oats are produced for human consumption in the UK and also in smaller quantities for horse feed. It is believed that the EU estimates of marginal costs and quality adjustment are not appropriate for the UK; they are likely significant underestimates. It is possible that exports are of higher quality oats intended for human consumption, implying higher processing costs and a larger quality adjustment. Oats are grown more in regions of the UK more distant from major ports than other cereals and will likely have higher transport costs. This commodity requires better data and review by an expert in this trade.

4.5 RAPESEED

The UK is a net importer of Rapeseed. UK MPD calculations in 2021 are based on import price (CIF) using the margins applicable to wheat grain imports from the AHDB import parities data set as a very approximate proxy. There are no marginal cost data available for the EU27 and the method used for those countries is to set the MPD to zero. This method was applied to the UK data up to 2020. The 2021 estimates are provisional pending sourcing better data for marginal costs.

4.6. SUGAR

UK data were provided as refined sugar equivalent with no figures for beet production. The UK is a net importer of refined sugar. The OECD method used up to 2020, when the UK was a member of the EU Single Market and Customs Union is no longer appropriate because the UK operates a different regime for sugar than the EU after exit from the Union. The full UK data required for a calculation of MPD based on the price differential with marginal cost adjustments are not yet (March/2022) available. It was decided to base the calculations on the maximum tariff rate for white sugar (commodity code 1701991000) = £350/tonne in order to provide a very provisional initial estimate for MPD and MPS. This should be revised when the required additional data are available and expertise in the UK sugar trade and policies can be consulted.

4.7. MILK

The UK is a net exporter of dairy products. Up to 2020, the standard OECD methodology was applied. For 2021, not all the required UK data are yet compiled to enable the method to be applied for the UK. The EU reference price for milk & dairy (converted to GBP) has been used as a proxy pending further data collection. Following review, the MPD is set = zero as it has been in 5 out of 8 years' time series available (max was 3.3% of Producer Price).

4.8. BEEF AND VEAL

The UK is a net importer of beef. From 2021, the UK MPD & MPS calculations are based on import prices (CIF) using the EU27 2021 percentage marginal costs and quality adjustment as proxies pending the acquisition of these data for the UK. The EU method for beef was used up to 2020.

4.9. PIG MEAT

The UK is a net importer of pork. From 2021, the UK MPD & MPS calculations are based on import prices (CIF) using the EU27 2021 percentage marginal costs and quality adjustment as proxies pending the acquisition of these data for the UK. Up to 2020, the EU method based on export (FOB) prices was used during the period of the UK's membership of the EU Single Market & Customs Union.

4.10. POULTRY MEAT

The UK is a net importer of poultry meats. From 2021, the UK MPD & MPS calculations are based on import prices (CIF) using the EU27 2021 percentage marginal costs and quality adjustment as proxies pending the acquisition of these data for the UK. Up to 2020, the EU method based on export (FOB) prices was used during the period of the UK's membership of the EU Single Market & Customs Union.

4.11. SHEEP MEAT

The UK is a net exporter of sheep meat. Up to 2020, the estimates use the EU methodology based on CIF prices. From 2021, the calculations are based on export prices (FOB) but using the EU percentage margins and quality adjustment as proxies. It should be noted that these are for CIF calculations and are very much (3-4 times) lower than those applied to beef, pork, and poultry. These marginal costs are believed to be very likely to be significantly underestimated for the UK. Data should be compiled for the UK sheep meat trade as soon as possible. The initial large negative estimate was considered implausible because there are no UK policies that could explain this, such as export subsidies or other price support. The low margins used could clearly have contributed to the large negative value. The trade in sheep meat is very asymmetric with much more meat than carcass in imports and a relatively higher proportion of carcass exports. Imports are mainly from non-EU countries, but exports are mainly to the EU (and are tariff free under the Trade and Cooperation Agreement). Further work and additional data are required before next year's calculations. The provisional estimate for 2021 is set = zero.

4.12. EGGS

The UK is a small net exporter of eggs. The MPD & MPS calculations continue to be based on export (FOB) prices, as in the EU27, but using UK trade data. The same 0% margins are applied as in the EU calculations, although the reasons for using zero margins are unclear. There was a small positive initial estimate for MPD, but this was considered implausible when reviewed because there are no policies in the UK that could cause this. It is recommended that further consideration be given as to the appropriate margins for UK trade. The provisional estimate for 2021 is set = zero.