Confor update to:

The Defra consultation Health and Harmony: the future for food, farming and the environment in a Green Brexit sets out the UK government's proposals for an 'Agriculture bill' to replace the funding provided through the EU Common Agricultural Policy (CAP).

CAP also funds the forestry grant schemes, but forestry has been deeply influenced by CAP in more important ways: forestry's disqualification for direct payments provided a strong disincentive to farmers to plant them, and over many years a cultural divide has arisen between farming and forestry which has had deep impacts on our rural economy, environment and society.

Confor has been assured by Defra that 'food', 'farming' and 'agriculture' are shorthands which include timber and forestry. However, the Evidence Compendium used to inform policy discussion, fails to include forestry or timber except for a brief summary on p.65 which has no connection to the rest of the document.

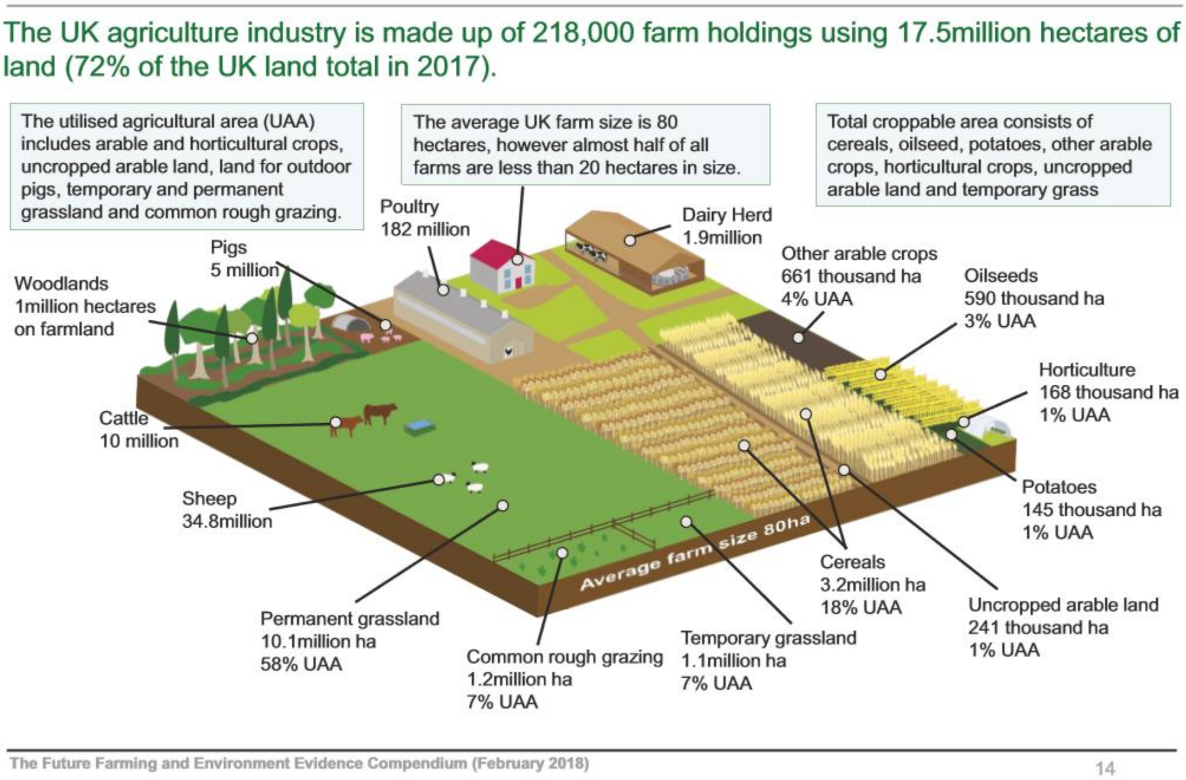
Confor has produced this update to some of the key pages of the Evidence Compendium. This update is based on available statistics which are not always adequate. It does, however, demonstrate the importance of providing comparative statistics to ensure that both policymakers and land managers including farmers are taking decisions about production on the basis of full information.

This evidence should be read in conjunction with our other Brexit papers including our proposals in response to the Health & Harmony consultation.

