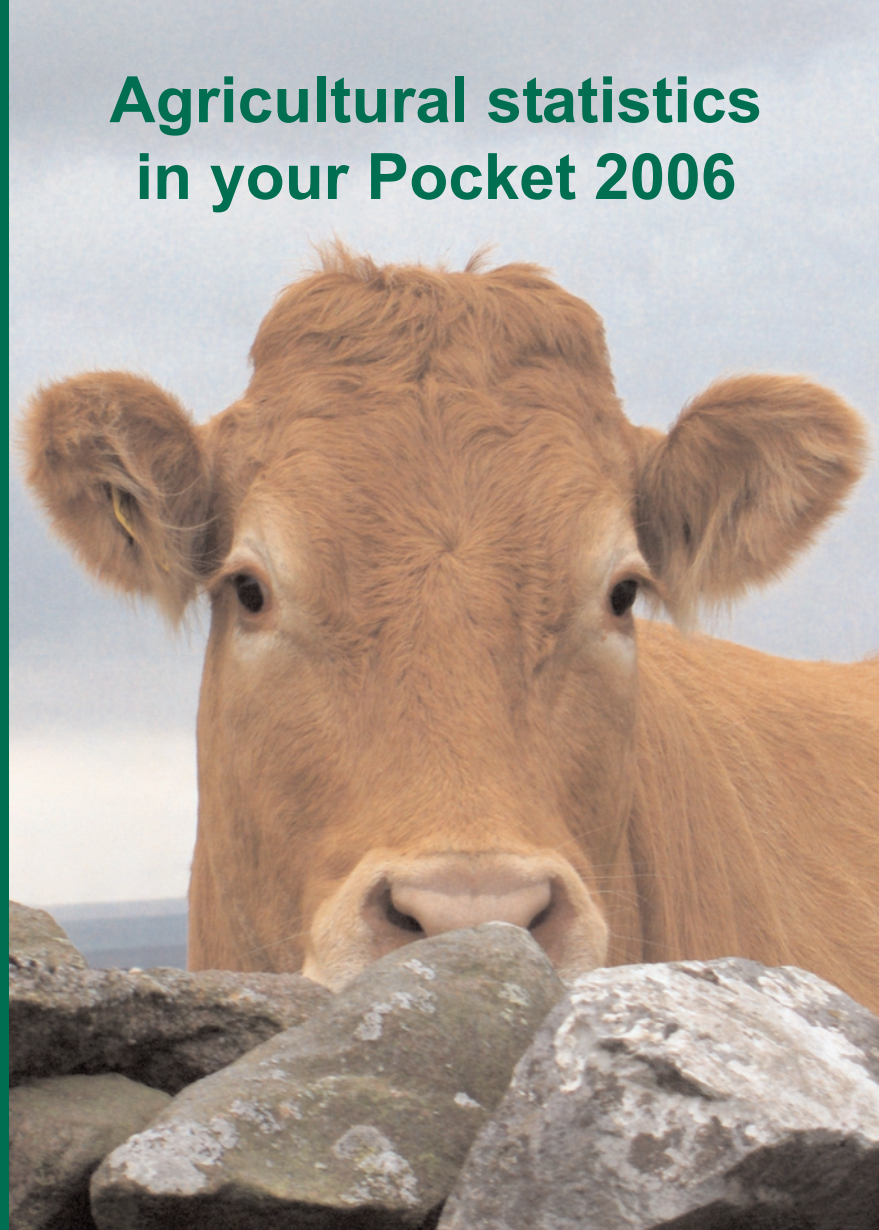


Agricultural statistics in your Pocket 2006

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Department for Environment, Food and Rural Affairs

Scottish Executive Environment and Rural Affairs Department

Department of Agriculture and Rural Development (Northern Ireland)

Welsh Assembly Government, The Department for Environment, Planning and Countryside



Agricultural Statistics in your Pocket 2006

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Foreword

This is the second edition of **Agricultural Statistics in your Pocket**, an annual statistical summary of facts about agriculture in the United Kingdom, which complements the larger publication, **Agriculture in the United Kingdom**.

It is a joint publication of:

Department for Environment, Food and Rural Affairs;
Scottish Executive Environment and Rural Affairs Department;
Department of Agriculture and Rural Development (Northern Ireland);
Department for Environment, Planning and Countryside (Welsh Assembly Government).

All data relate to the United Kingdom except where otherwise stated and are sourced from **Agriculture in the United Kingdom**. For more detailed data please refer to **Agriculture in the United Kingdom** at the web address below.

Most data are on a calendar year basis. The data for 2006 may be provisional and subject to change. In the tables, the use of . . means data are 'not available' or 'not applicable'.

Other agricultural statistics may be found at:

<http://statistics.defra.gov.uk/esg/>

<http://www.scotland.gov.uk/Topics/Statistics>

<http://www.dardni.gov.uk/index/dard-statistics.htm>

<http://new.wales.gov.uk/topics/statistics/?lang=en>

Foreword

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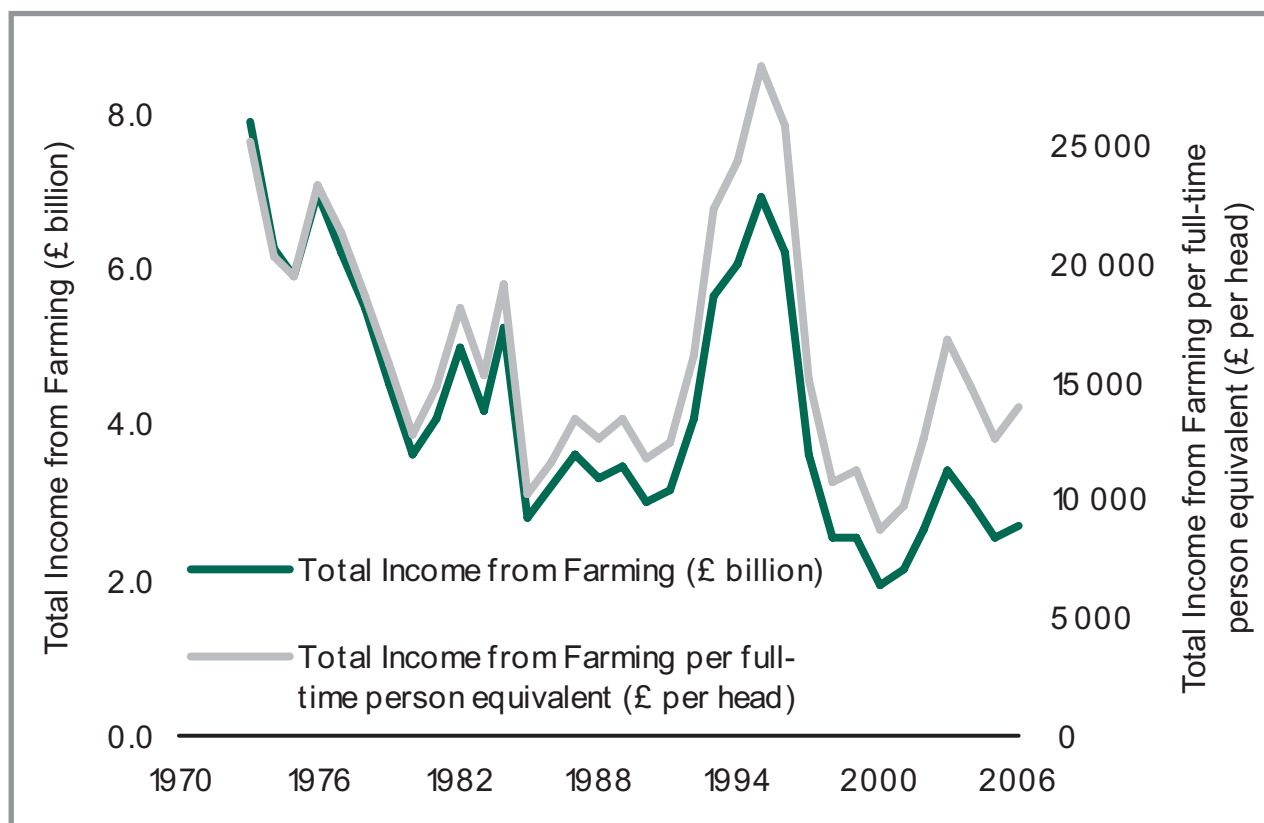
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Farming Income

Long-term trends in farming income



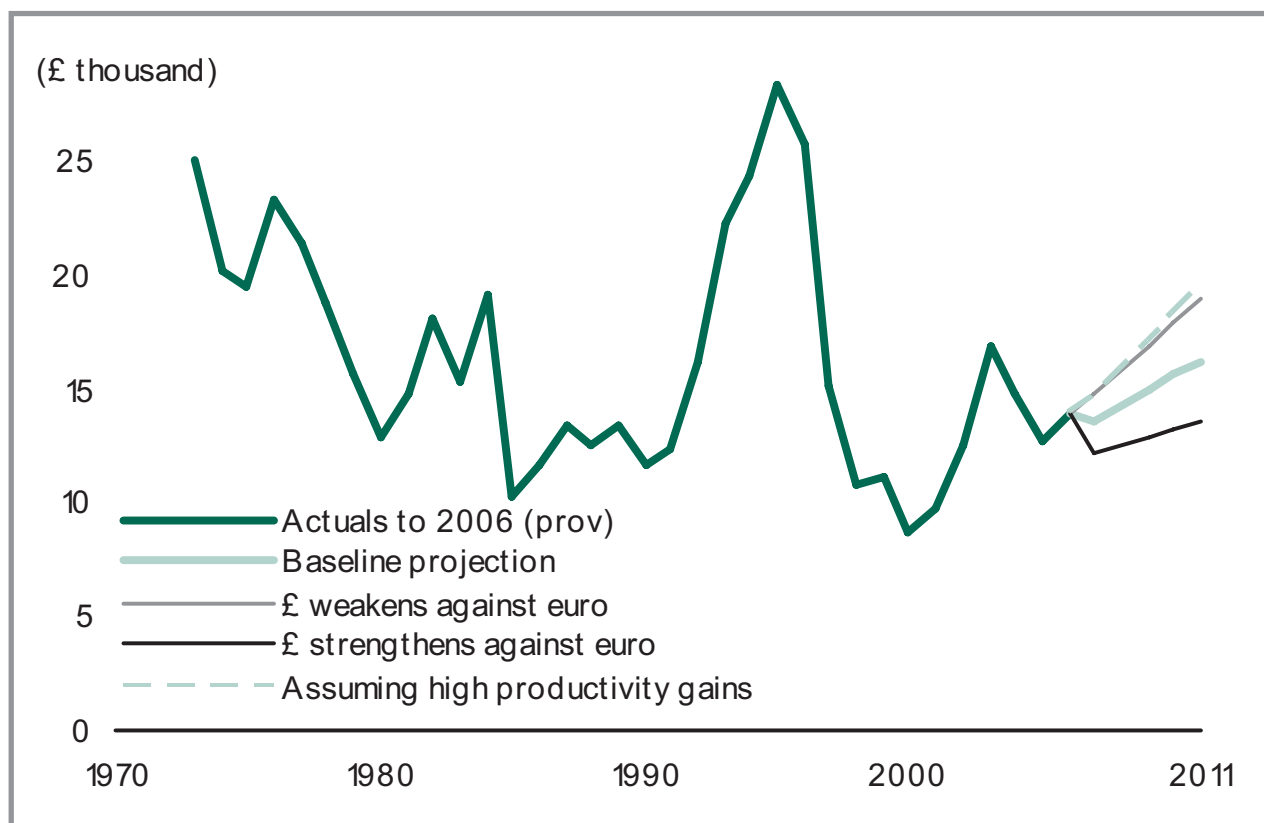
	2002	2003	2004	2005	2006
TIFF (£ million)	2 639	3 429	2 996	2 542	2 718
TIFF per full-time person (£ per head)	12 500	16 800	14 700	12 700	13 800

Total Income from Farming (TIFF) represents business profits plus remuneration for work done by owners and other unpaid workers. It is estimated to have been £2.7 billion in 2006, up 6.9 per cent from 2005 in real terms (that is, adjusted for inflation). TIFF per the equivalent of a full-time person engaged in agriculture is estimated to have rise by 9.4 per cent in real terms to £13,840 in 2006.

The rise in farming's profitability in the early nineties followed the decline in sterling against the euro after the United Kingdom left the Exchange Rate Mechanism. The fall in the second half of the decade was caused by increases in the value of sterling, lower world commodity prices and the impact of BSE.

Farming Income

Prospects for farming incomes

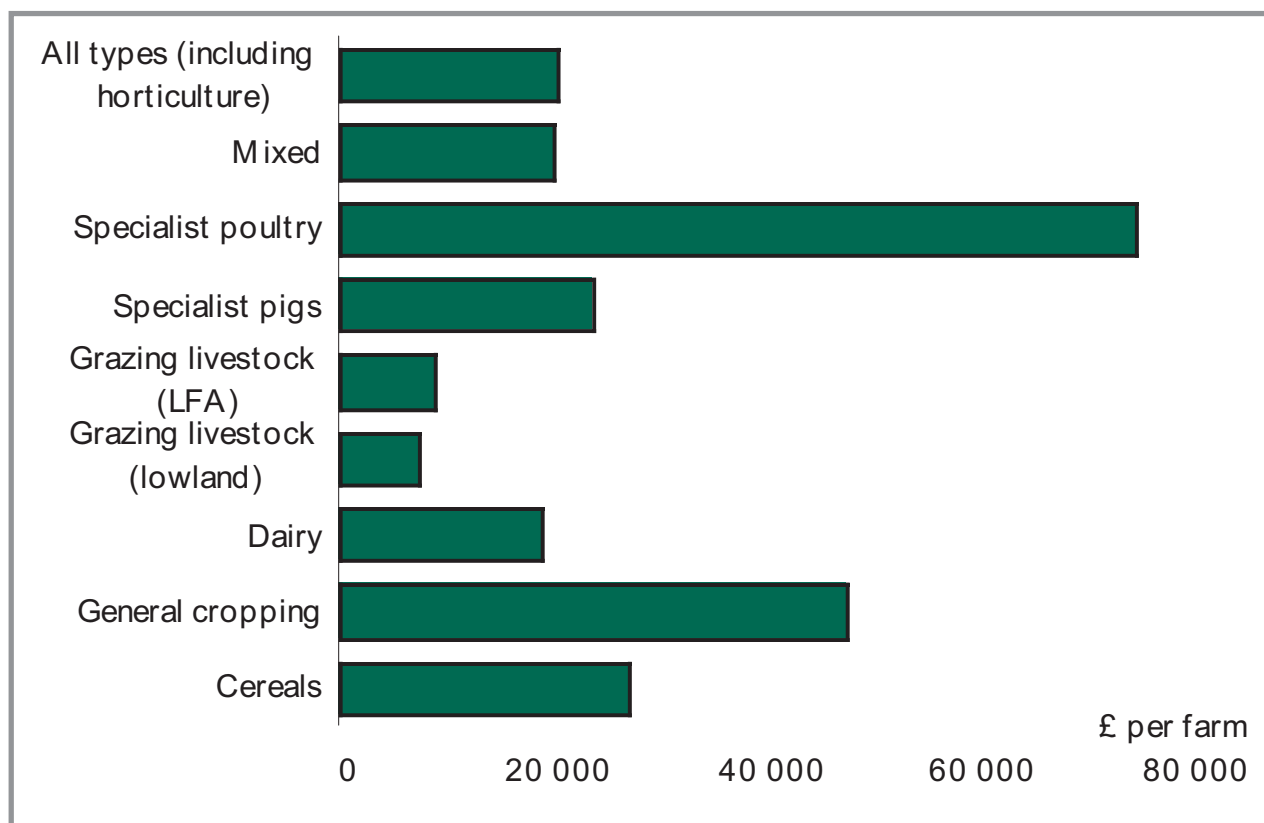


£ '000	2007	2008	2009	2010	2011
Baseline projection	13.6	14.3	14.9	15.6	16.2
£ weakens against euro	14.8	15.9	16.9	17.9	18.9
£ strengthens against euro	12.2	12.5	12.8	13.1	13.5
Assuming high productivity gains	14.6	15.8	17.0	18.2	19.4

The future business prospects for farming will reflect the interaction of the key long-term and short-term drivers that have shaped the present position. The chart shows some projections of underlying trends; it should be emphasised that these types of projection have very broad margins of uncertainty and also that agriculture is an industry where specific events, such as disease outbreak or poor weather, can shift incomes from the underlying trend in individual years. The latest projections suggest a possible fall of TIFF per person into 2007 and a return to near 2003 levels by 2011 as the impact of high oil prices is projected to ease.

Farming Income

Average net farm income by type of farm: 2006/07



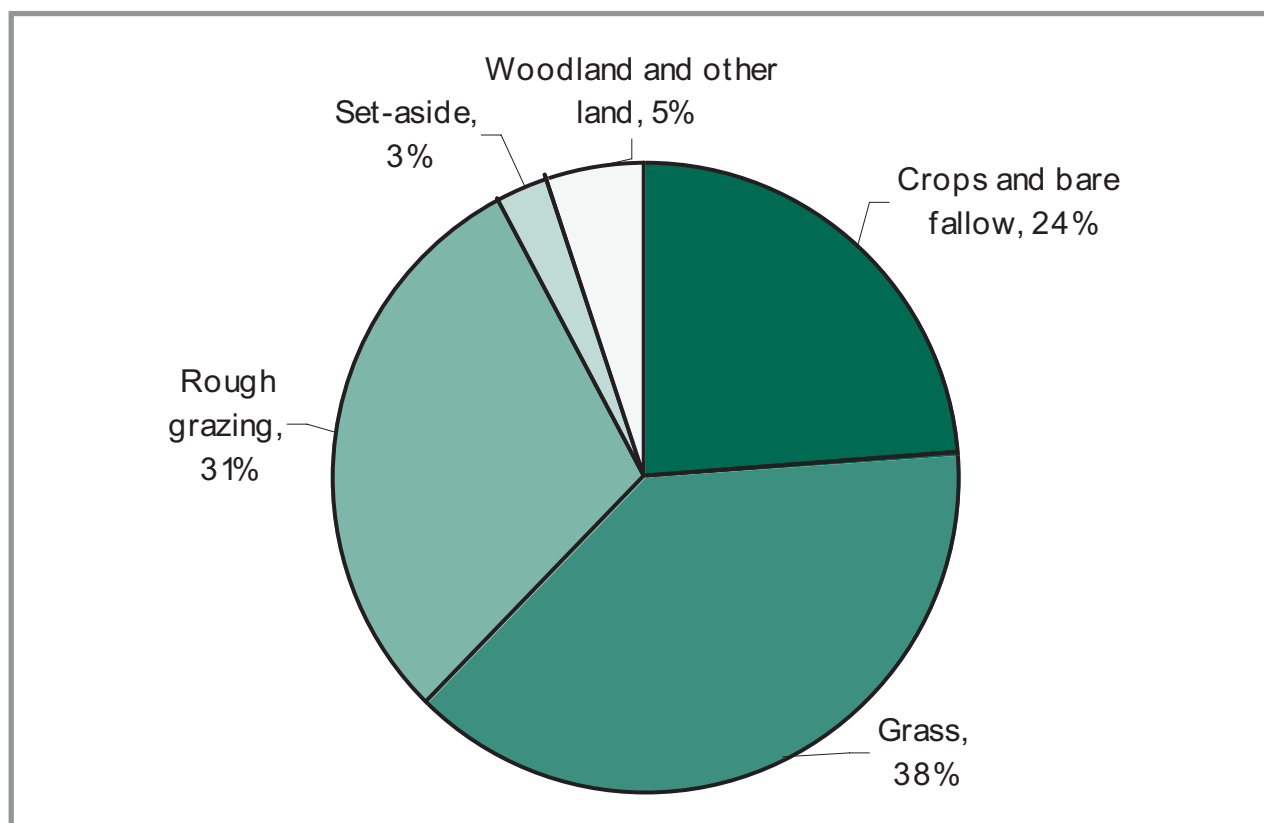
£ per farm (provisional)			
Cereals	27 000	Grazing livestock (LFA)	9 000
General cropping	47 700	Specialist pigs	23 700
Dairy	19 100	Specialist poultry	74 700
Grazing livestock (lowland)	7 500	Mixed	20 100
All types (including horticulture)			20 600

Average net farm income for all types of farm was estimated to be £20,600 in 2006/07. This masks variability across types of farms. Average net farm income ranged from £7,500 for grazing livestock farms in lowland areas to £74,700 for specialist poultry farms.