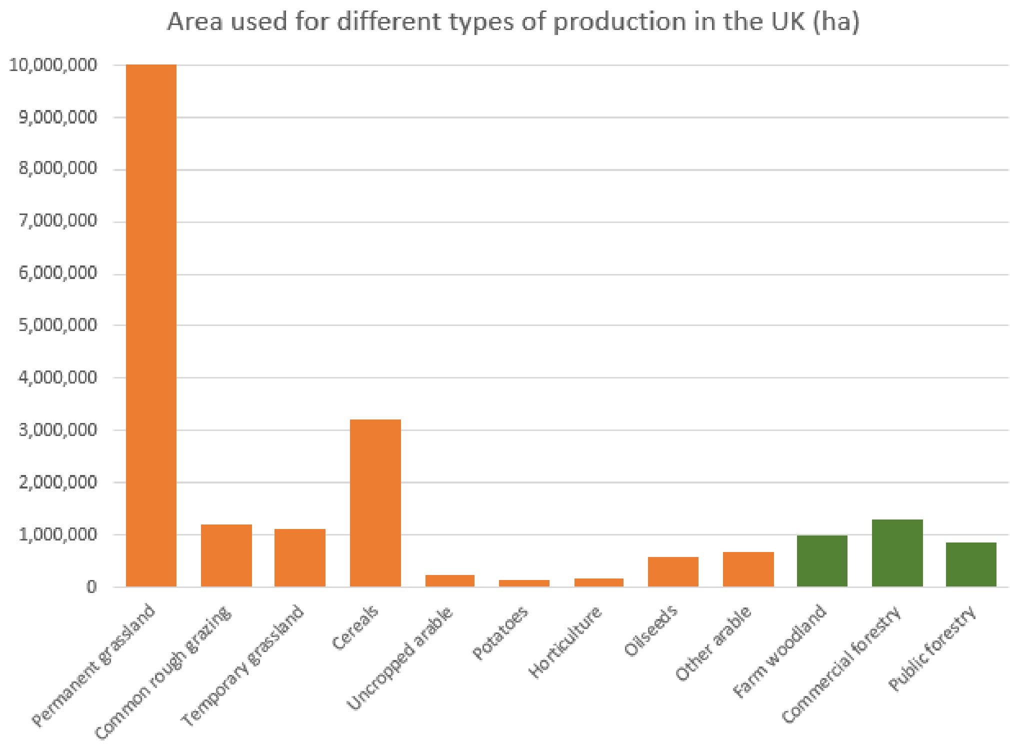
Confor
Promoting forestry and wood

April 2018

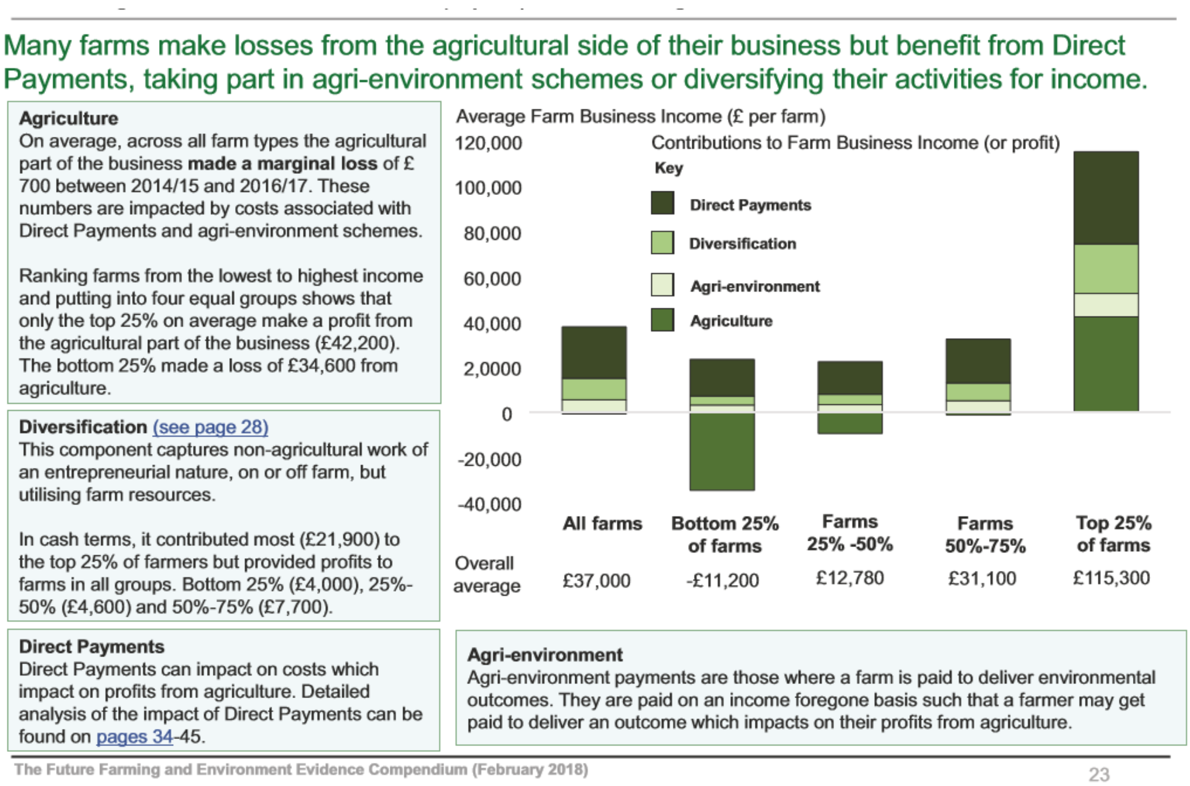
How is the UK agriculture industry structured and how is agricultural land used?



Here is the same information represented as a graph of land area, with area of public and commercial forestry (from [Forestry Statistics]) included as well as farm woodland. This gives a better impression of the significance of forestry as a land use:



How does agriculture contribute to the incomes (or profit) of farmers in England?



Many farms make losses from the agricultural side of their business but benefit from Direct Payments, taking part in agri-environment schemes or diversifying their activities for income.

Agriculture
On average, across all farm types the agricultural part of the business **made a marginal loss** of £ 700 between 2014/15 and 2016/17. These numbers are impacted by costs associated with Direct Payments and agri-environment schemes.

Ranking farms from the lowest to highest income and putting into four equal groups shows that only the top 25% on average make a profit from the agricultural part of the business (£42,200). The bottom 25% made a loss of £34,600 from agriculture.

Diversification (see page 28)
This component captures non-agricultural work of an entrepreneurial nature, on or off farm, but utilising farm resources.

In cash terms, it contributed most (£21,900) to the top 25% of farmers but provided profits to farms in all groups. Bottom 25% (£4,000), 25%-50% (£4,600) and 50%-75% (£7,700).

Direct Payments
Direct Payments can impact on costs which impact on profits from agriculture. Detailed analysis of the impact of Direct Payments can be found on pages 34-45.

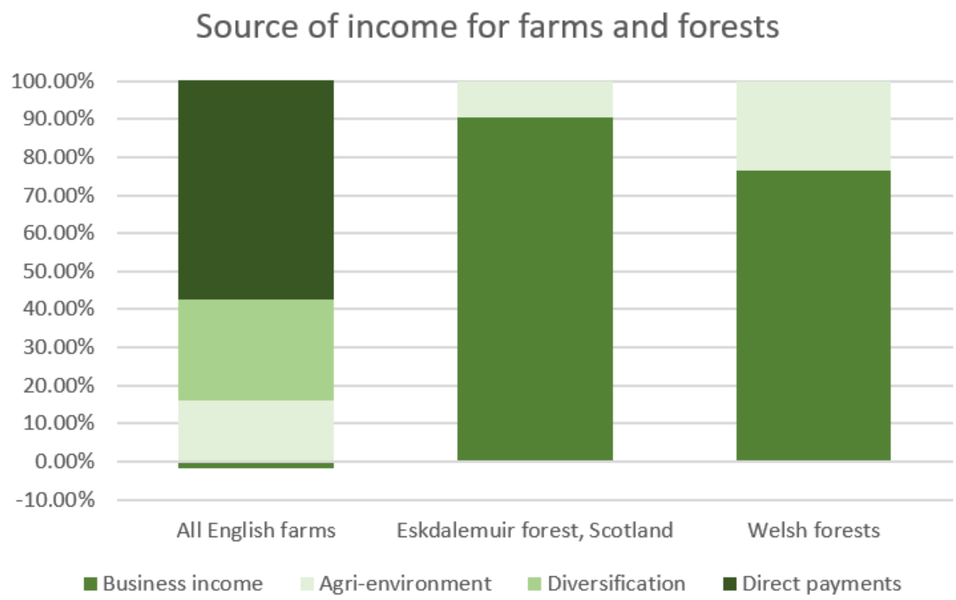
Agri-environment
Agri-environment payments are those where a farm is paid to deliver environmental outcomes. They are paid on an income foregone basis such that a farmer may get paid to deliver an outcome which impacts on their profits from agriculture.