Net farm income is defined as the return to the principal farmer and spouse for their manual and managerial labour and on the tenant-type capital of the business. It treats all farms, whether tenanted or owner-occupied, on the same basis so the profitability of farms with different tenure types can be compared.

Structure of the Industry

Land use: June 2006



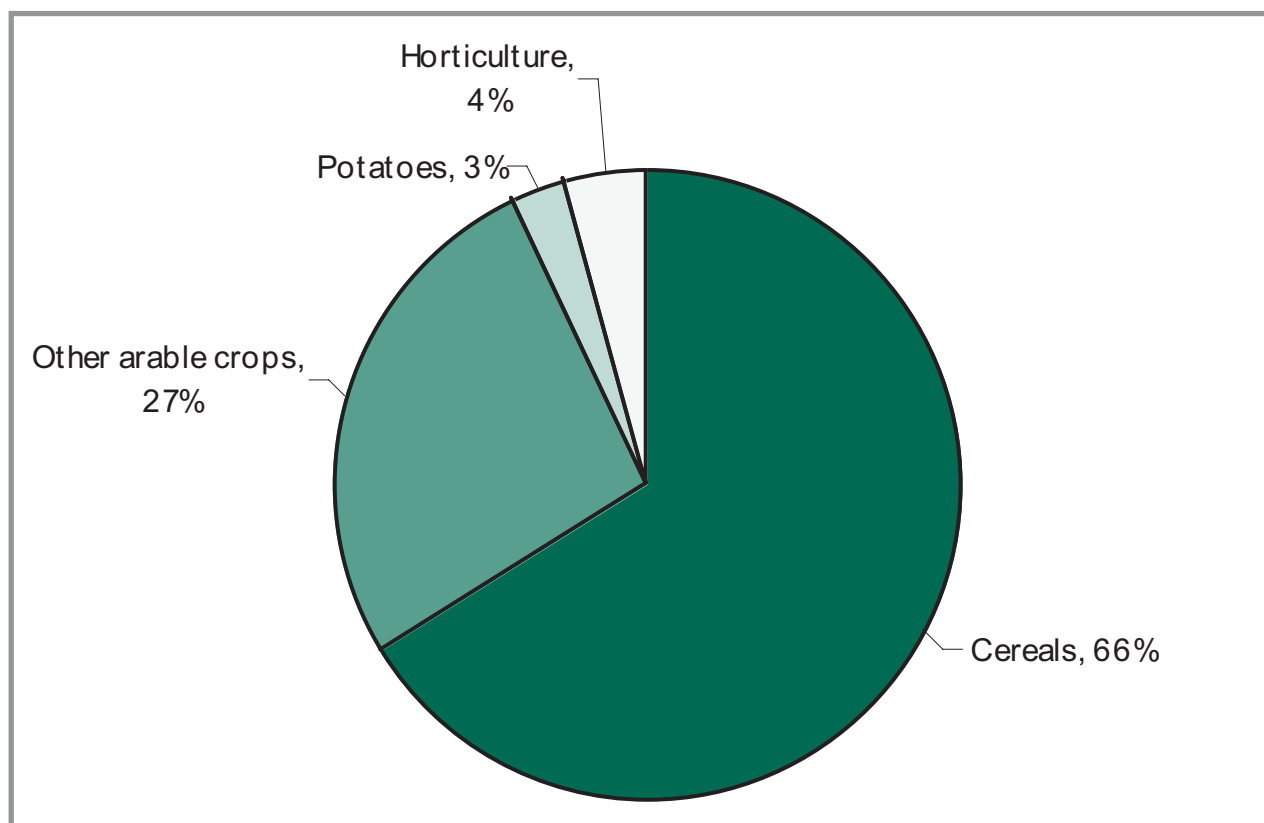
'000 hectares				
Crops and bare fallow	Grass	Rough grazing	Set-aside	Woodland and other land
4 489	7 104	5 732	513	874
24%	38%	31%	3%	5%

The total agricultural area in June 2006 was 19 million hectares, some 77 per cent of the total land area of the United Kingdom.

4.5 million hectares was used for crops and bare fallow. 1.1 million hectares was grass under five years old and 6.0 million hectares was grass five years old and over. Sole right rough grazing made up 4.5 million hectares and common rough grazing accounted for a further 1.2 million hectares. 0.5 million hectares was land set-aside under an official payment scheme and woodland with all other land on agricultural holdings accounted for 0.9 million hectares.

Structure of the Industry

Crops: June 2006



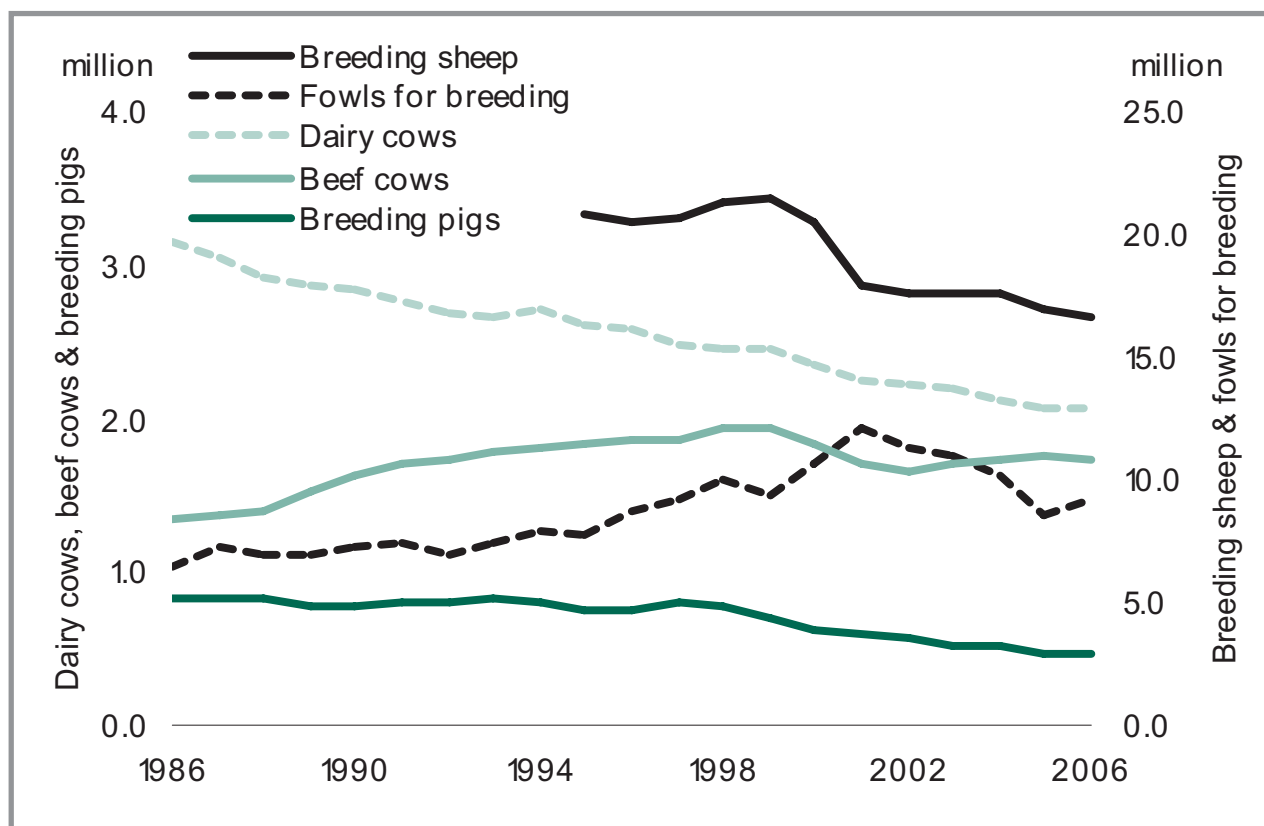
	'000 ha	%
Cereals	2 861	66%
Other arable crops	1 172	27%
Potatoes	140	3%
Horticulture	166	4%

The total crop area in June 2006 was 4.3 million hectares, of which 2.9 million hectares was used for cereals, mainly wheat and barley.

Other arable crops, such as oilseed rape and sugar beet, accounted for 1.2 million hectares. 140 thousand hectares were used for potatoes and 166 thousand hectares were used for horticultural crops, including vegetables, fruit, plants and flowers and greenhouse crops.

Structure of the Industry

Livestock



'000	2002	2003	2004	2005	2006
Dairy cows	2 227	2 191	2 129	2 063	2 066
Beef cows	1 657	1 698	1 736	1 762	1 733
Breeding sheep	17 630	17 580	17 630	16 935	16 637
Breeding pigs	558	516	515	470	468
Fowls for breeding	11 307	10 988	10 125	8 561	9 273

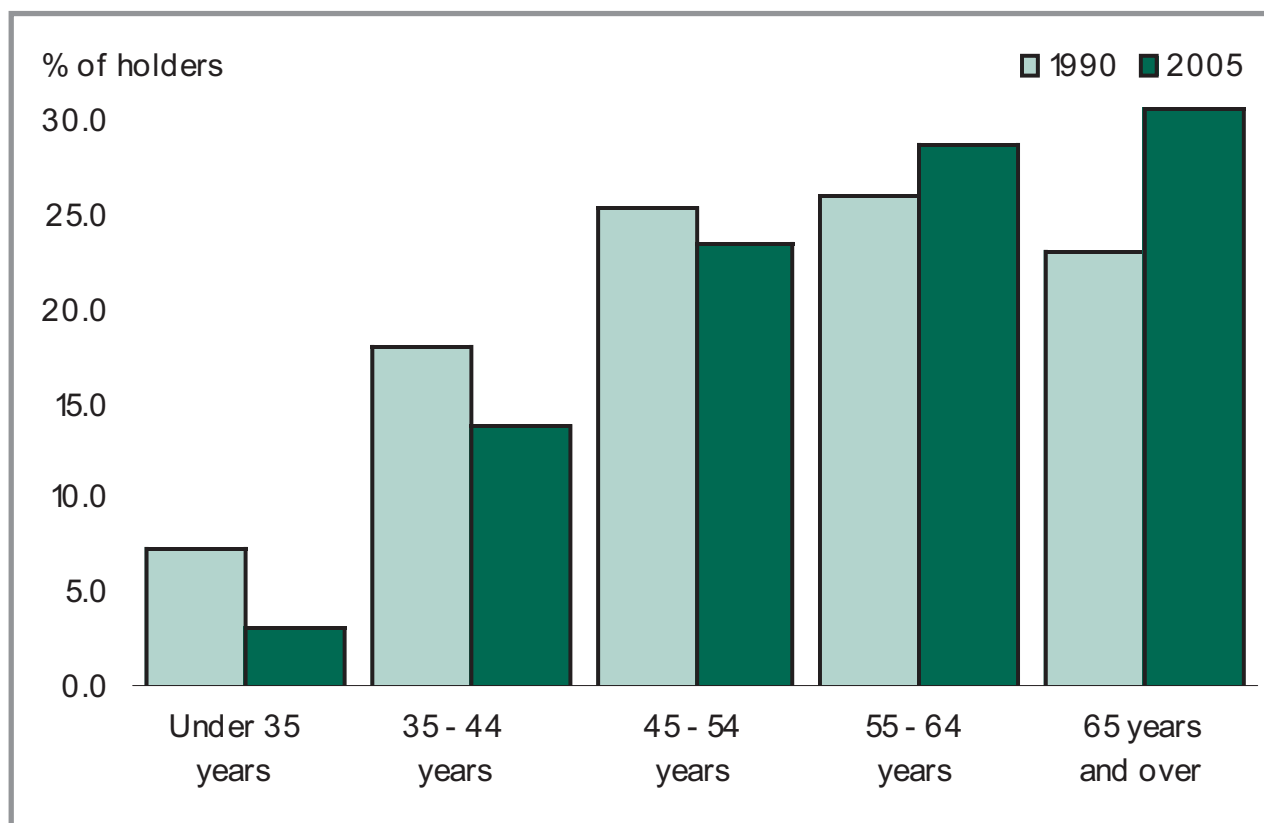
The sheep breeding flock totalled 17 million in June 2006; the fall in 2001 was a result of foot and mouth disease control measures.

The dairy herd has declined steadily due to increasing milk yields coupled with the limit of quota on milk production. The beef herd has shown a recovery in recent years to a high point of 1.8 million in June 2005.

The breeding pig herd declined from 0.8 million in June 1997 to 0.5 million in June 2005. The poultry breeding flock increased to a peak in 2001 but has since declined to 9.3 million in June 2006.

Structure of the Industry

Age of holders



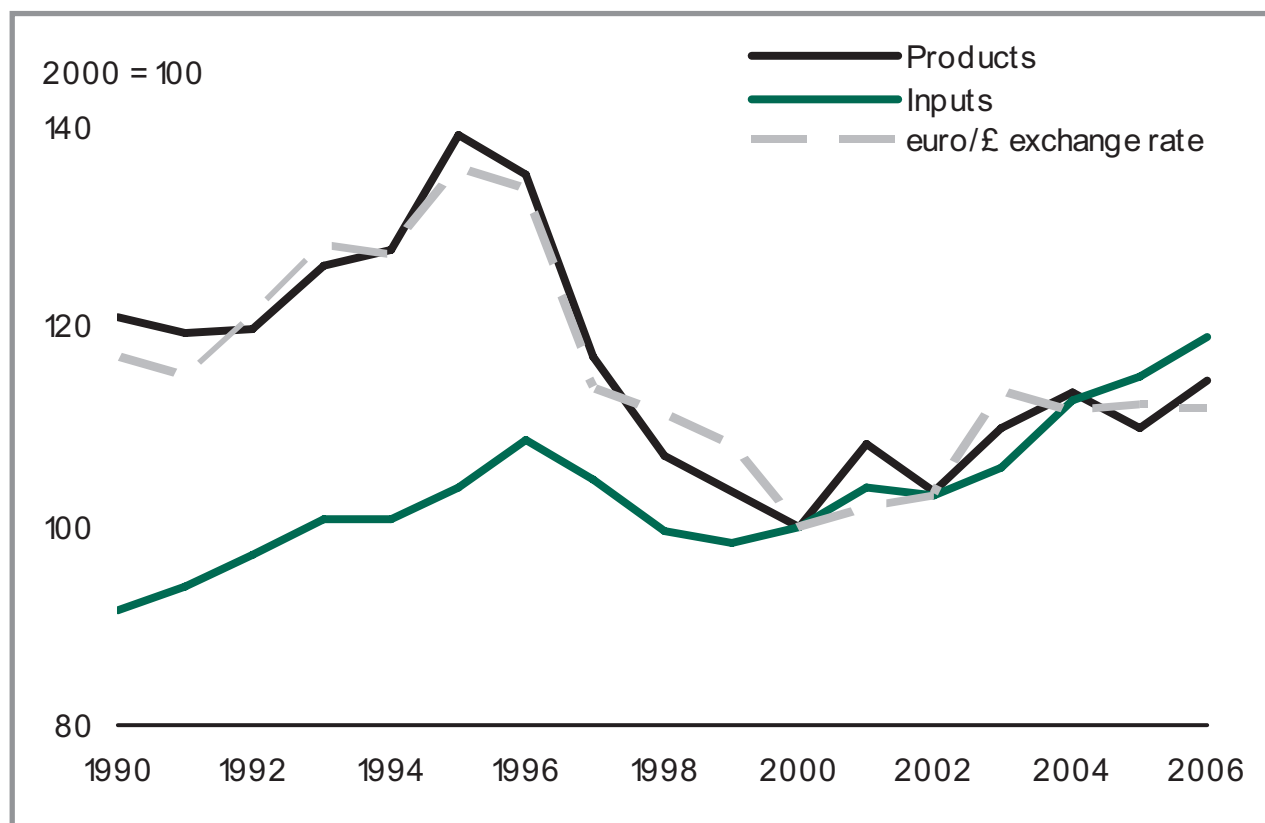
	Under % 35 years	35 - 44 years	45 - 54 years	55 - 64 years	65 years and over
1990	7.3	18.1	25.3	26.1	23.2
2005	3.1	13.8	23.5	28.9	30.7

The holder here is defined as the person in whose name the holding is operated and can either own or rent the holding, be a hereditary long-term leaseholder, a usufructuary or a trustee. The data in the chart relate to all holders whether or not the holder is also the manager of the holding but exclude holdings which are deemed not to have a single holder due to their legal status.

The average (median) age of holders has increased from 55 years in 1990 to 58 years in 2005. The median age is the middle age when the ages of all holders are put in ascending order. The proportions of holders that are aged '55 to 64 years' and '65 years and over' have increased while those aged 'under 35 years', '35 to 44 years' and '45 to 54 years' have fallen.

Prices

Price indices



2000 = 100	2002	2003	2004	2005	2006
Products	103.3	109.9	113.3	109.6	114.4
Inputs	103.2	105.9	112.5	115.0	119.0

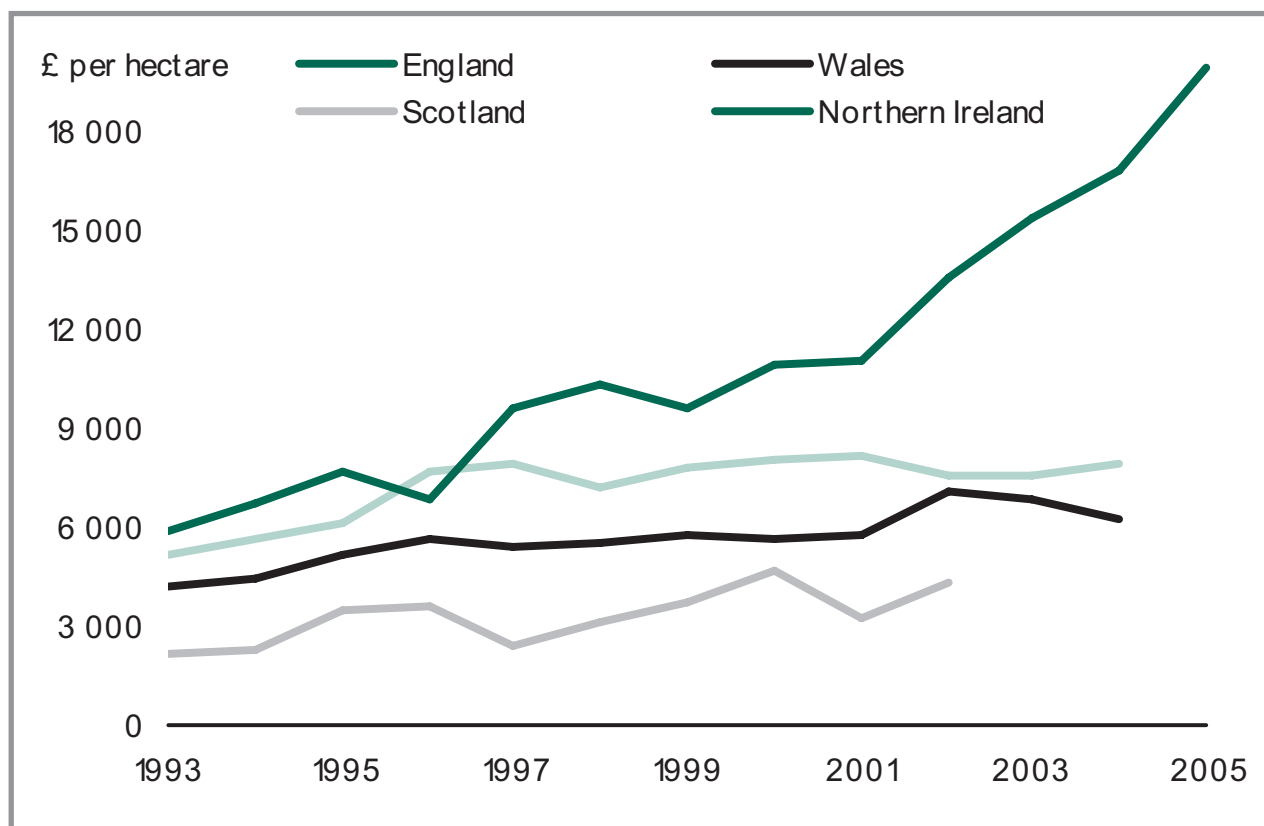
The average price of agricultural products was 14 per cent higher in 2006 than the low point in 2000. The average price of crop products has risen by 19 per cent since 2000 while the average price of livestock products has risen by 12 per cent.

In the same period, the average price of agricultural inputs has risen by 19 per cent. Inputs, such as feedingstuffs, fertilisers and energy, rose by 20 per cent while machinery, buildings and soil improvements, rose by 12 per cent.

Producer prices in the United Kingdom are heavily influenced by the euro/sterling exchange rate. Prices of inputs are less influenced by changes in the exchange rate.

Prices

Agricultural land



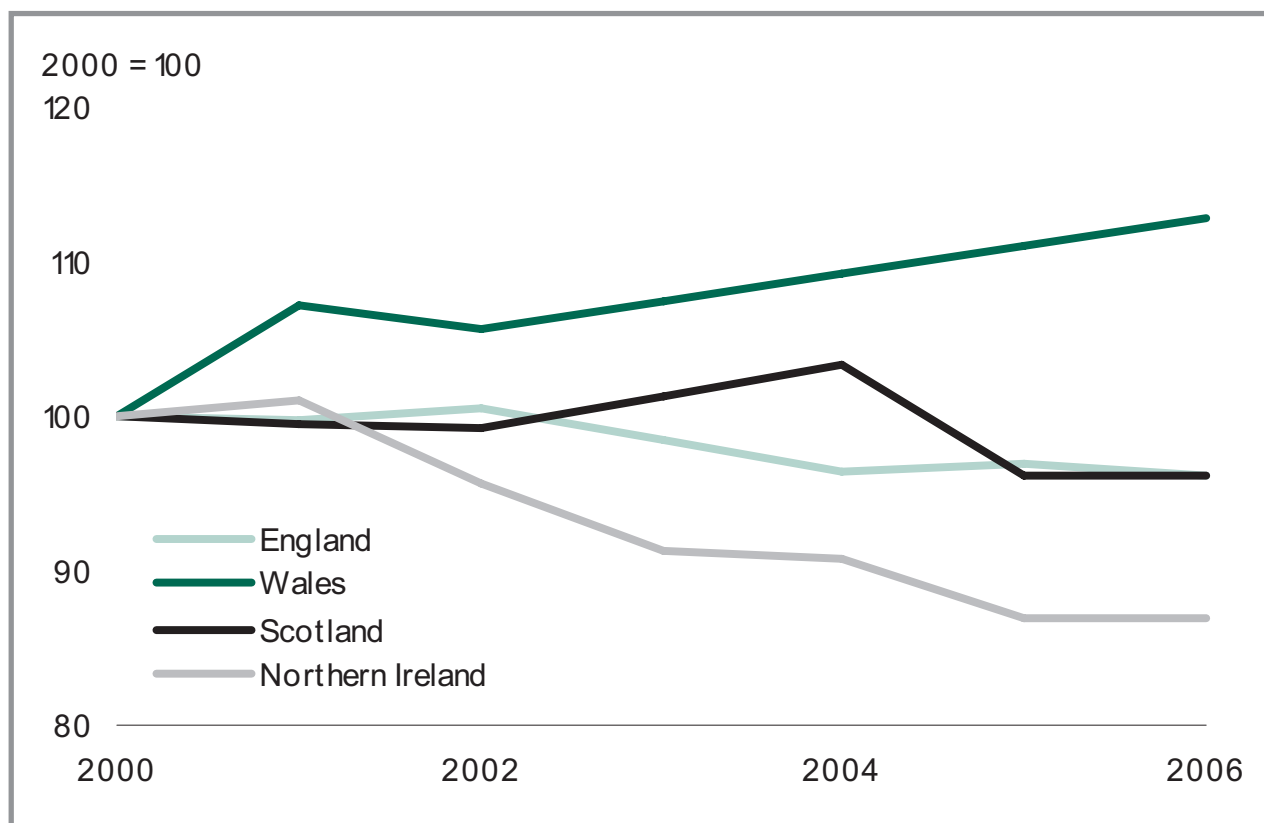
£ per hectare	2001	2002	2003	2004	2005
England	7 406	6 915	7 172	7 654	..
Wales	5 192	6 513	6 498	6 107	..
Scotland	2 894	3 984
Northern Ireland	9 961	12 456	14 475	16 286	19 837

The average price of agricultural land in England increased by 6.7 per cent in 2004 but fell in Wales by 6.0 per cent. The average price is expected to have increased in Northern Ireland by 22 per cent in 2005. These series are derived from Valuation Office Agency data for sales of most agricultural land.

The chart shows trends in agricultural land prices in real terms (that is, adjusted for inflation). Over the longer term, all of the four countries of the United Kingdom have shown upward trends since 1993. The average price of agricultural land in Northern Ireland has shown the most significant increase.

Prices

Farm rents

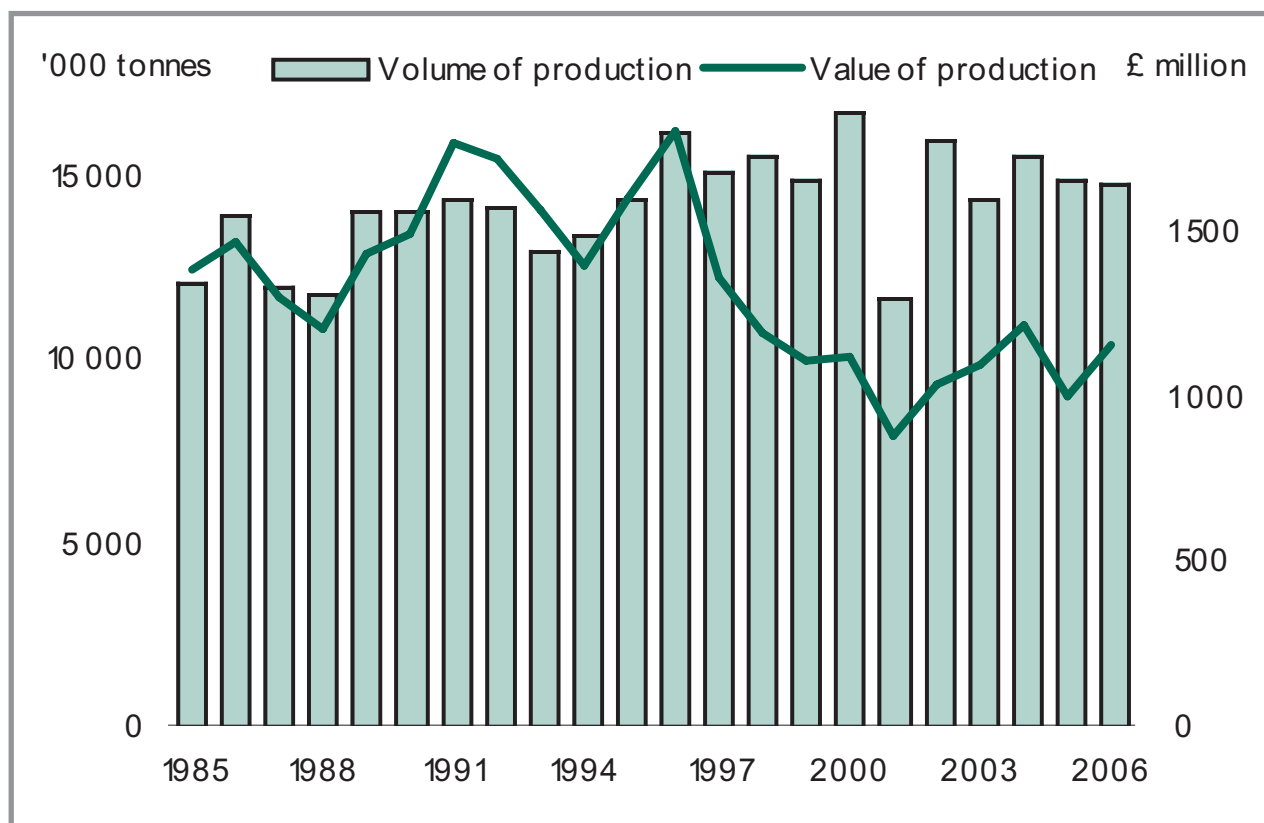


2000 = 100	2002	2003	2004	2005	2006
England	100.4	98.4	96.5	96.9	96.3
Wales	105.6	107.4	109.2	111.0	112.8
Scotland	99.3	101.4	103.4	96.0	96.0
Northern Ireland	95.6	91.2	90.7	86.8	86.8

Provisional results for Great Britain suggest a fall of 0.5 per cent in average farm rents in 2006. In England, average rents are estimated to have fallen by 0.7 per cent while rents for full agricultural tenancies are estimated to have fallen by 1.5 per cent.

Commodities

Wheat



	2002	2003	2004	2005	2006
Volume ('000 tonnes)	15 973	14 288	15 473	14 863	14 735
Value (£ million)	1 033	1 094	1 217	1 001	1 158

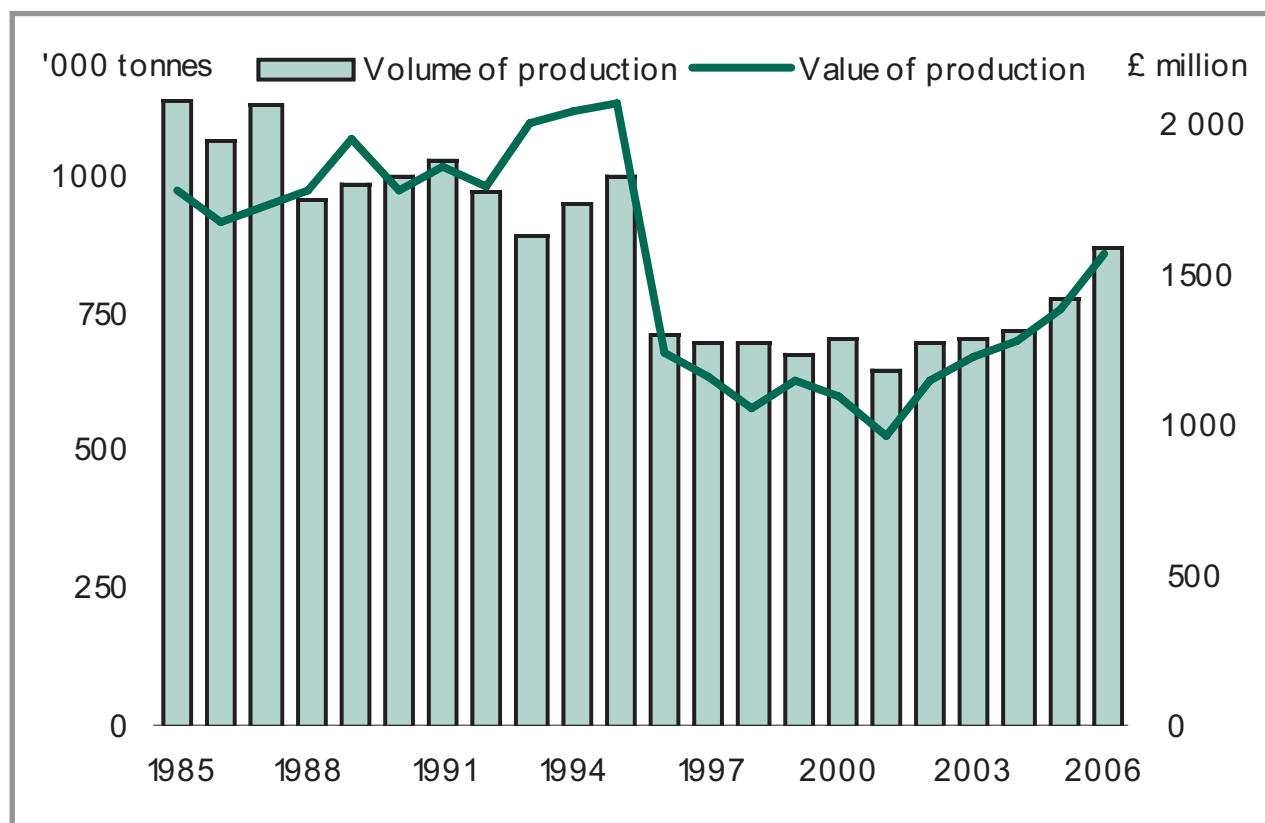
A fall of 1.8 per cent in the area of wheat planted in 2006 was partially offset by an increase in yield giving an overall fall in production of 0.9 per cent.

Prices were higher in 2006, closer to the prices in late 2003 and early 2004. The average price for milling wheat in 2006 rose by £10 per tonne to £83 per tonne and that for feed wheat rose by £12 per tonne to £78 per tonne. The value of production of wheat in 2006 increased by 16 per cent to £1.2 billion as a result of the higher prices.

The fall in the volume of production in 2001 was due to wet weather in the winter of 2000-01 and poor growing conditions in the spring.

Commodities

Beef



	2002	2003	2004	2005	2006
Volume ('000 tonnes)	694	703	722	776	869
Value (£ million)	1 146	1 227	1 278	1 389	1 568

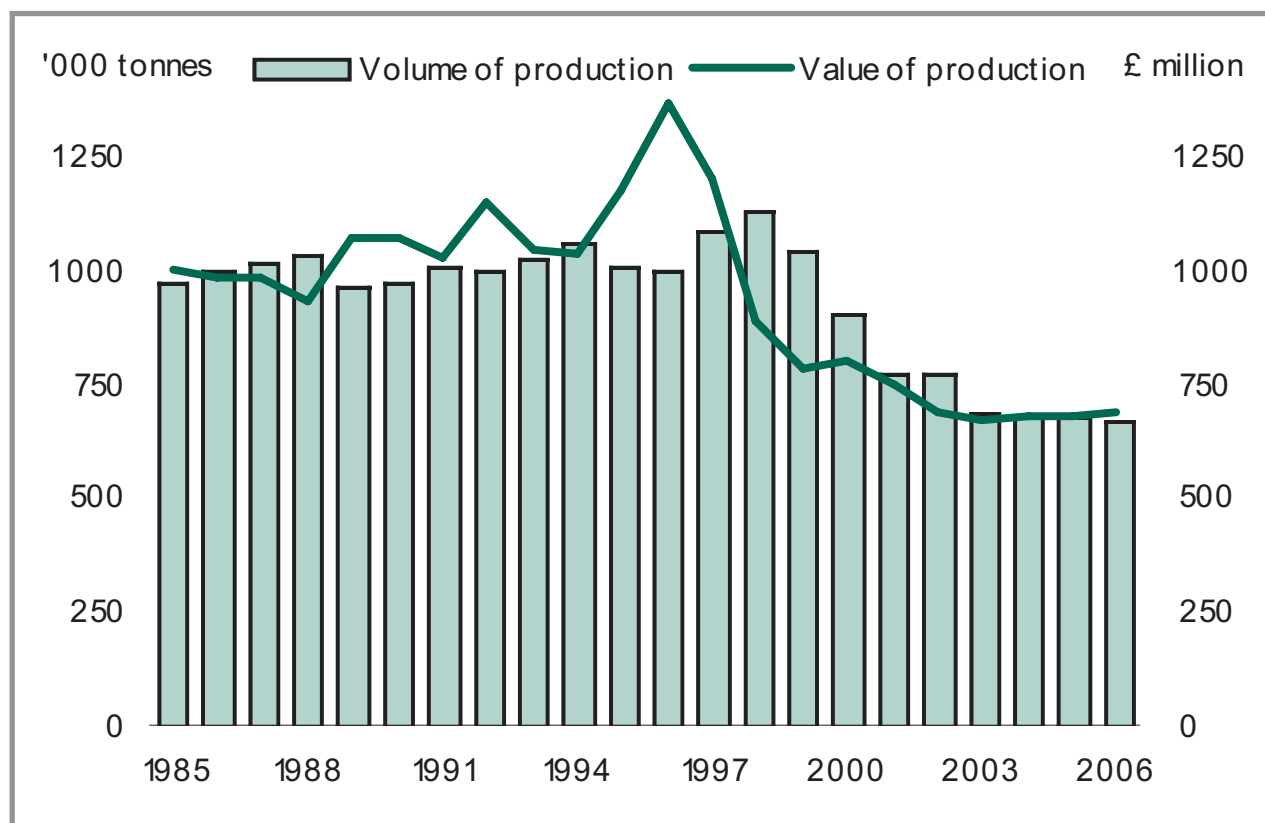
Production of beef and veal increased by 12 per cent to 869 thousand tonnes in 2006, mainly due to the ending of the Over Thirty Month Scheme in January 2006, which allowed adult cattle born after 1 August 1996 to enter the food chain.

The ban on exports of UK cattle and beef was lifted in May 2006 and helped strengthen prices. Finished cattle prices rose by 8.2 per cent to an average of 110.6 pence per kg liveweight. As a result of increased production and prices, the value of production rose by 13 per cent to £1.6 billion.

The fall in both volume and value of production in 1996 reflects the BSE crisis and the introduction of the Over Thirty Month Scheme, which removed older cattle from the food chain.

Commodities

Pigmeat



	2002	2003	2004	2005	2006
Volume ('000 tonnes)	774	688	678	675	670
Value (£ million)	687	672	679	678	687

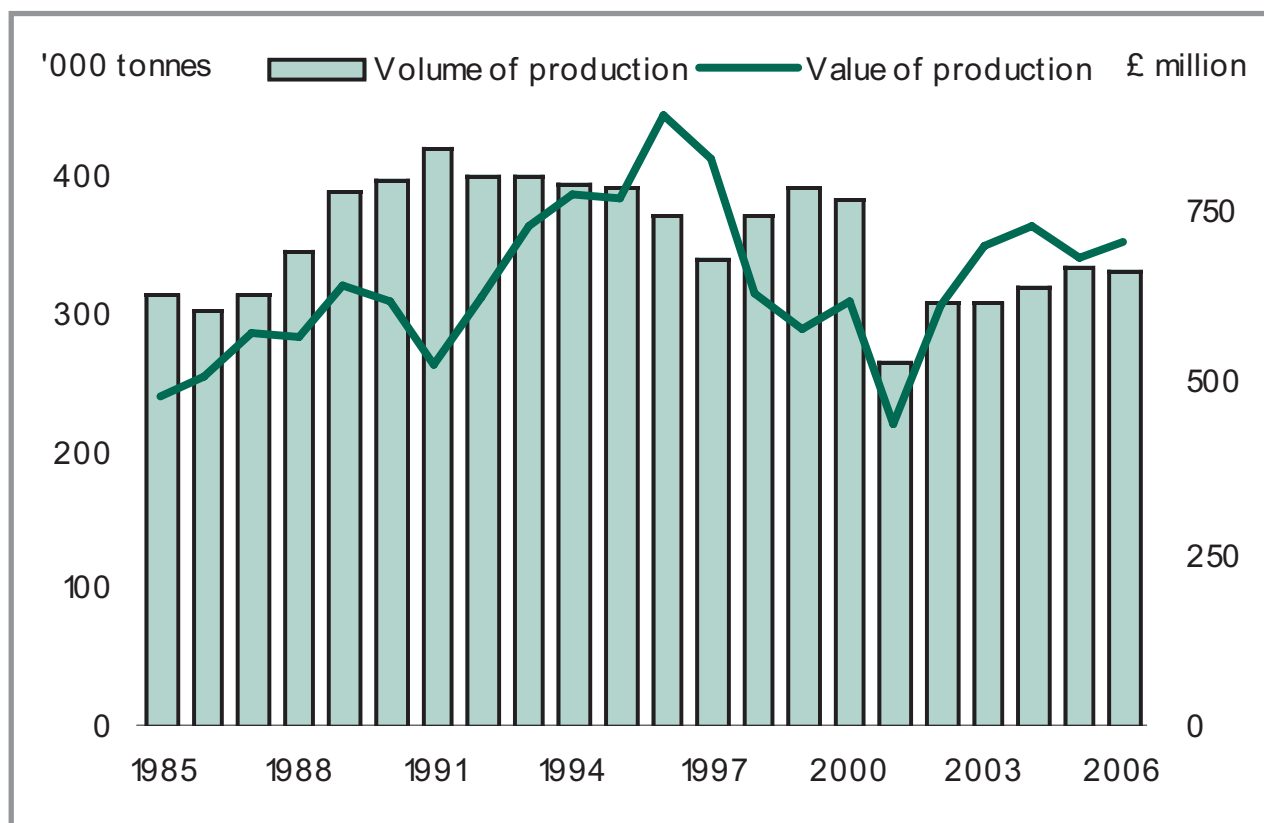
Marketings of clean pigs fell only slightly in 2006 as the levelling out of a decline seen since 1998 continued, reflecting a continuing recovery in sow productivity and better management of incidences of the pig wasting diseases PMWS and PNDIS. Average clean pig carcase weights were unchanged. Production of pigmeat fell slightly to 670 thousand tonnes.