The Future Farming and Environment Evidence Compendium (February 2018) 23

Unfortunately, Defra do not collect information on income from forestry.

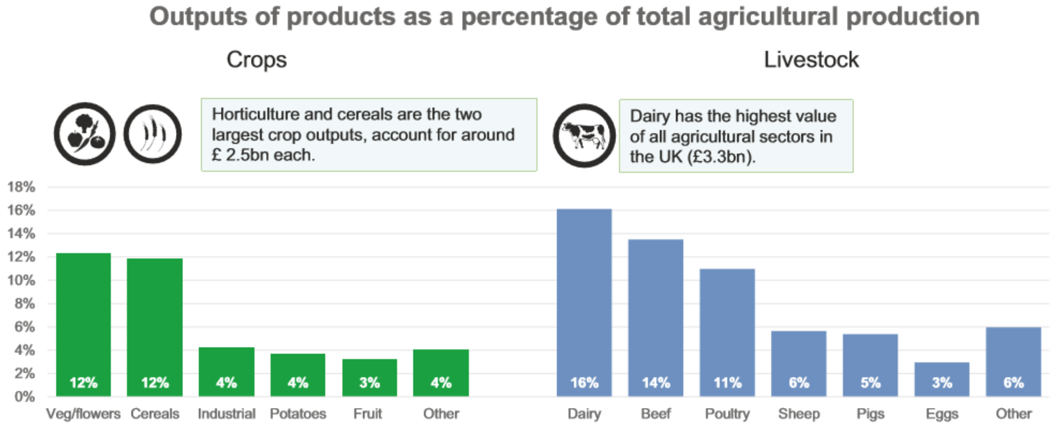
However, studies commissioned by Confor do provide a level of comparative statistic to inform the discussion on land use.

The graph below compares the first bar above, All farms, to studies on forestry in Scotland and Wales. The figures are presented as percentages rather than ‘per business’ because a ‘forest business’ is not comparable to a ‘farm business’.

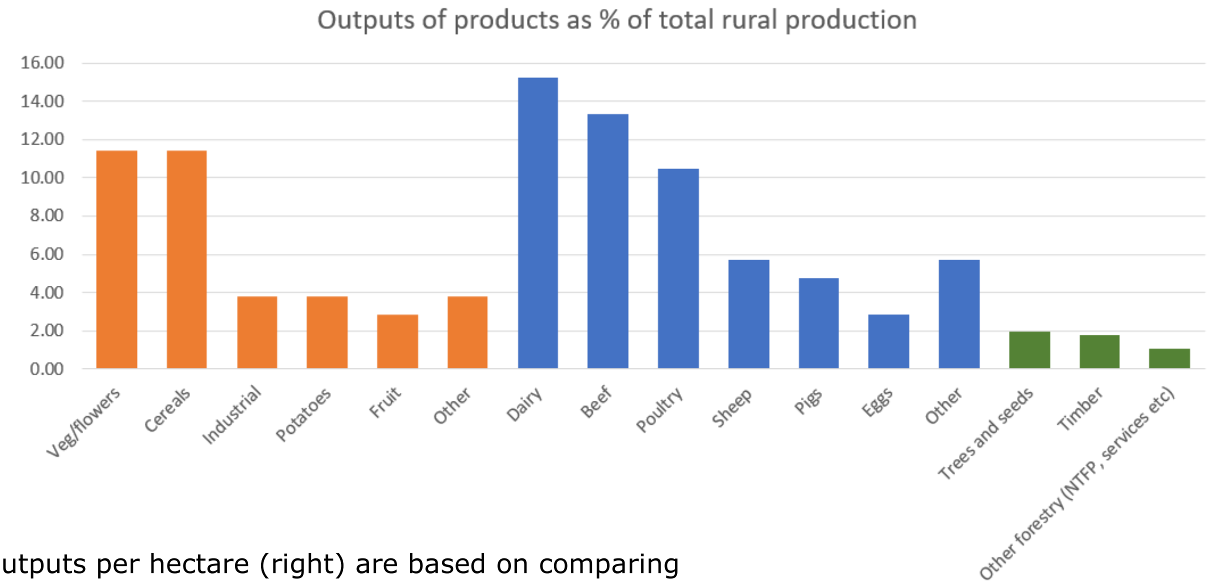


What products contribute most to UK agricultural input?