Prices strengthened in the last six months of 2006, resulting in an increase in the average clean pig price to 104.2 pence per kg deadweight and an increase in the value of production to £687 million.

The peak in the value of production in 1996 reflected stronger prices as a result of increased demand for pork as consumers switched away from beef during the BSE crisis in that year.

Commodities

Lamb and mutton



	2002	2003	2004	2005	2006
Volume ('000 tonnes)	307	310	319	336	333
Value (£ million)	613	698	726	683	702

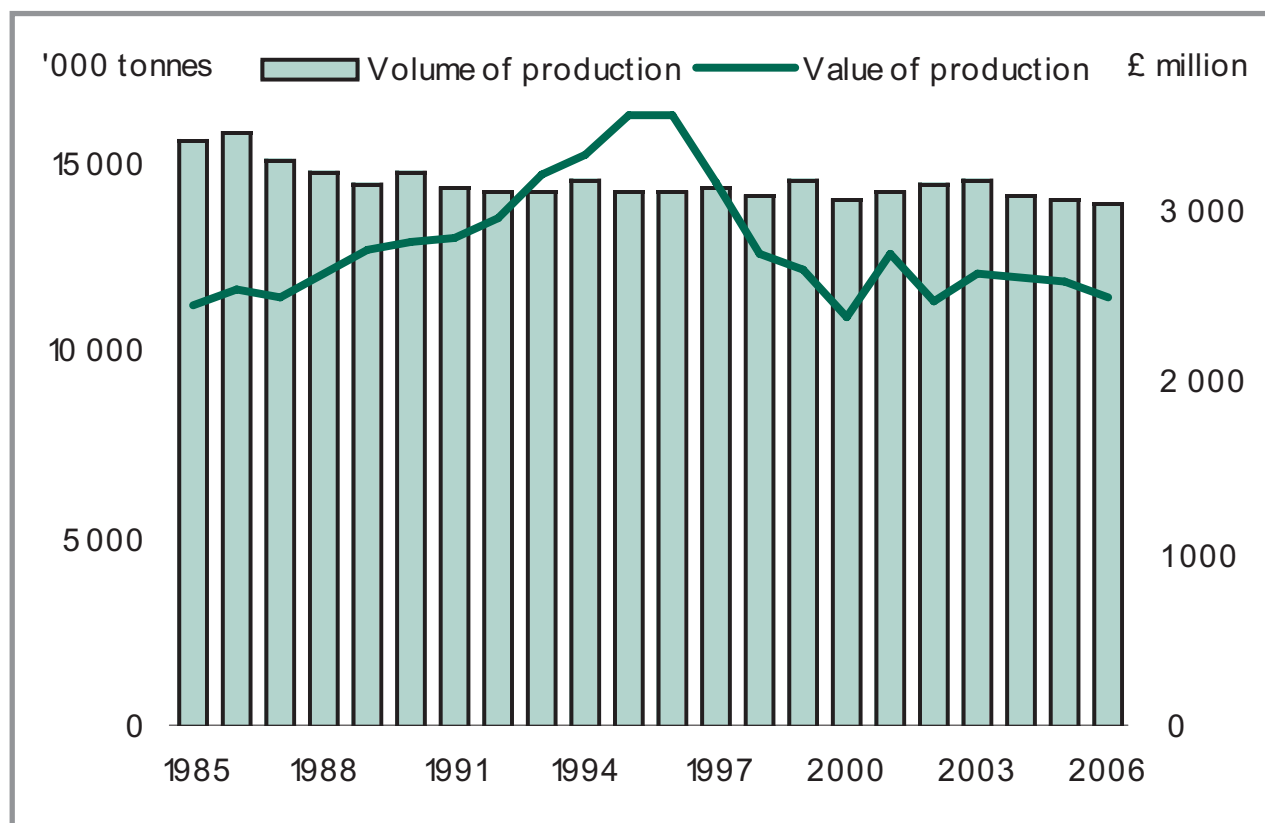
Clean sheep marketings remained fairly static in 2006 compared to 2005 while average carcase weights were slightly down at about 19 kg per head. Production of lamb and mutton therefore dropped a little to 333 thousand tonnes.

Prices for finished sheep rose by 4.5 per cent, offsetting the fall in production. Consequently, the value of production of lamb and mutton rose by 2.7 per cent in 2006 to £702 million.

The dip in the volume of production in 2001 was a result of disease control measures during the outbreak of foot and mouth disease in that year.

Commodities

Milk



	2002	2003	2004	2005	2006
Volume ('000 tonnes)	14 448	14 587	14 139	14 065	13 945
Value (£ million)	2 466	2 629	2 611	2 593	2 501

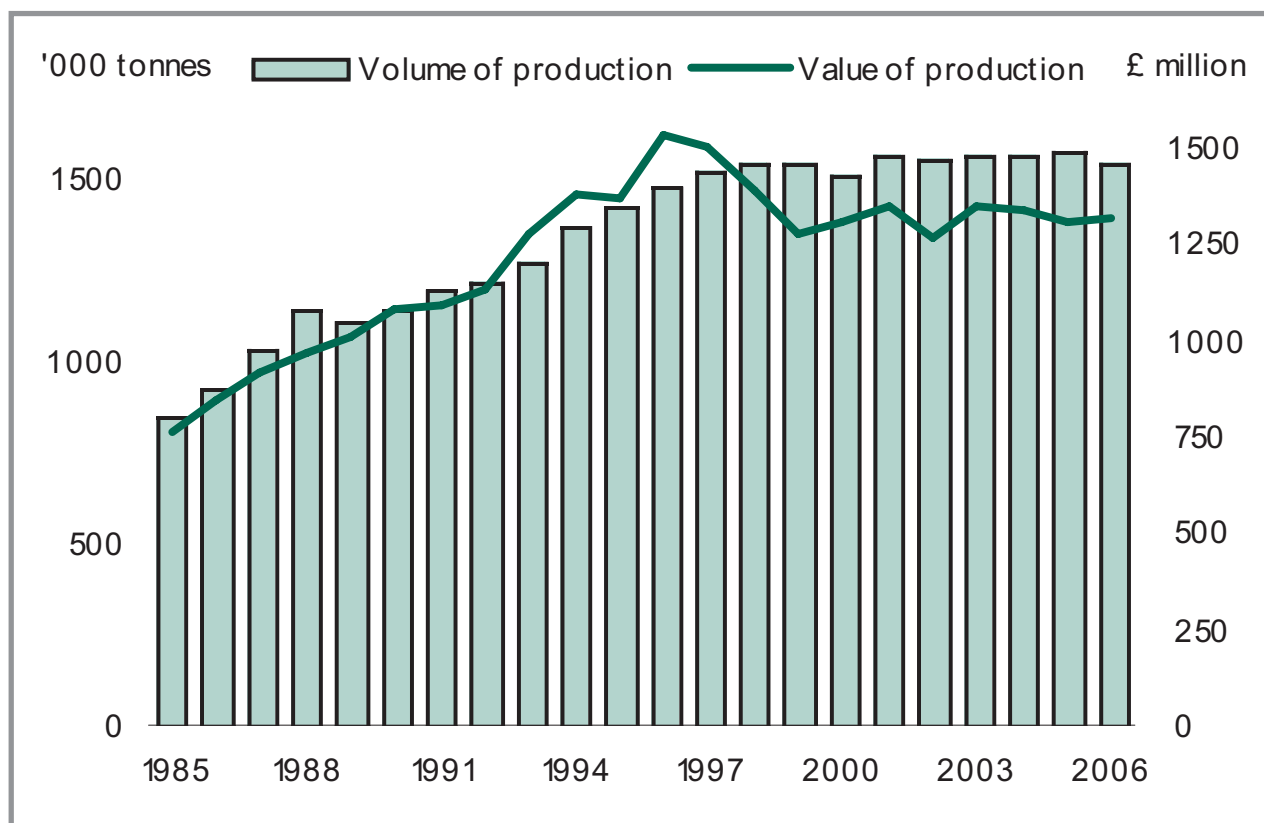
Production of milk fell for the third year in a row in 2006 to just below 14 million tonnes. Milk production is limited by quota and consequently is about 14 to 15 million tonnes every year.

The average farmgate price of milk fell by 0.5 pence per litre in 2006 to 18.0 pence per litre, which, coupled with the fall in production, led to a fall in the value of production to £2.5 billion. There was no superlevy charge in 2006 as the United Kingdom was under the national quota level in the 2005/06 quota year.

The fall in the value of production after 1996 was due to a fall in the farmgate price of milk following the deregulation of milk marketing boards in 1994 and 1995. Farmgate prices of milk have since been predominantly driven by commodity prices.

Commodities

Poultrymeat



	2002	2003	2004	2005	2006
Volume ('000 tonnes)	1 557	1 570	1 564	1 582	1 544
Value (£ million)	1 261	1 343	1 332	1 302	1 315

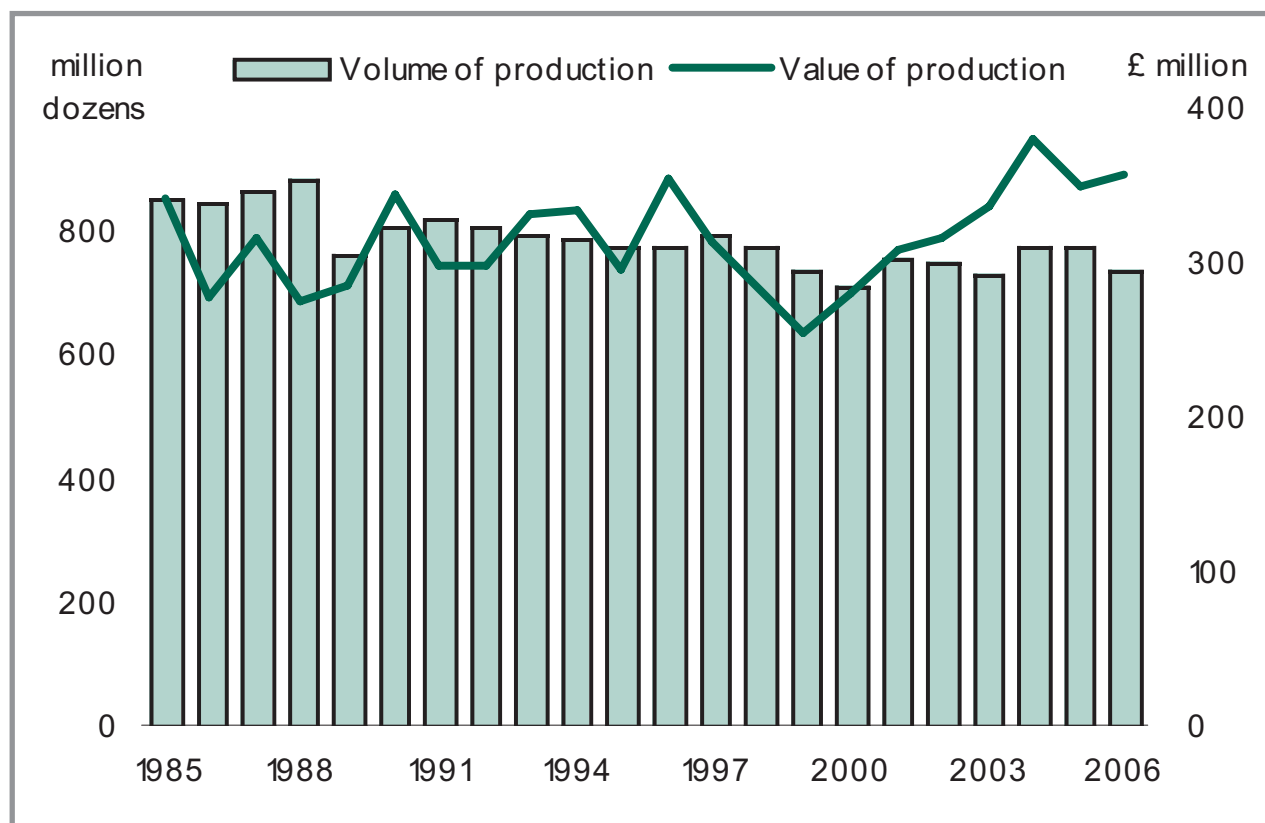
Slaughterings of poultry fell by 2.5 per cent in 2006 leading to a fall in the production of poultrymeat to 1.5 million tonnes.

The value of production of poultrymeat rose by 1.0 per cent to £1.3 billion with higher prices offsetting a 2.4 per cent fall in the quantity of poultrymeat produced. About 75 per cent of the value of poultrymeat comes from the production of chicken, other table fowls and boiling fowls.

Producer prices for poultry fell after 1997 due to downward pressure arising from competition from low priced imported poultry meat, particularly from third world countries such as Brazil and Thailand, leading to a corresponding fall in the value of production.

Commodities

Eggs



	2002	2003	2004	2005	2006
Volume (million dozens)	746	733	778	772	738
Value (£ million)	314	337	380	350	357

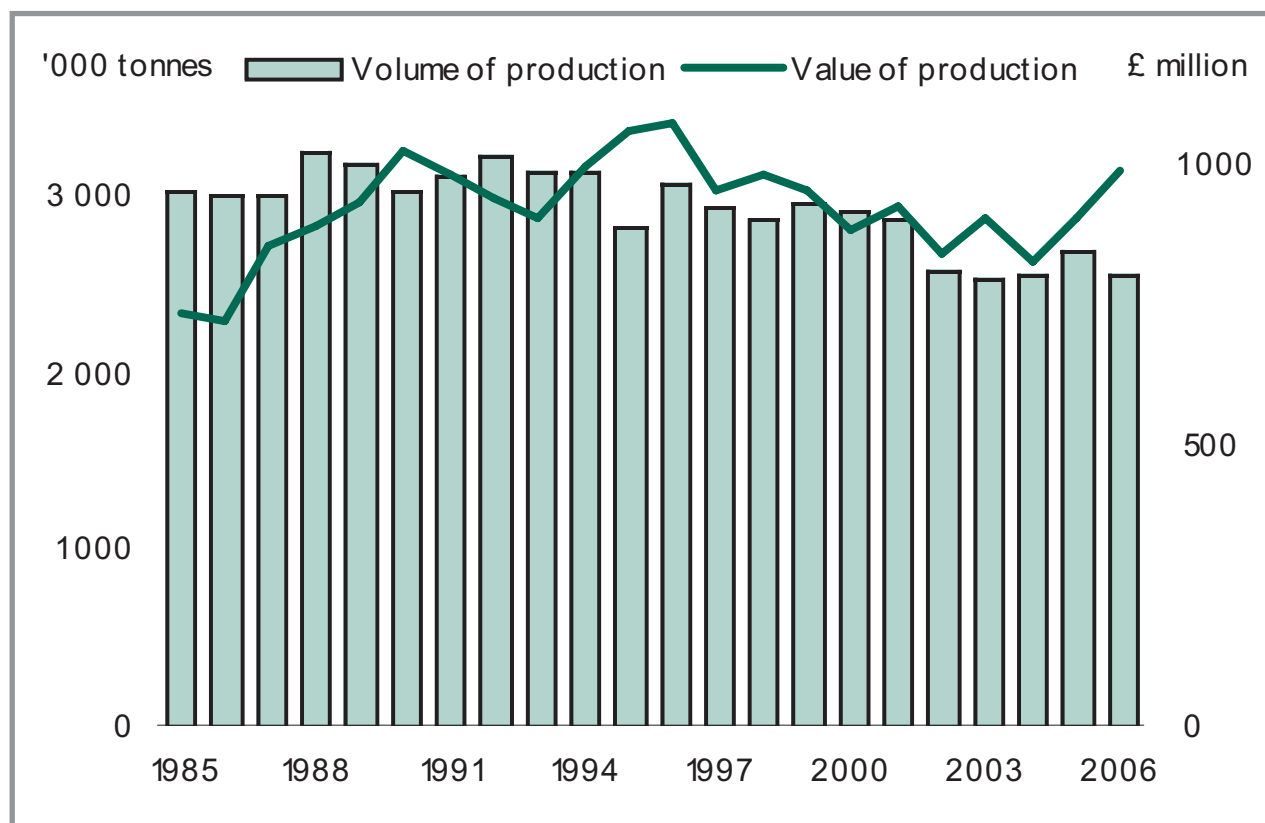
The total quantity of eggs produced for human consumption fell by 4.4 per cent to 738 million dozen. Production of processed eggs accounted for 25 per cent of total production and eggs sold in shell accounted for 75 per cent.

The weighted average price of eggs graded in the United Kingdom rose by 6.7 per cent to 48.3 pence per dozen. The value of production of eggs produced for human consumption in 2006 rose by 2.0 per cent to £357 million as the increase in prices offset the fall in production.

Producer prices for eggs fell in 1999 following the discovery of dioxins in poultry feeds in Belgium, leading to a fall in the value of production in that year.

Commodities

Fresh vegetables



	2002	2003	2004	2005	2006
Volume ('000 tonnes)	2 573	2 543	2 556	2 686	2 564
Value (£ million)	841	901	824	904	986

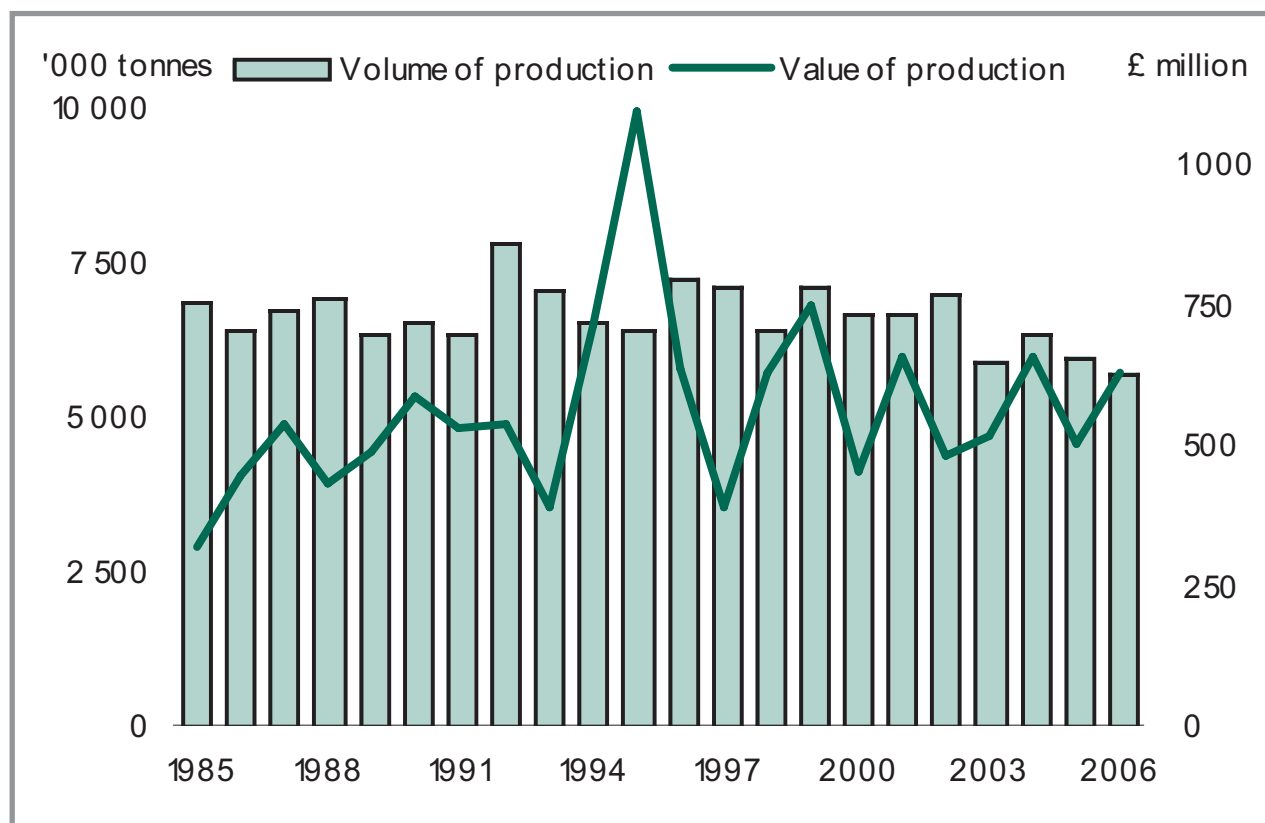
The area of field vegetables grown in the open rose slightly in 2006 to 122 thousand hectares, while the value of production rose by 10 per cent to £729 million. The area of protected vegetables fell by 9.0 per cent but the value of production rose by 6.2 per cent to £257 million.

The exceptional hot weather in July resulted in reduced demand for brassicas and irrigation was a concern prior to August. Production costs rose for some growers due to drought conditions in June and July.

The value of production of cabbages rose by 13 per cent to £66 million due to increased yields and prices for summer, autumn and winter varieties. The value of production of carrots fell by 7.0 per cent to £88 million. The value of production of mushrooms fell by 4.9 per cent to £99 million as the industry faced strong competition from imports.

Commodities

Potatoes



	2002	2003	2004	2005	2006
Volume ('000 tonnes)	6 966	5 918	6 316	5 961	5 684
Value (£ million)	480	517	654	503	625

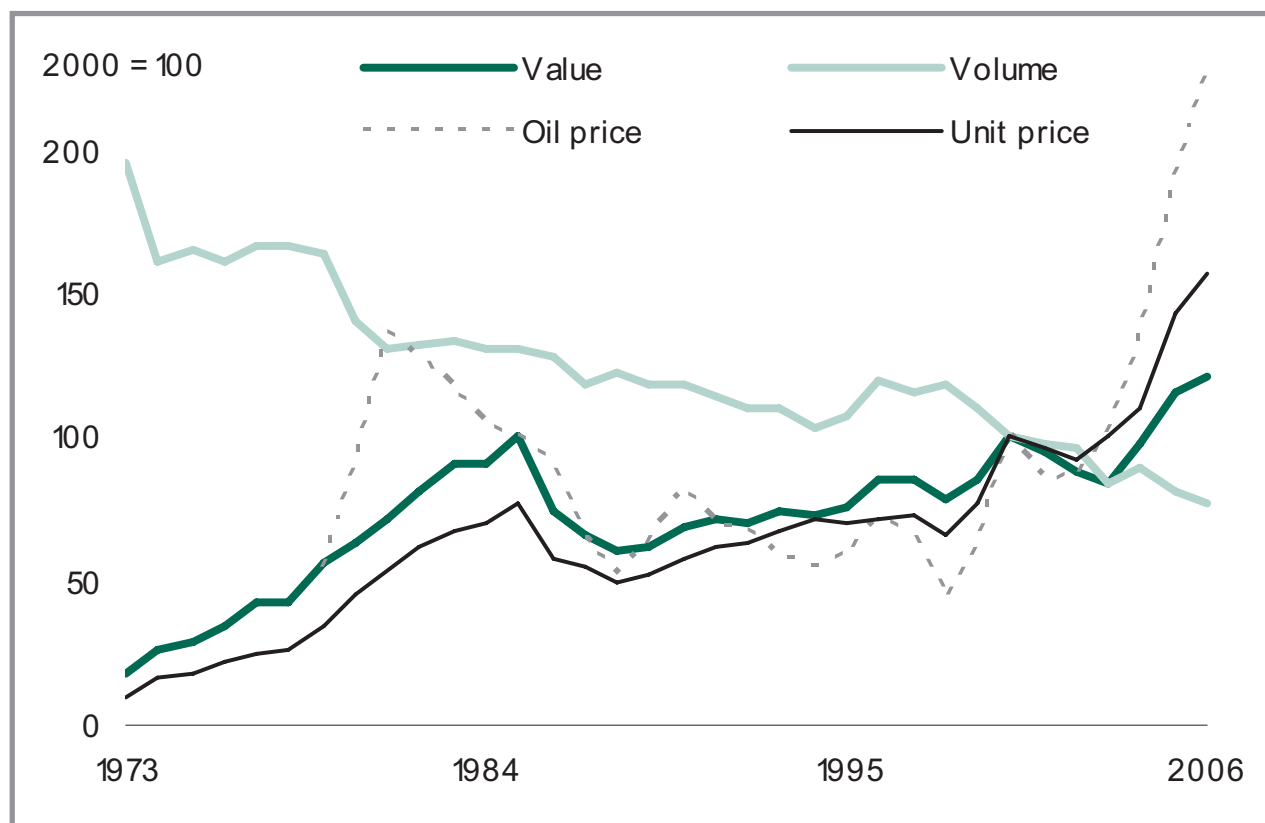
The area used for potatoes increased by 2.8 per cent in 2006. The yield for early potatoes was 8.7 per cent higher than in 2005, while yields for the main crop were 8.4 per cent lower. An overall fall in yield offset the higher crop area and production of potatoes fell by 4.6 per cent to 5.7 million tonnes.

Lower yields and reduced imports helped prices to recover from the low levels seen in 2005 and increase by 25 per cent. Despite lower production, the higher prices resulted in an increase of 24 per cent in the value of production to £625 million in 2006.

The spike in the value of production in 1995 was due to higher prices as a result of reduced quantities of good quality potatoes on world markets following hot, dry weather.

Intermediate consumption

Fuels



2000 = 100	2002	2003	2004	2005	2006
Value	88	84	98	116	121
Volume	96	84	89	81	77
Unit price	92	101	110	143	157

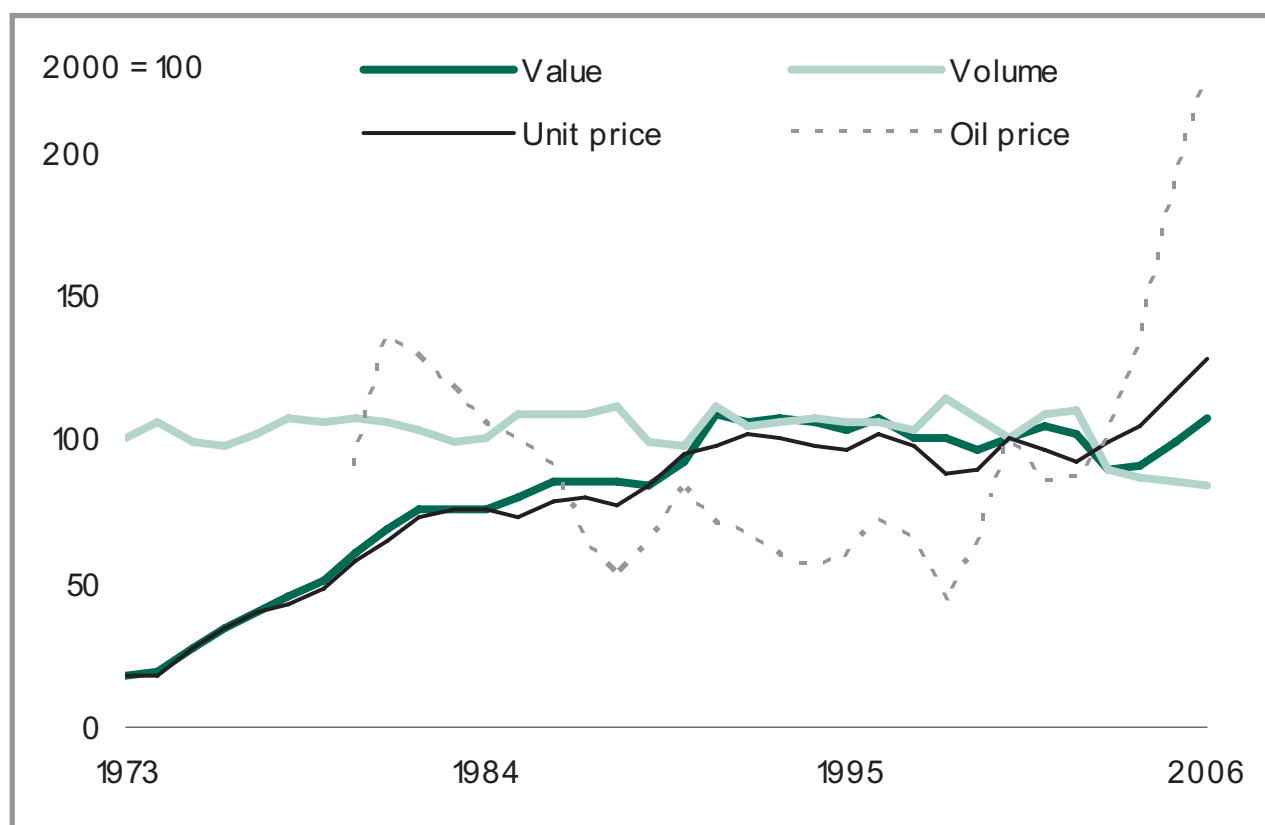
The average unit price of fuel is influenced by the trend in oil prices, although the oil price is more volatile. The chart includes the trend in prices for Brent crude oil, which is widely used to determine crude oil prices in Europe.

Expenditure on fuels has followed the trend in the unit price and has risen by over 500 per cent since 1973 with a notable peak in 1985. Expenditure in 2006 is estimated to be over £500 million.

There has been a declining trend in the volume of fuels purchased, which has fallen by 60 per cent since 1973. The fall in usage has only partially offset the effect of the increase in the unit price.

Intermediate consumption

Electricity



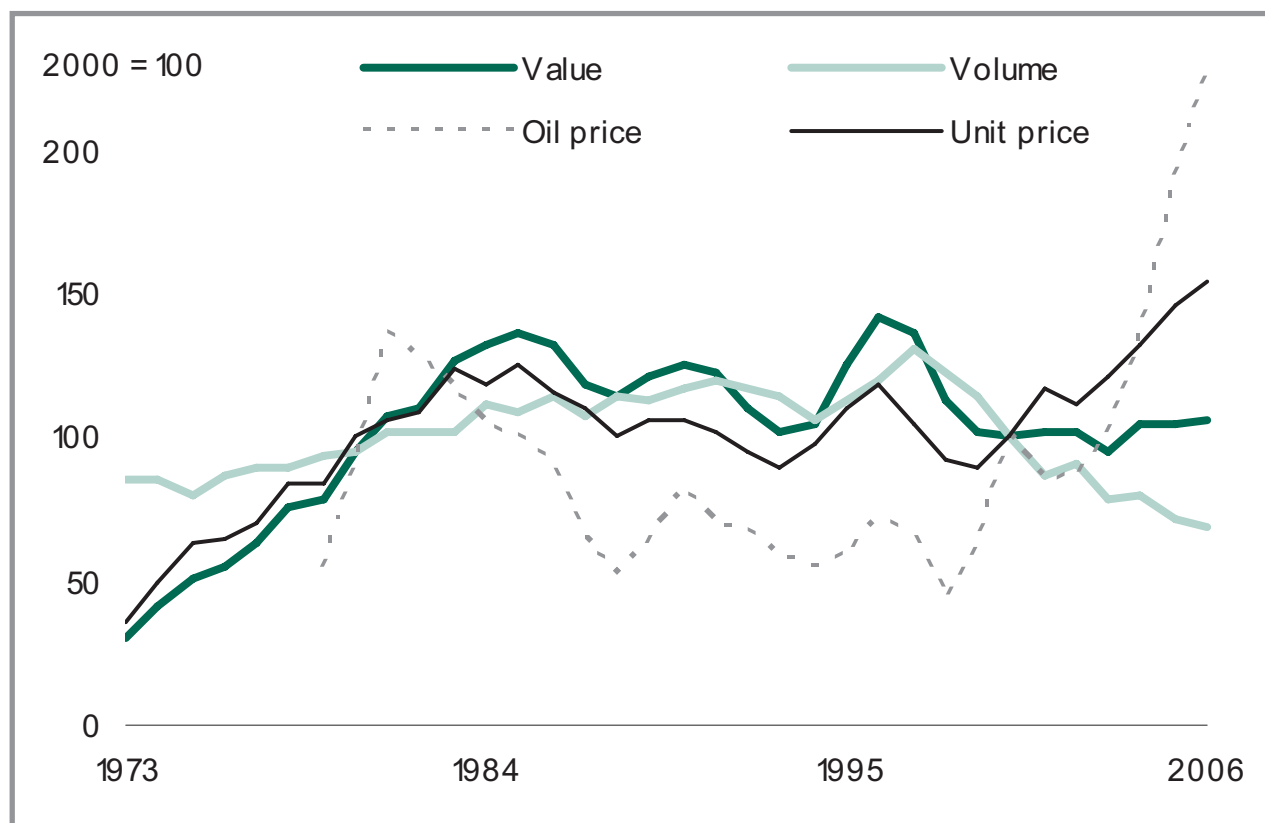
2000 = 100	2002	2003	2004	2005	2006
Value	102	89	91	100	107
Volume	110	90	87	85	83
Unit price	93	99	105	117	128

Electricity is also a significant source of energy, used primarily for stationary activities, such as facility operations and dairies.

The volume of electricity used has remained fairly constant since 1973, only declining after 2002. Consequently, expenditure has closely followed the trend in the unit price and has risen over 500 per cent since 1973. Expenditure in 2006 is estimated to be about £250 million.

Intermediate consumption

Fertiliser



2000 = 100	2002	2003	2004	2005	2006
Value	102	94	105	104	107
Volume	91	78	79	71	69
Unit price	112	121	133	146	155

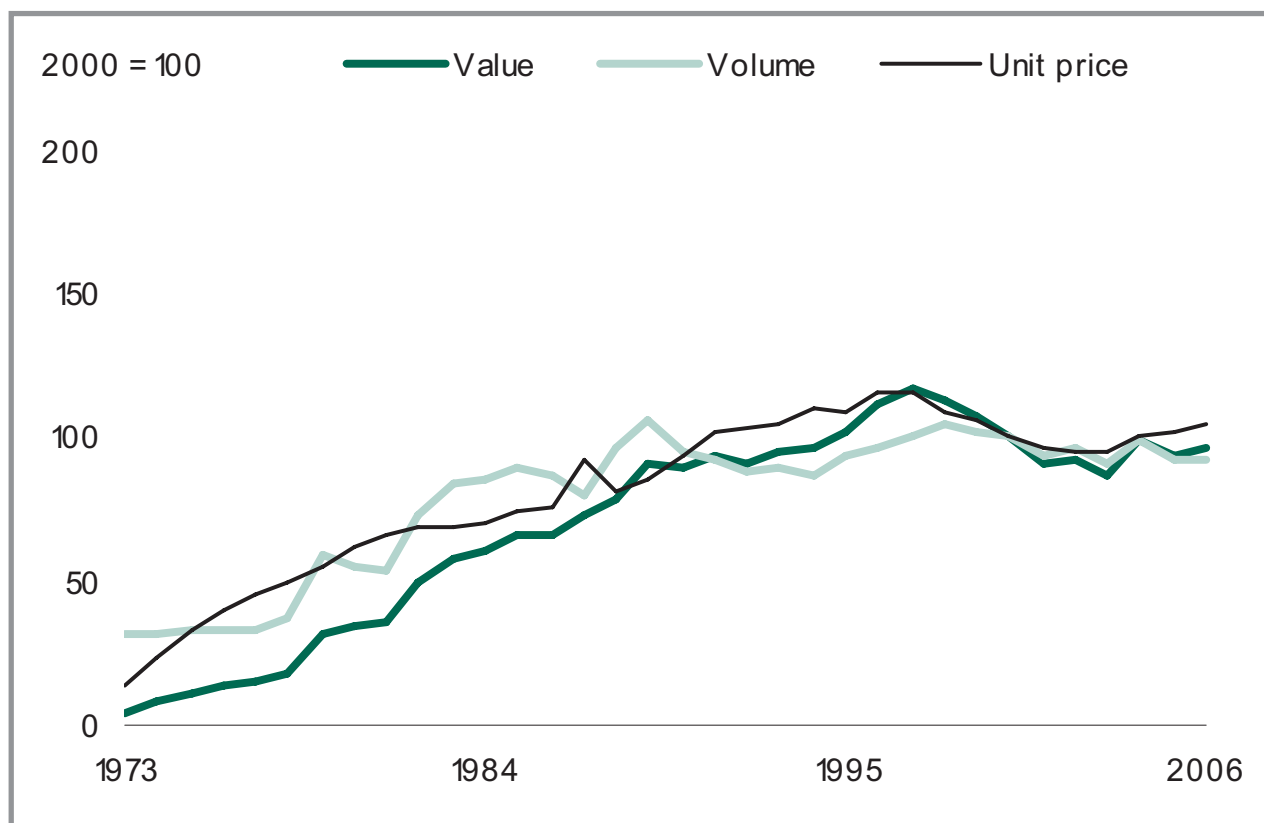
The price of oil not only affects the price of fuels, it also affects other input costs such as fertiliser, which has an energy intensive manufacturing process. The price of natural gas, used to synthesise atmospheric nitrogen, is a significant driver of the cost and is linked to the oil price.

The volume rose gradually from 1973 to the early 1990s. After declining slightly, it rose again to a peak in 1997 as the area of land under tillage increased. Since 1997, the volume has fallen by almost 50 per cent.

Expenditure has largely followed the trend in the unit price only diverging from it after 2000 since when it has remained fairly constant at around £750-800 million.

Intermediate consumption

Pesticides



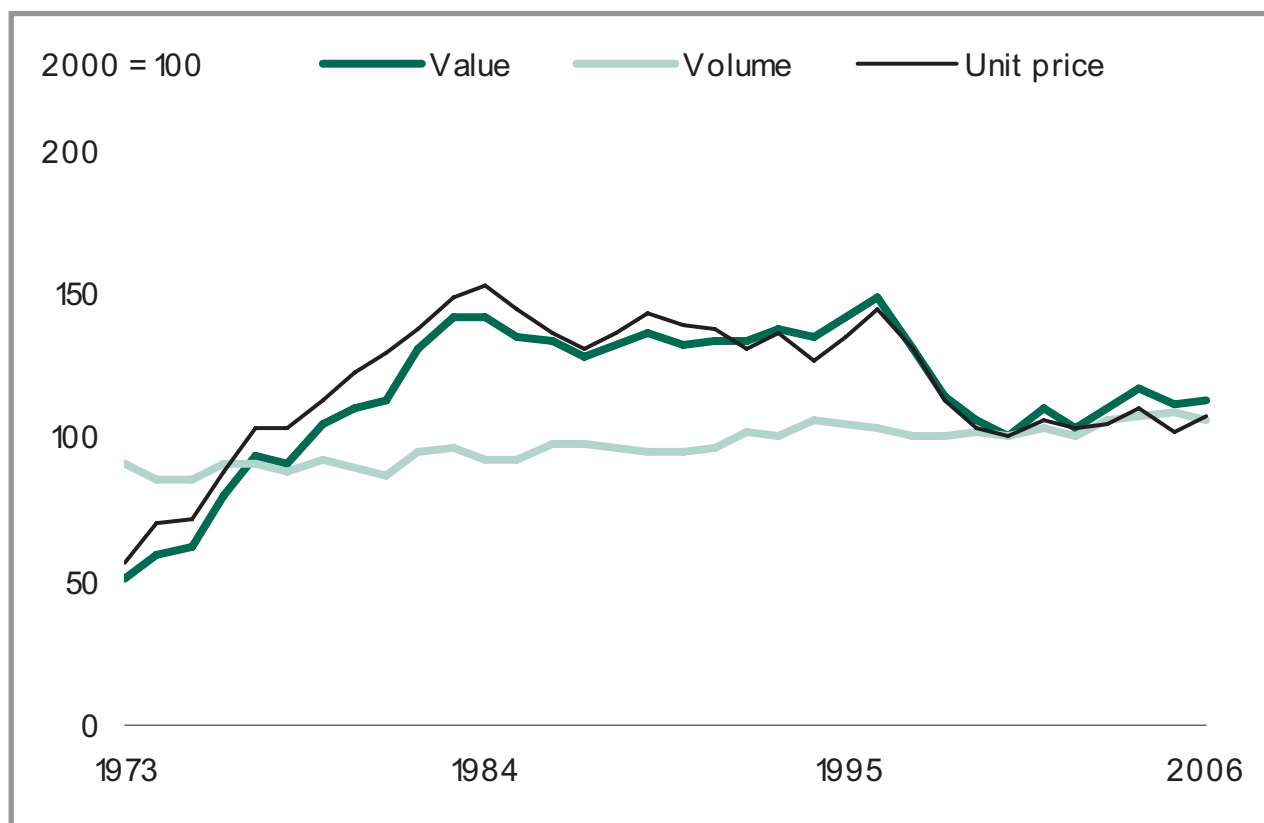
2000 = 100	2002	2003	2004	2005	2006
Value	92	86	100	94	97
Volume	96	90	99	92	92
Unit price	96	96	100	102	105

Oil and gas are also used in the production of many herbicides and pesticides as raw materials and energy but use is relatively small compared to that for the manufacture of fertiliser. Prices during the 1990s were in part shaped by exchange rate movements.