More than 60% of the UK's agricultural production comes from the livestock sectors (£12.7bn in 2016), of which Dairy and Beef are the largest.



Here again, despite assurances that forestry is understood to be included in 'agriculture', forest products are not included in the data. This can be done thanks to the [UK Forestry Statistics returns to the European Forest Accounts]:

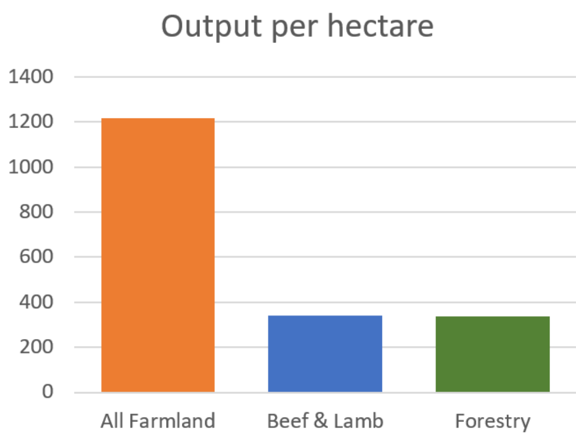


Outputs per hectare (right) are based on comparing areas (p.2) with outputs (above).

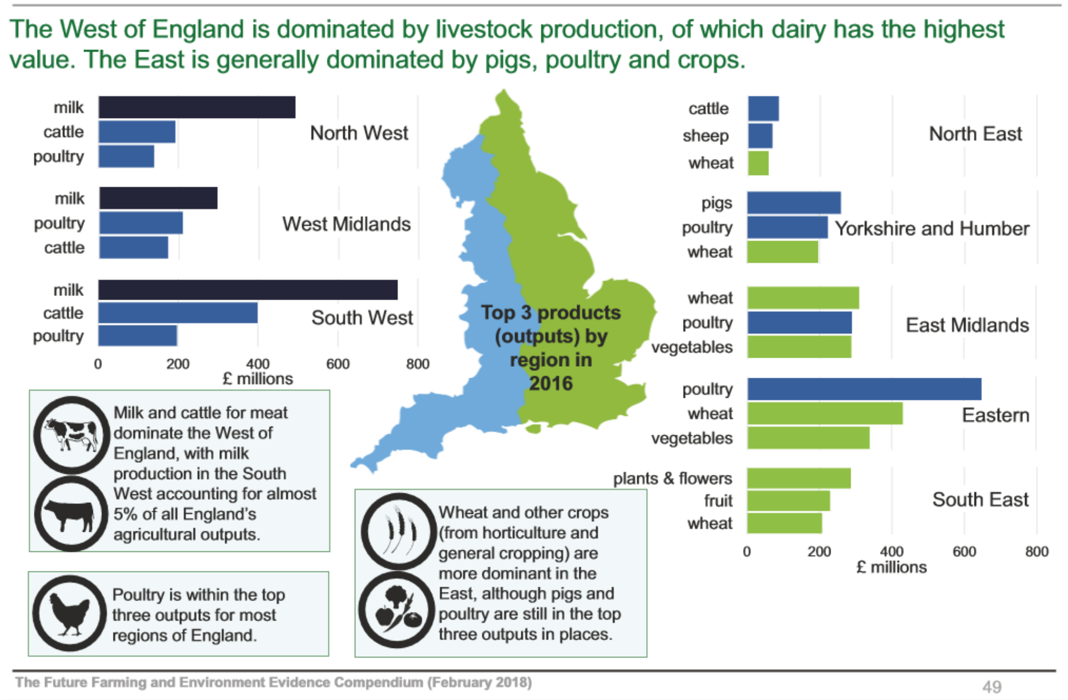
While forestry cannot compete in productivity with intensive arable or livestock, as an extensive land-use it compares well with beef and lamb.