The volume shows an upward trend from 1973 to a peak in 1997 and then a decline of about 15 per cent. Expenditure has largely followed the trend in the volume and is now about £550 million.

Intermediate consumption

Animal feed

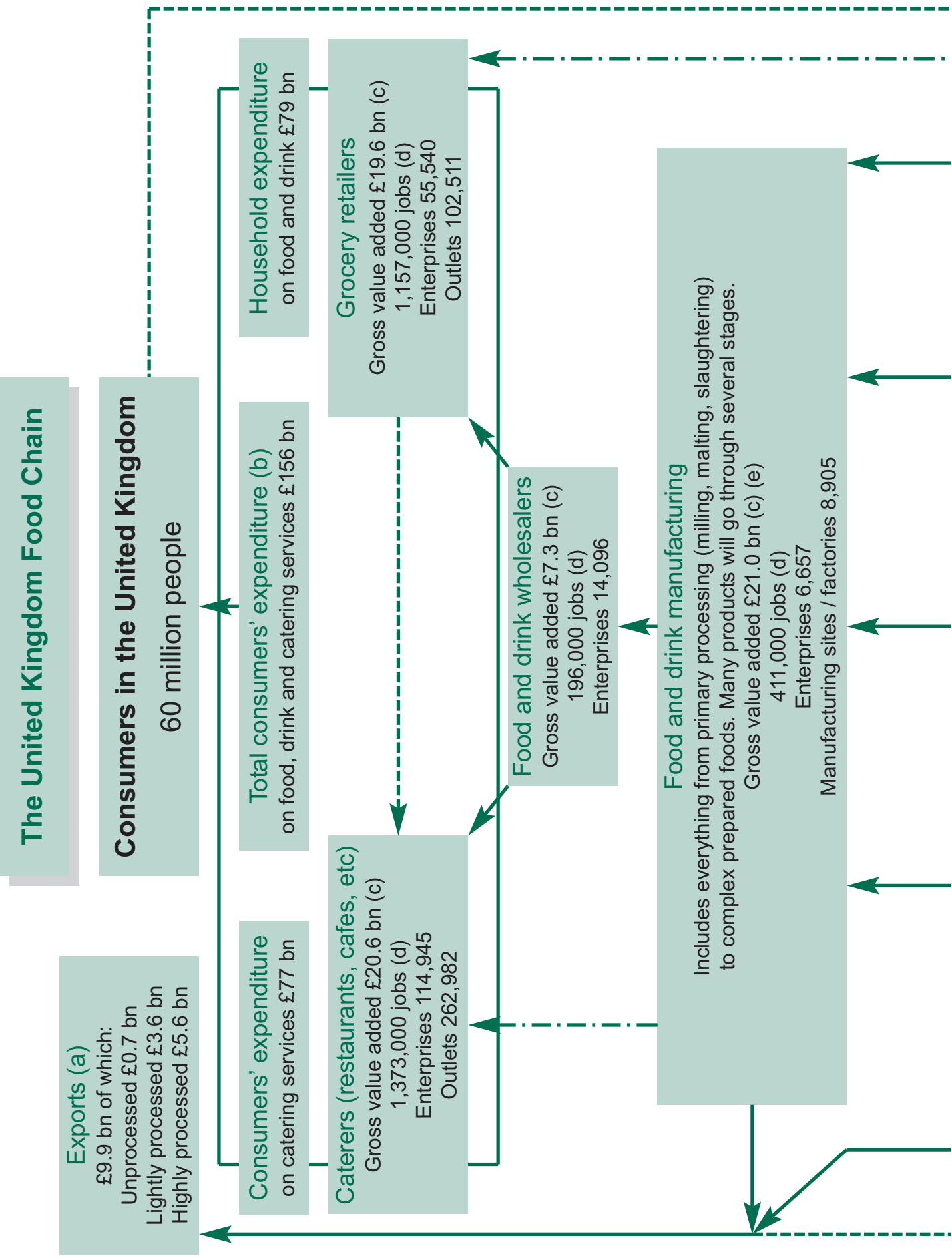


2000 = 100	2002	2003	2004	2005	2006
Value	104	111	118	112	113
Volume	101	105	107	109	106
Unit price	103	105	110	102	107

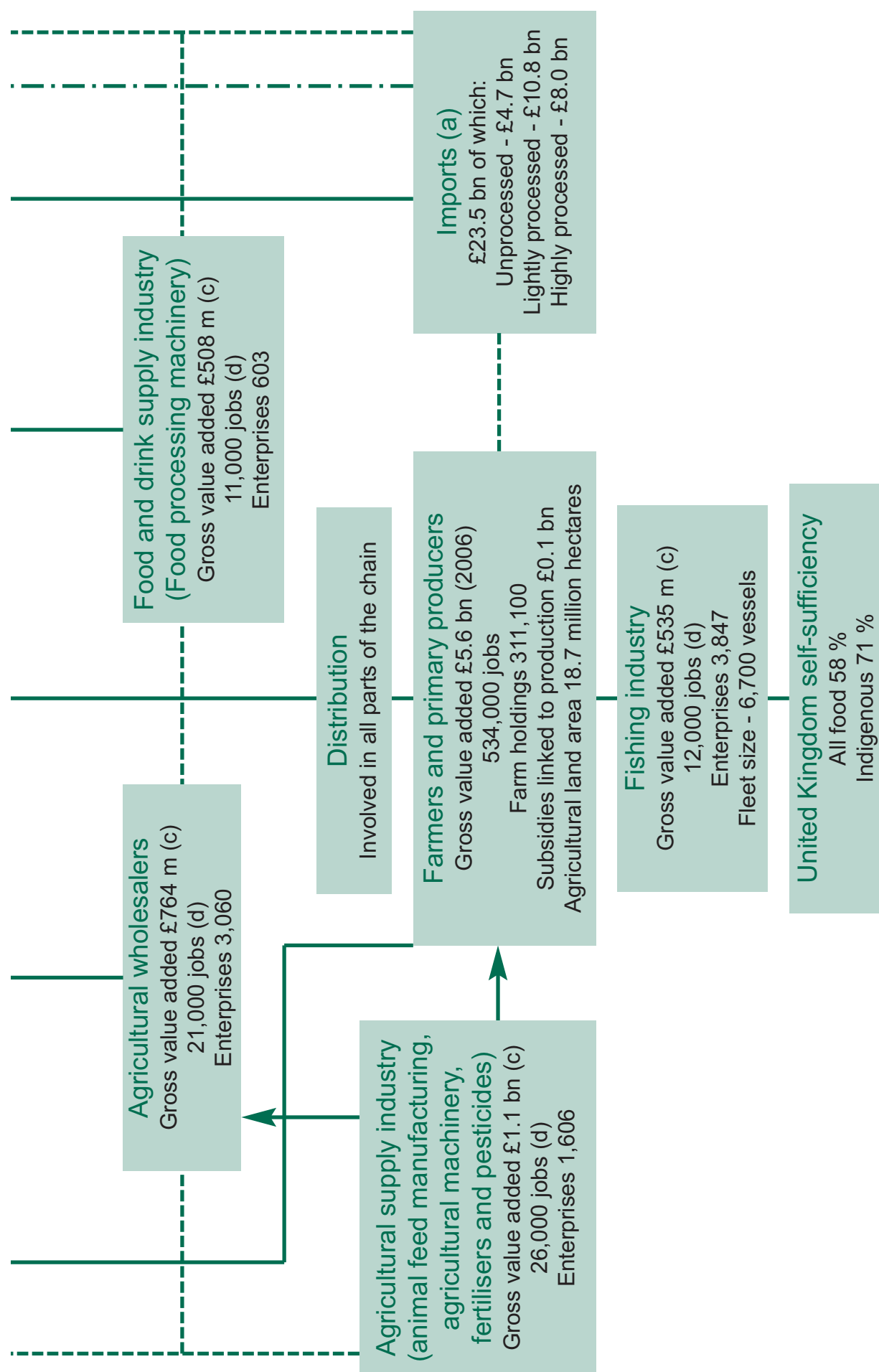
Expenditure on animal feed rose steeply from 1973, levelled out after the introduction of milk quota in 1984 and fell sharply after 1996, largely as a result of a fall in commodity prices shaped by exchange rates and world prices, before levelling out from 2000 at about £2.4 billion. Prices for feed wheat, barley and oats were higher in 2006 while compound feed prices in 2006 were similar to 2005.

The volume of feed consumed rose between 1973 and 2006. Production increased in 2006, particularly production of cattle and sheep compounds as wet weather in spring reduced availability of fodder and silage. Production of poultry compound feed fell as a result of reduced consumer demand for poultry in early 2006 following outbreaks of avian influenza outside the United Kingdom.

Food chain



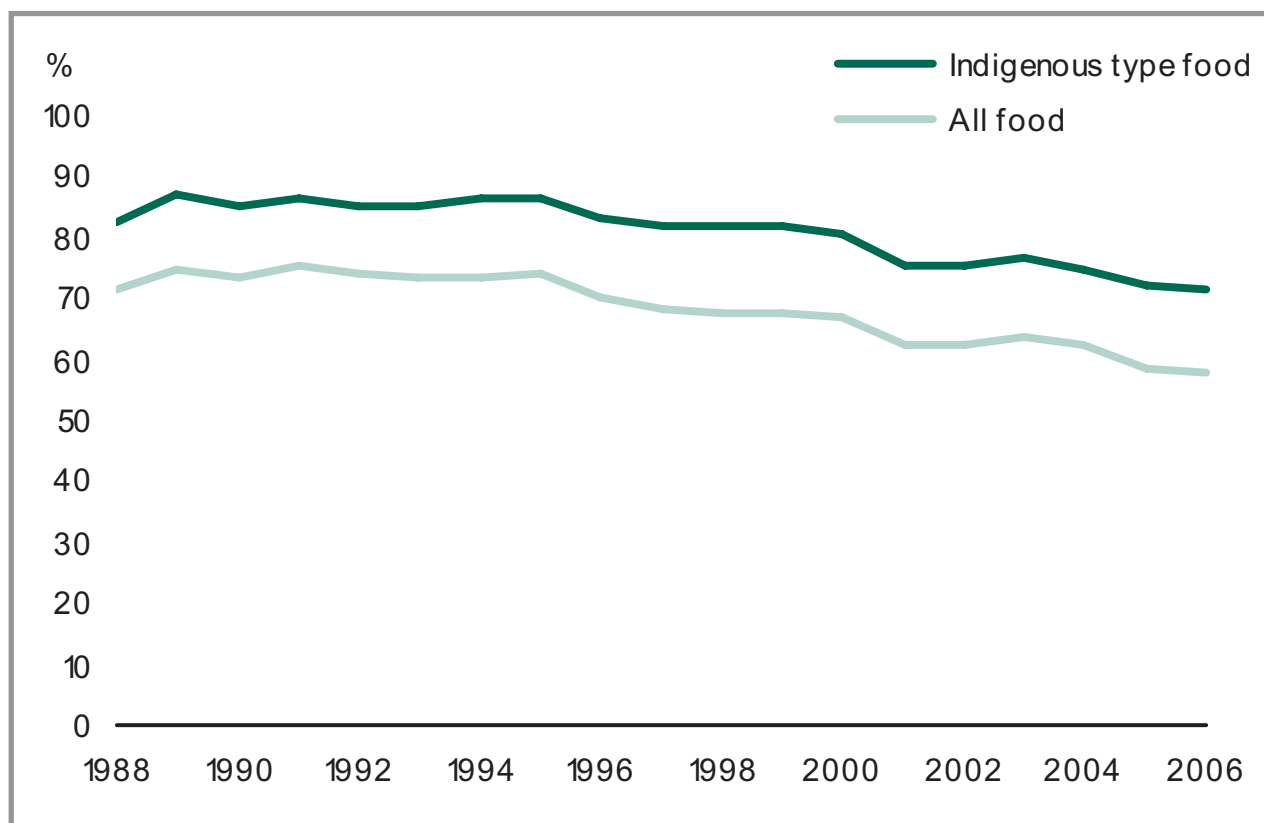
Food chain



- (a) Overseas Trade data are provisional for the full year 2006 from HM Revenue and Customs.
 (b) Consumers' expenditure, properly known as household final consumption expenditure, is a provisional estimate by Defra for 2006 calculated at current prices.
 (c) Gross value added figures are provisional data from the Office for National Statistics for 2005 calculated at basic prices (market prices less taxes plus subsidies).
 (d) Employee data are for Q3 2006 from the Office for National Statistics.
 (e) GVA for food manufacturing does not include farm animal feed, which is included in agricultural supply industry.

Food chain

Self-sufficiency



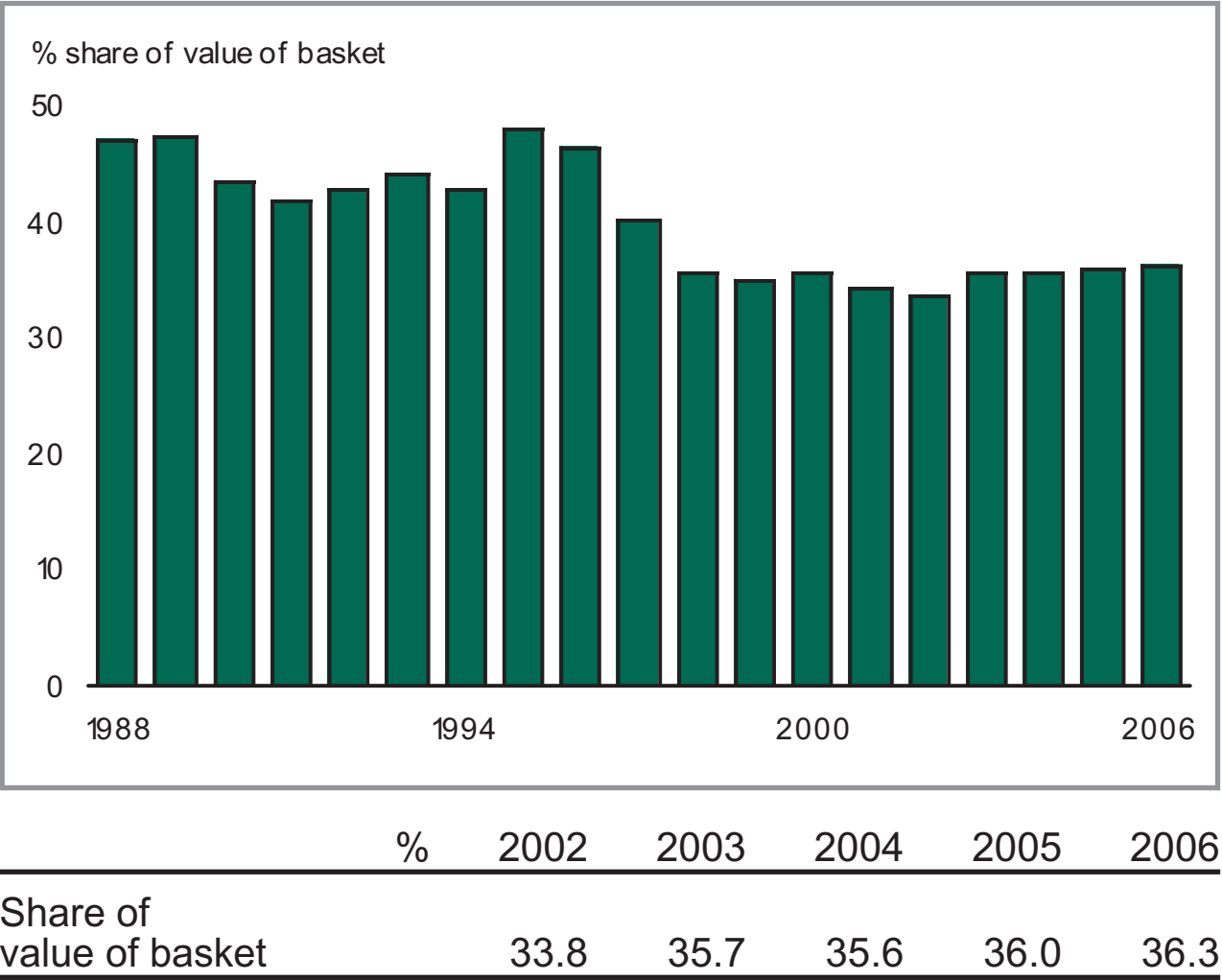
	%	2002	2003	2004	2005	2006
All food		62	64	62	59	58
Indigenous type food		75	77	75	72	71

Self-sufficiency is estimated to be 58 per cent for all food and 71 per cent for indigenous type food, that is, food that is able to be produced in this country, in 2006. It is calculated as the value of production of raw food divided by the value of raw food for human consumption.

Self-sufficiency declined after 1995, shaped by the high level of the pound compared to the euro, the impact of BSE and the beef export ban introduced in 1996, and the impact of foot and mouth disease in 2001.

Food chain

Farmgate share of retail prices



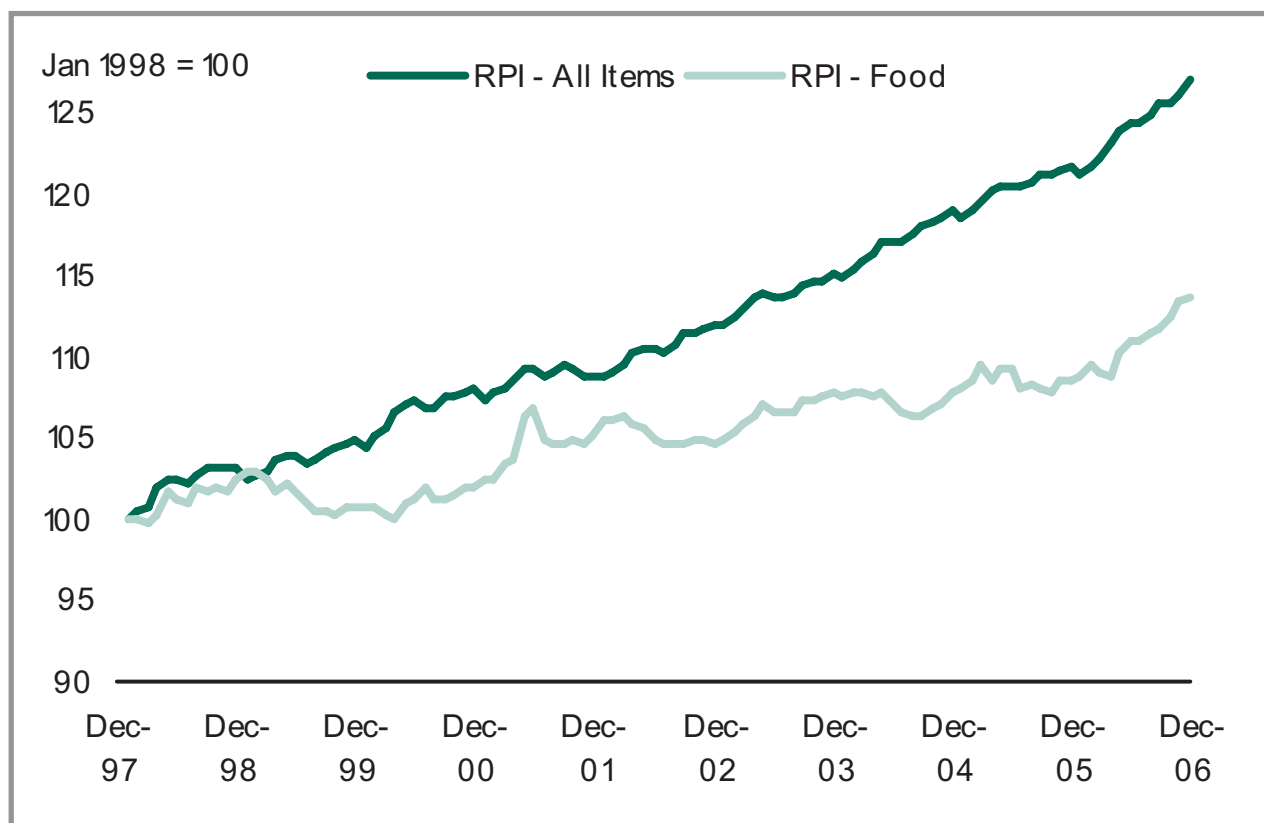
Compared with 1988, farmers are estimated to have received 23 per cent less in 2006 (or 11 percentage points less) for their contribution to a basket of food items covering staples of agricultural production in the United Kingdom. However, since 1998 the farmers’ share has remained relatively constant.

The absolute level of the farmers’ share is sensitive to precisely which retail products are chosen for the basket; some have a greater amount of added value beyond the farmgate and it would therefore be expected that the share accounted for by the farmer would be lower.

The basket includes apples, beef, carrots, cabbages, chicken, eggs, lamb, onions, pork, potatoes, tomatoes, wheat and milk.

Food chain

Retail price indices



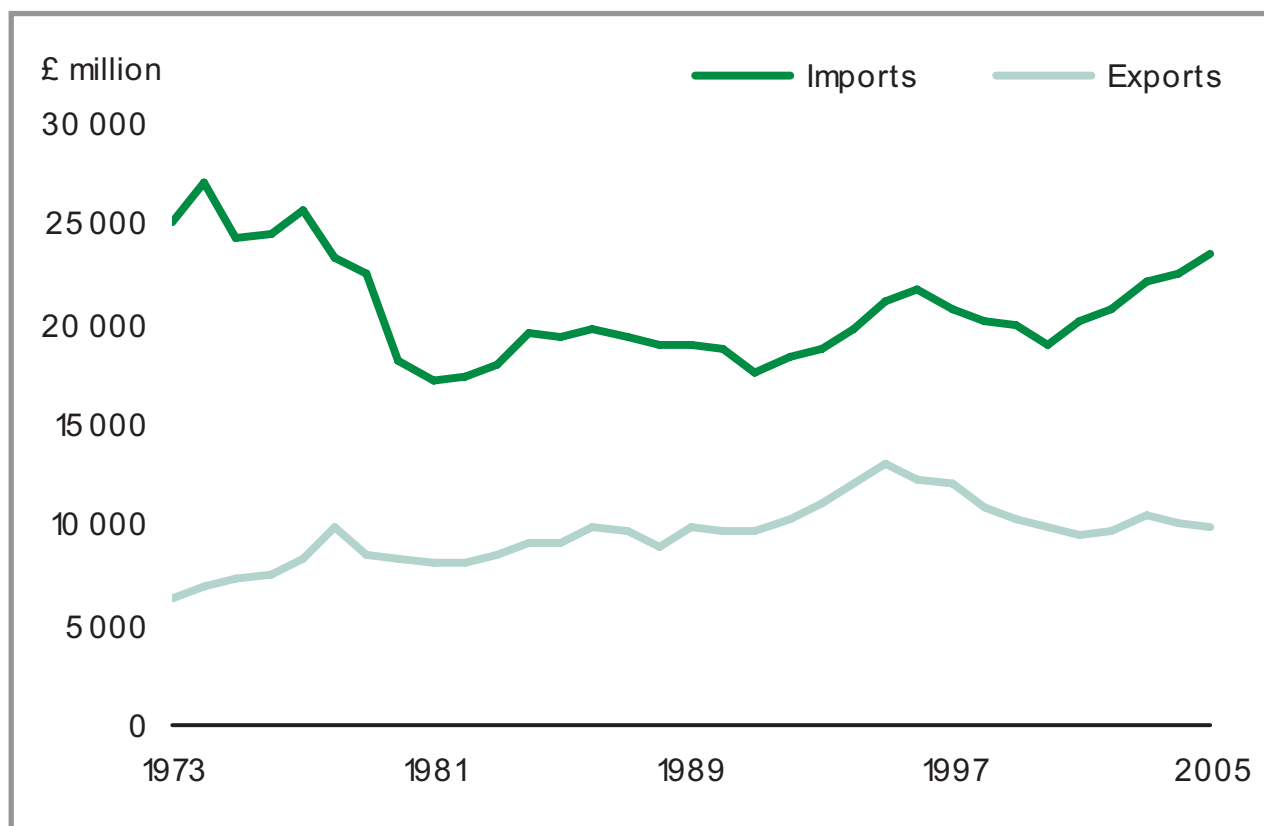
Jan 1998 = 100	Dec 02	Dec 03	Dec 04	Dec 05	Dec 06
RPI - All Items	111.9	115.0	119.1	121.7	127.1
RPI - Food	104.7	107.8	107.7	108.5	113.5

Retail food prices were 4.6 per cent higher in December 2006 than in the same month in the previous year. The all items retail price index rose by 4.4 per cent over the same period.

The long term trend has been for the price of food to decline in real terms, i.e. compared with the all items retail price index. Since 1998, food prices have risen by only 14 per cent while prices of all items have increased by 27 per cent.

Overseas Trade

Trade in food, feed and drink



£ million	2001	2002	2003	2004	2005
Exports	9 418	9 714	10 464	9 978	9 942
Imports	20 227	20 802	22 178	22 565	23 429

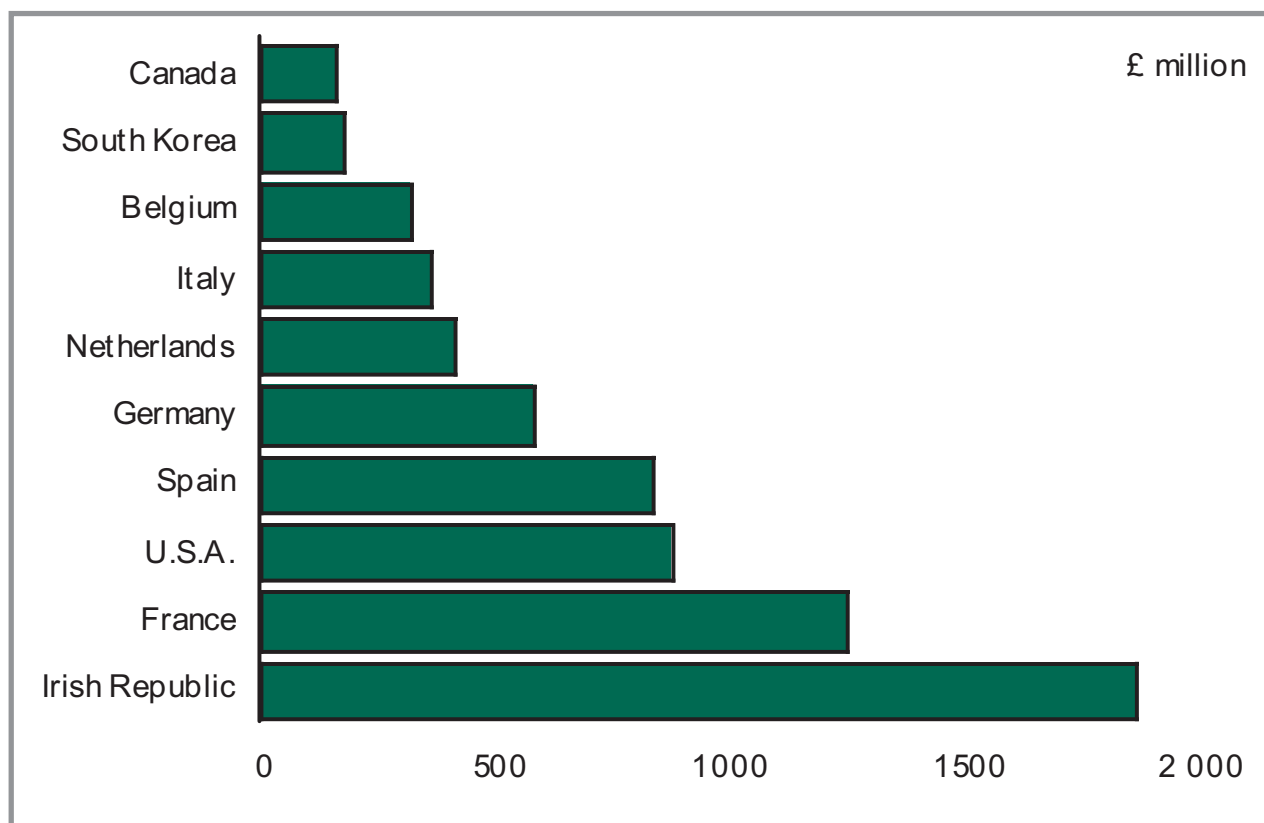
The chart and table show data in real terms (that is, adjusted for inflation).

The value of exports of food, feed and drink was 23 per cent lower in real terms in 2005 than at its peak in 1995. This is a consequence of the combination of the strength of sterling, economic difficulties in the Far East, disease related issues and lower world commodity prices.

The value of imports was 7.3 per cent higher in real terms in 2005 than in 1996. As a consequence, the trade gap in food, feed and drink has widened by 44 per cent in real terms between 1996 and 2005 to £13 billion.

Overseas Trade

Main trading partners: exports



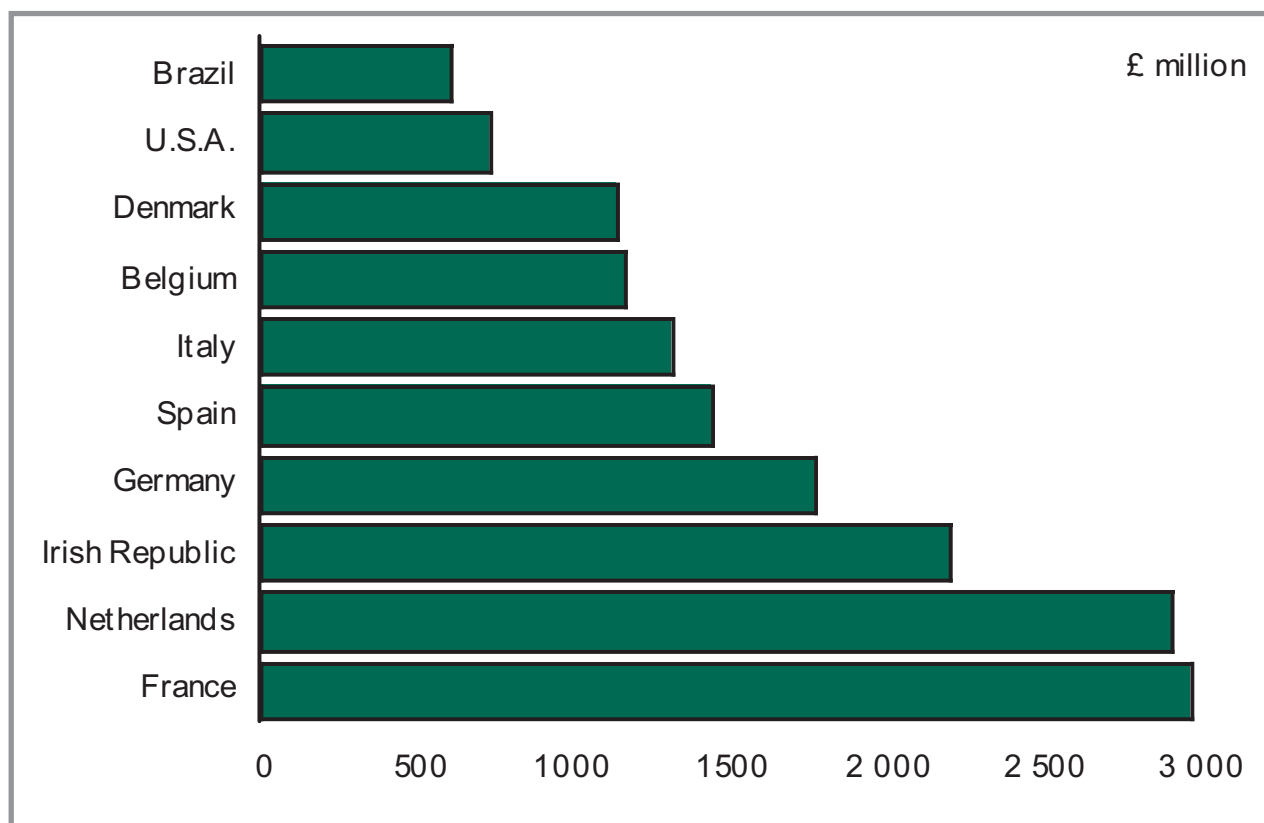
	Irish Republic	France	U.S.A.	Spain	Germany
£ million	1 855	1 243	877	836	582
Share of total exports %	18.7	12.5	8.8	8.4	5.9

Principal destinations of food, feed and drink exports from the United Kingdom to the European Union in 2005 were the Irish Republic (£1.9 billion), France (£1.2 billion), Spain (£836 million) and Germany (£582 million).

Principal non-EU destinations of food, feed and drink exports in 2005 were the USA (£877 million), South Korea (£179 million) and Canada (£161 million).

Overseas Trade

Main trading partners: imports



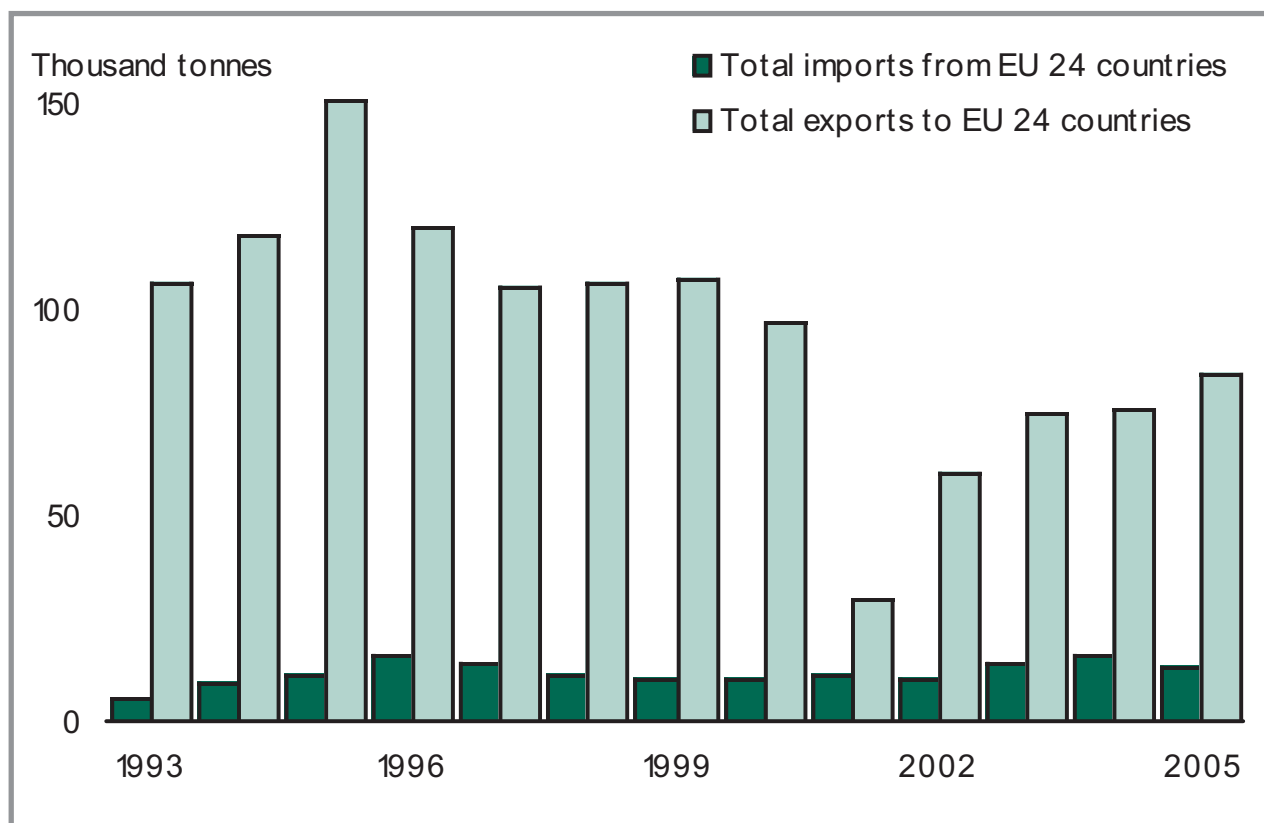
	France	Nether-lands	Irish Republic	Germany	Spain
£ million	2 961	2 901	2 198	1 763	1 442
Share of total imports %	12.6	12.4	9.4	7.5	6.2

The principal countries in the European Union from which food, feed and drink were imported into the United Kingdom in 2005 were France (£3.0 billion), the Netherlands (£2.9 billion), the Irish Republic (£2.2 billion), Germany (£1.8 billion) and Spain (£1.4 billion).

The main non-EU countries from which food, feed and drink were imported into the United Kingdom were the USA (£730 million) and Brazil (£606 million).

Overseas Trade

Trade with EU: lamb & mutton



'000 tonnes	2001	2002	2003	2004	2005
Imports	11.1	10.8	14.2	16.5	13.6
Exports	30.0	60.6	75.3	76.1	84.5

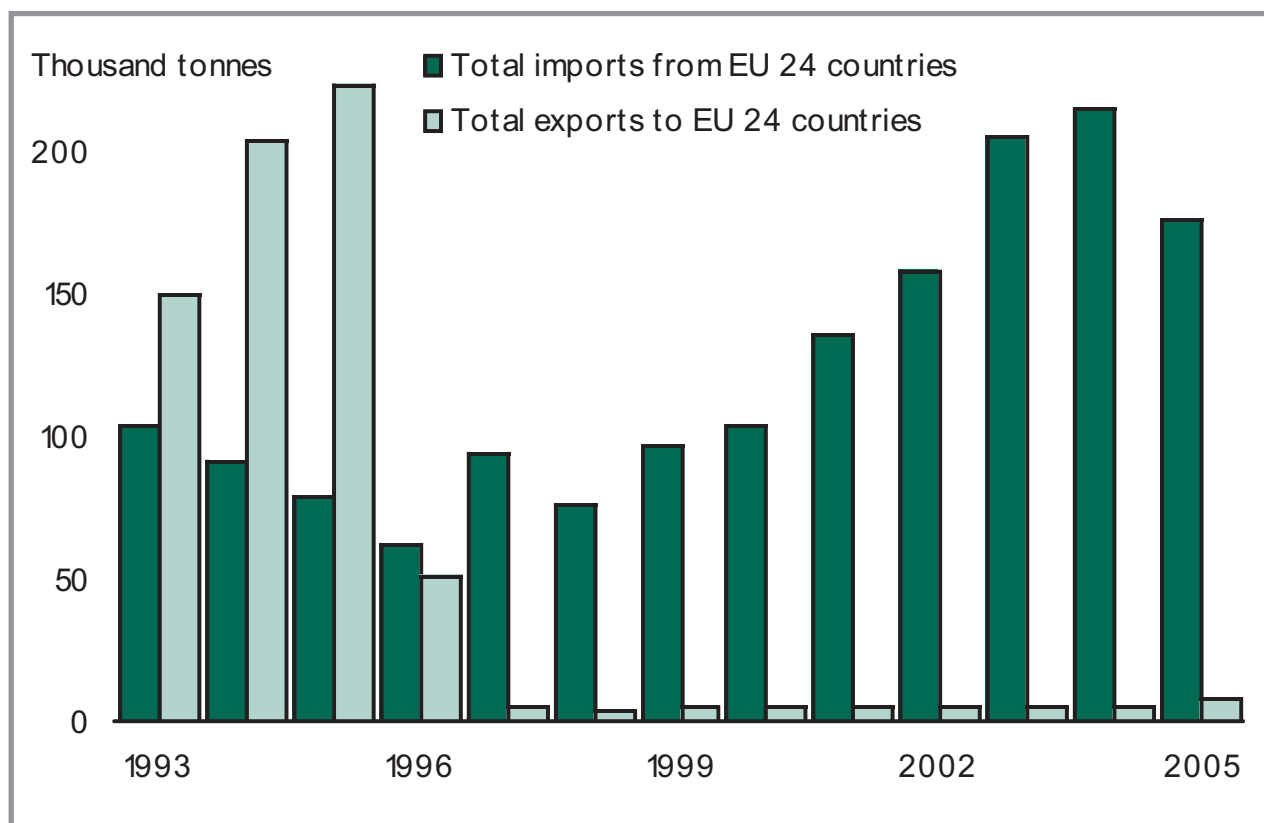
The United Kingdom has exported much more lamb and mutton to the EU 24 countries than it has imported from these countries for many years. Exports peaked in 1995 but have since declined.