As large areas of farm and public forest are not currently managed for timber, the output from areas which are commercially managed will be considerably higher.

Timber is primary production, with very little input beyond the soil, sun and rain of the land it is on. Most UK livestock farming at present includes an element of 'secondary' production, with inputs of feed grown elsewhere. This means that the real hectarage required to produce these livestock outputs are higher.



How does the output from agricultural production vary across England?



Defra does not collect this data for forestry so we cannot produce comparative figures for timber.

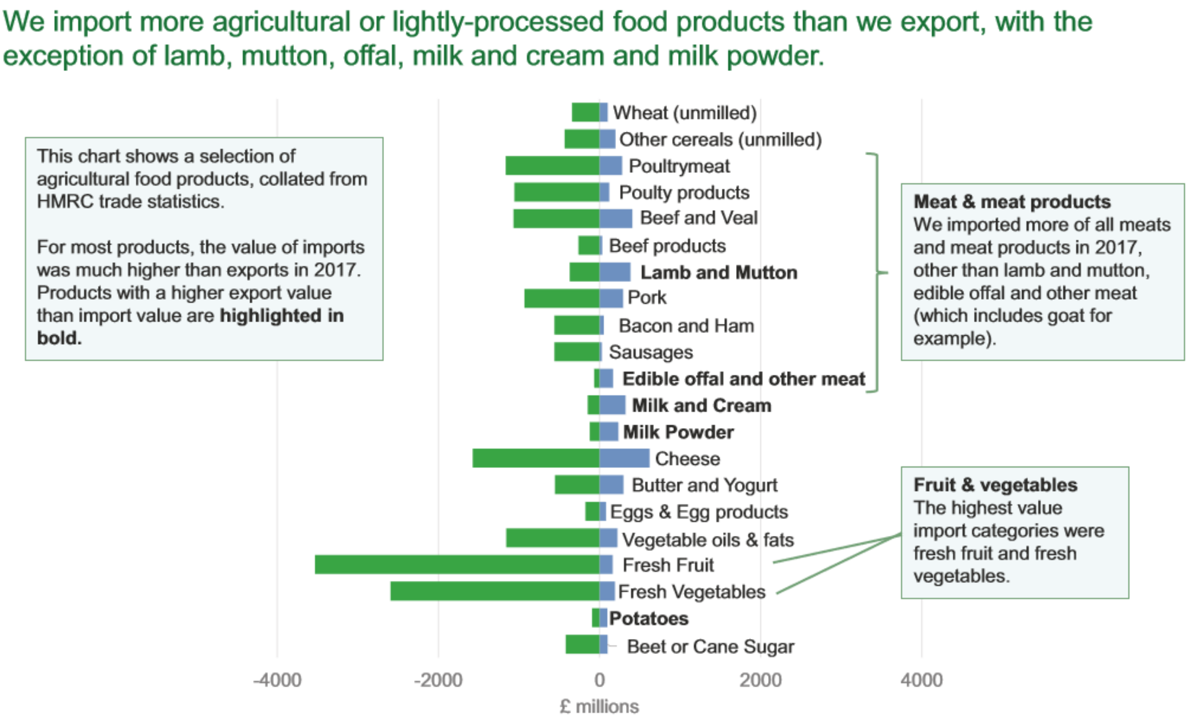
However, the area of forestry required to produce timber of comparable value to these outputs can be estimated.[1] This allows us to test in which regions timber has the biggest potential for growing the rural economy.

- In the **North East**, timber could be the biggest output with 16% forest cover (less than Belgium or Hungary)
- In the **North West** and **South West**, 15-17% forest cover could exceed the output of poultry.
- In **Yorkshire & Humber** and the **West Midlands**, it would require around 25% forest cover to match outputs from pigs, poultry and cattle (still considerably lower forest cover than France, Greece, Italy and Germany)
- In the **South East*,*** less than 20% woodland cover could make it the third biggest output. There is scope here for combining long-term investment in high-value timber such as oak and beech, with woodland of high amenity and landscape value near population centres.

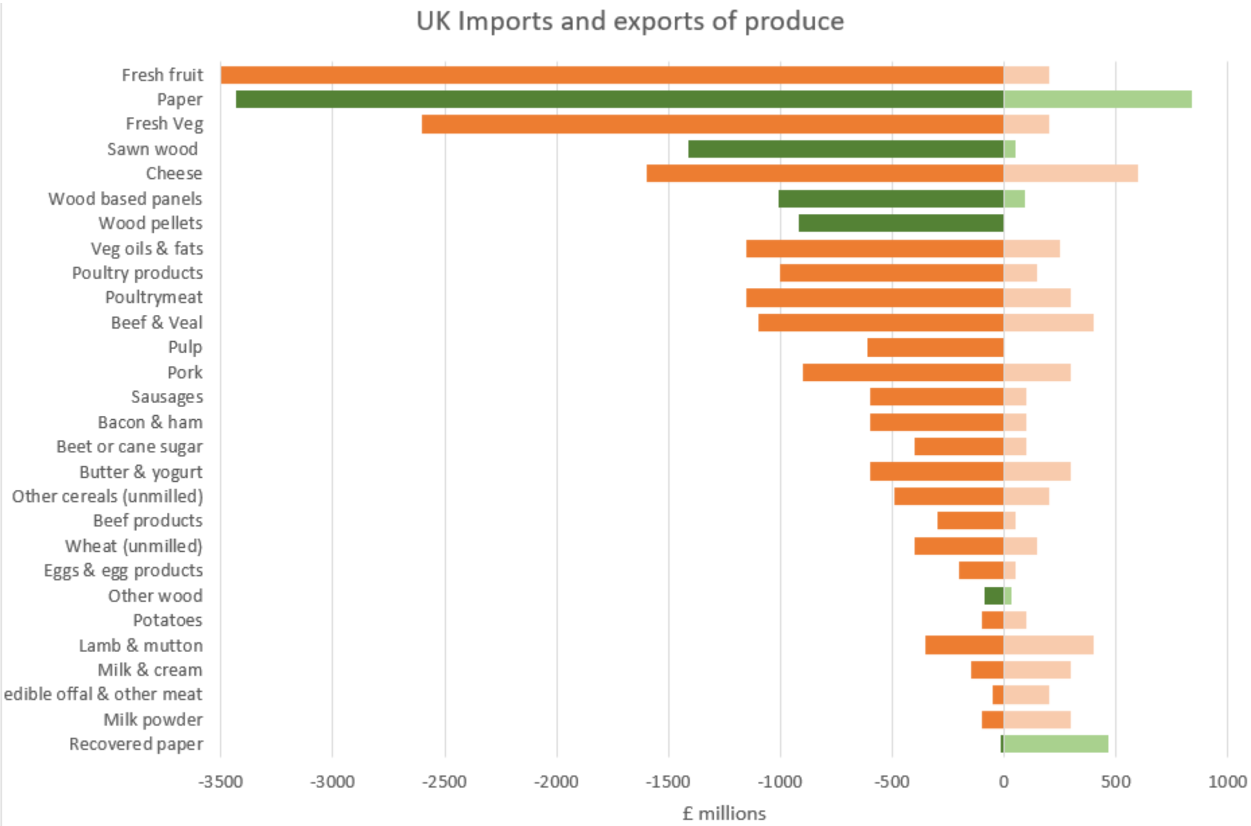
Timber is not necessarily competing with existing production in these regions, but rather provides scope for sustainable intensification. The significant animal welfare, productivity and environmental benefits of trees for livestock are well known[2], and diversification into timber provides farmers with long-term financial security to replace subsidies.

[1] Calculations are based on conifers (planted under UKFS conditions with 25% of the area diversified for environmental aims) currently harvested at 35 years and sold at around £20,000 at the forest gate. This makes an annualised output per hectare of £571.43. However, all kinds of woodland can be profitably managed for timber.
[2] See for example National Sheep Association/ Woodland Trust *The role of trees in sheep farming*; Woodland Trust/ British Free Range Egg Producers Association *The role of trees in free-range poultry farming*; Confor, *Farm forestry*.

What agricultural food products do we import and export most of?



When timber products are added into this graph and they are ordered according to biggest net imports, it becomes apparent that the top categories are not fresh fruit and vegetables, but fresh fruit and *paper*. We also import more sawn wood, wood-based panels and wood pellets than any sort of food other than fruit, vegetables and cheese.[3]



[3] Forestry Statistics. NB food figures are from 2017, forestry only available for 2016.