The ban on exports during the outbreak of foot and mouth disease shows in the dip in 2001 followed by a recovery to 85 thousand tonnes for 2005.

Of all lamb and mutton exported to the EU 24 countries in 2005, 72 per cent went to France with a further 21 per cent going to Belgium, Luxembourg, Germany and Italy.

Overseas Trade

Trade with EU: beef & veal



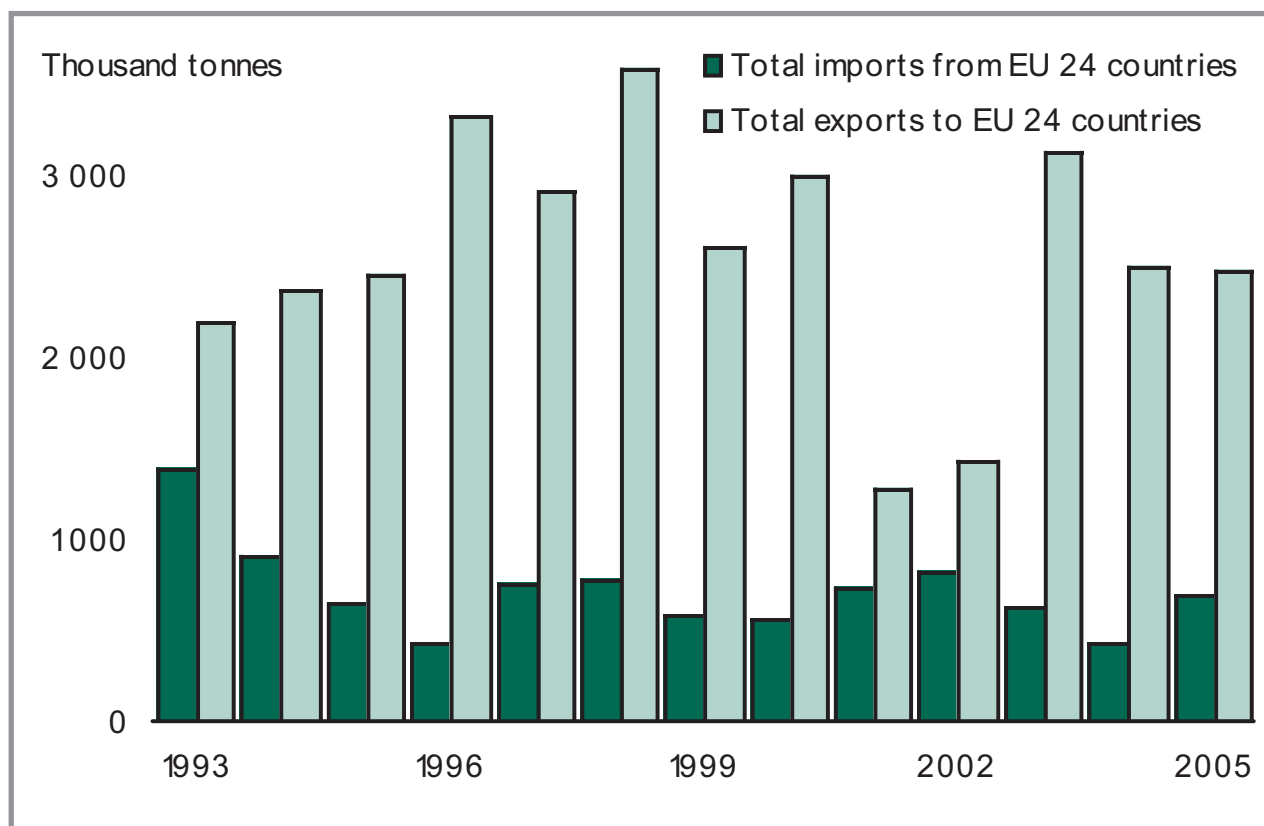
'000 tonnes	2001	2002	2003	2004	2005
Imports	136.2	158.5	204.4	214.9	176.4
Exports	5.3	5.2	5.5	6.2	8.5

Following the Government's announcement of a link between BSE and new variant CJD, exports of beef originating in the United Kingdom were banned from March 1996. The small amounts of exports seen here from 1997 are of beef and veal of non-UK origin which have been imported into the United Kingdom and then exported.

Since the ban began, imports from the EU 24 countries have risen strongly peaking at 215 thousand tonnes in 2004. The Irish Republic accounted for 78 per cent of imports in 2005 with the Netherlands, Germany and Italy accounting for a further 14 per cent.

Overseas Trade

Trade with EU: unmilled wheat



'000 tonnes	2001	2002	2003	2004	2005
Imports	736	826	633	424	701
Exports	1 277	1 429	3 121	2 485	2 478

Exports of unmilled wheat to the EU 24 countries have exceeded imports from these countries. The drop in exports in 2001 and 2002 was due to poor harvests resulting from bad weather.

In 2005, exports stood at 2,478 thousand tonnes, of which almost 60 per cent went to Spain. A further 32 per cent went to Portugal, France and the Irish Republic.

Accounts

Production and income account

£ million	2002	2003	2004	2005	2006
Output at market prices	13 357	14 166	14 400	14 130	14 737
<i>plus</i> payments linked to production of output	2 131	2 174	2 387	206	85
<i>less</i> intermediate consumption	8 338	8 459	9 175	9 010	9 242
Gross value added at basic prices	7 151	7 881	7 613	5 325	5 580
<i>plus</i> payments not linked to production	485	539	498	2 735	2 829
<i>less</i> consumption of fixed capital	2 583	2 645	2 528	2 655	2 755
Net value added at factor cost	5 053	5 775	5 583	5 405	5 654
<i>less</i> compensation of employees	1 966	1 917	2 009	2 177	2 161
<i>less</i> rent and interest	739	719	750	763	776
Total Income from Farming	2 348	3 140	2 824	2 465	2 718

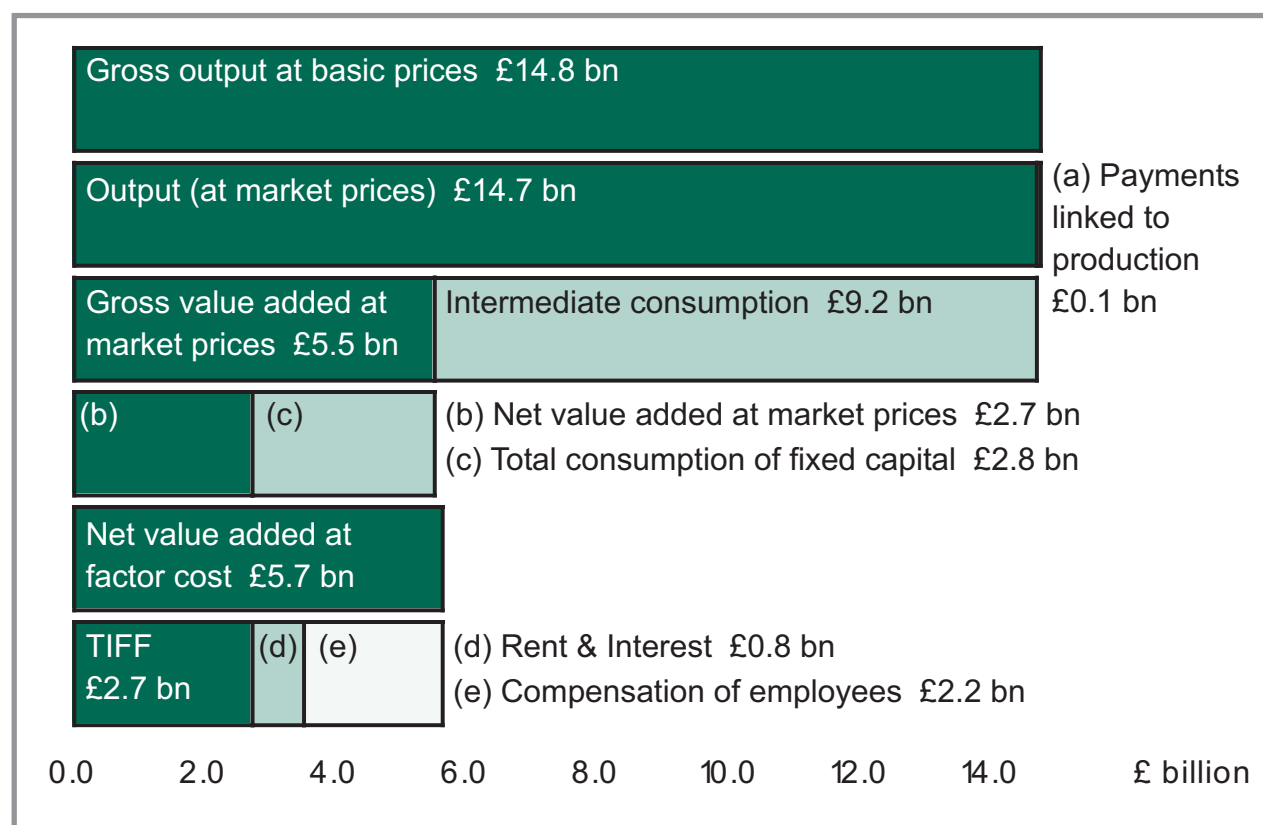
In 2006, the total value of output at market prices increased by 4.3 per cent to £14.7 billion, largely due to higher prices for many commodities than those seen in 2005. Notable exceptions to this were sugar and milk. Intermediate consumption, i.e. the consumption of goods and services, e.g. fuels, feed, seeds, fertiliser, plant protection products, increased by 2.6 per cent with high oil prices contributing to a 5.3 per cent increase in energy costs.

Gross value added at basic prices, which represents the agriculture industry's contribution to national GDP, was £5.6 billion, up by 4.8 per cent compared to 2005. The large fall between 2004 and 2005 is due to a switch from coupled to decoupled subsidies.

Net value added at factor cost was £5.7 billion, 4.6 per cent higher than in 2005. Total Income from Farming rose by 10 per cent to £2.7 billion.

Accounts

Main components of the aggregate account 2006



The value of output at basic prices, which includes payments to farmers linked to production, was £14.8 billion in 2006. Payments linked to production were £0.1 billion and output at market prices was £14.7 billion.

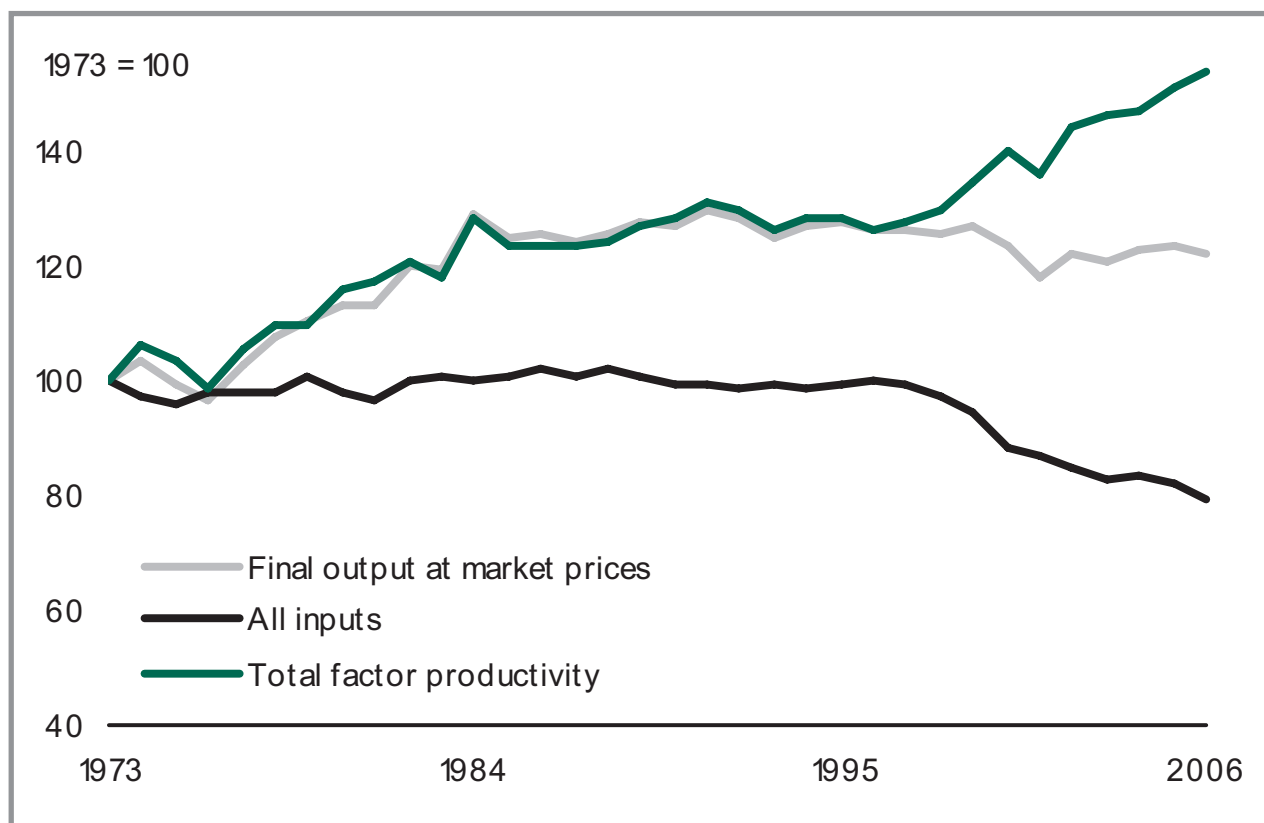
Output at market prices less intermediate consumption of £9.2 billion resulted in gross value added at market prices of £5.5 billion.

Net value added at factor cost is the best measure of value added by the industry because it includes all payments to farmers, the bulk of which following the introduction of the Single Payment Scheme in 2005 are no longer included in output. Net value added at factor cost was £5.7 billion.

Total Income from Farming is derived by deducting interest, rent and paid labour costs from net value added at factor cost, and was £2.7 billion in 2006.

Productivity

Total factor productivity



1973 = 100	2002	2003	2004	2005	2006
Final output at market prices	121.9	120.7	122.6	123.1	121.7
All inputs	84.5	82.5	83.6	81.7	79.1
Total factor productivity	144.3	146.3	146.5	150.6	153.8

Total factor productivity is a headline measure of productivity in agriculture. It increased by 2.1 per cent in 2006 as although the volume of final output (gross output at market prices less transactions in the industry) fell by 0.9 per cent, the volume of all inputs (including fixed capital, paid and entrepreneurial labour) fell further by 3.2 per cent.

Over the longer term, since 1973, the productivity of the agriculture industry in the United Kingdom has increased by 54 per cent. The volume of final output has increased by 22 per cent while the volume of all inputs has fallen by 21 per cent. Labour productivity in 2006, as measured by net value added per annual work unit, was five times its 1973 value.

Productivity

Labour force



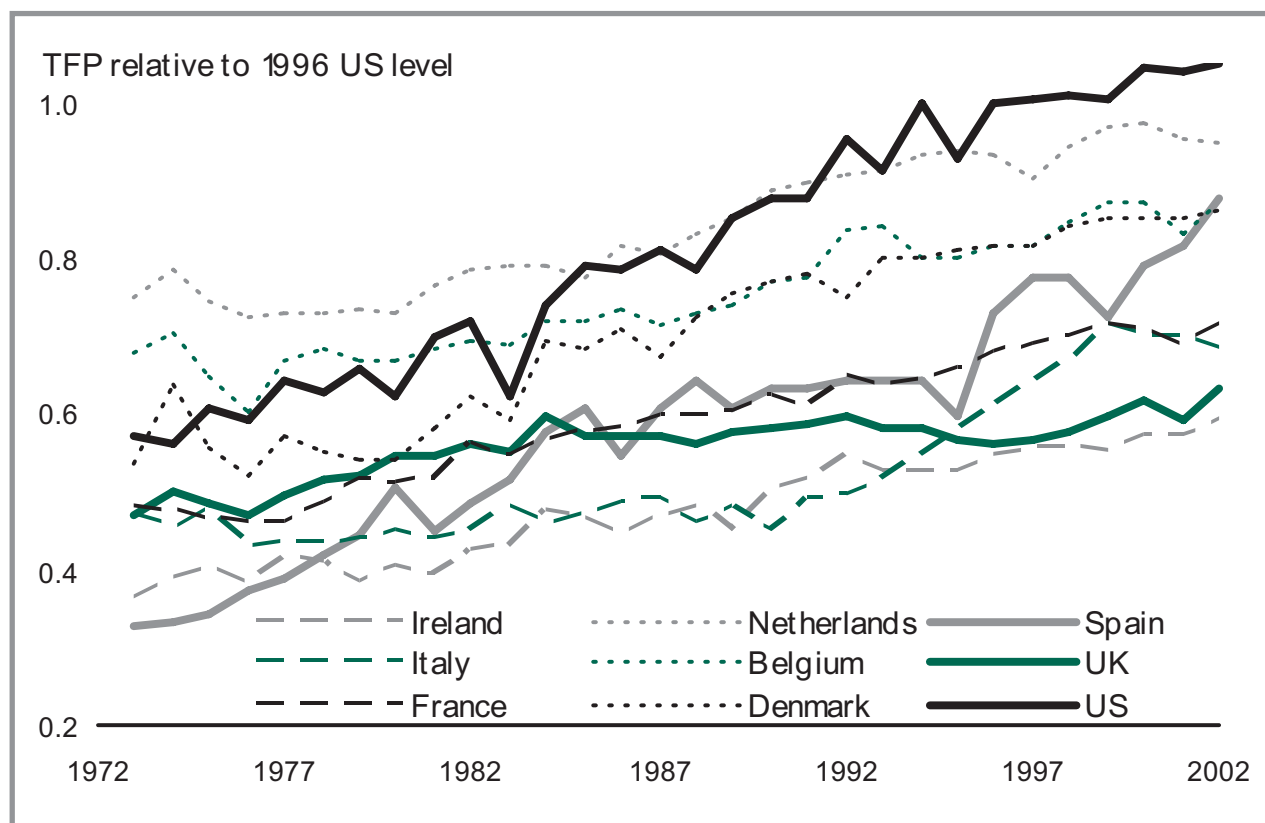
'000 AWU	2002	2003	2004	2005	2006
Entrepreneurial labour	211	205	203	201	196
Paid labour	105	97	98	97	93

The labour force in agriculture has declined by one-third since 1990, continuing a long-term trend. Paid labour, which has declined by 47 per cent in that period, is declining faster than entrepreneurial labour, which has declined by 23 per cent.

‘Entrepreneurial labour’ includes farmers, partners, directors and spouses. ‘Paid labour’ includes regular whole-time workers, regular part-time workers, seasonal or casual workers, and salaried managers. An Annual Work Unit (AWU) represents the equivalent of an average full-time person engaged in agriculture.

Productivity

International comparison



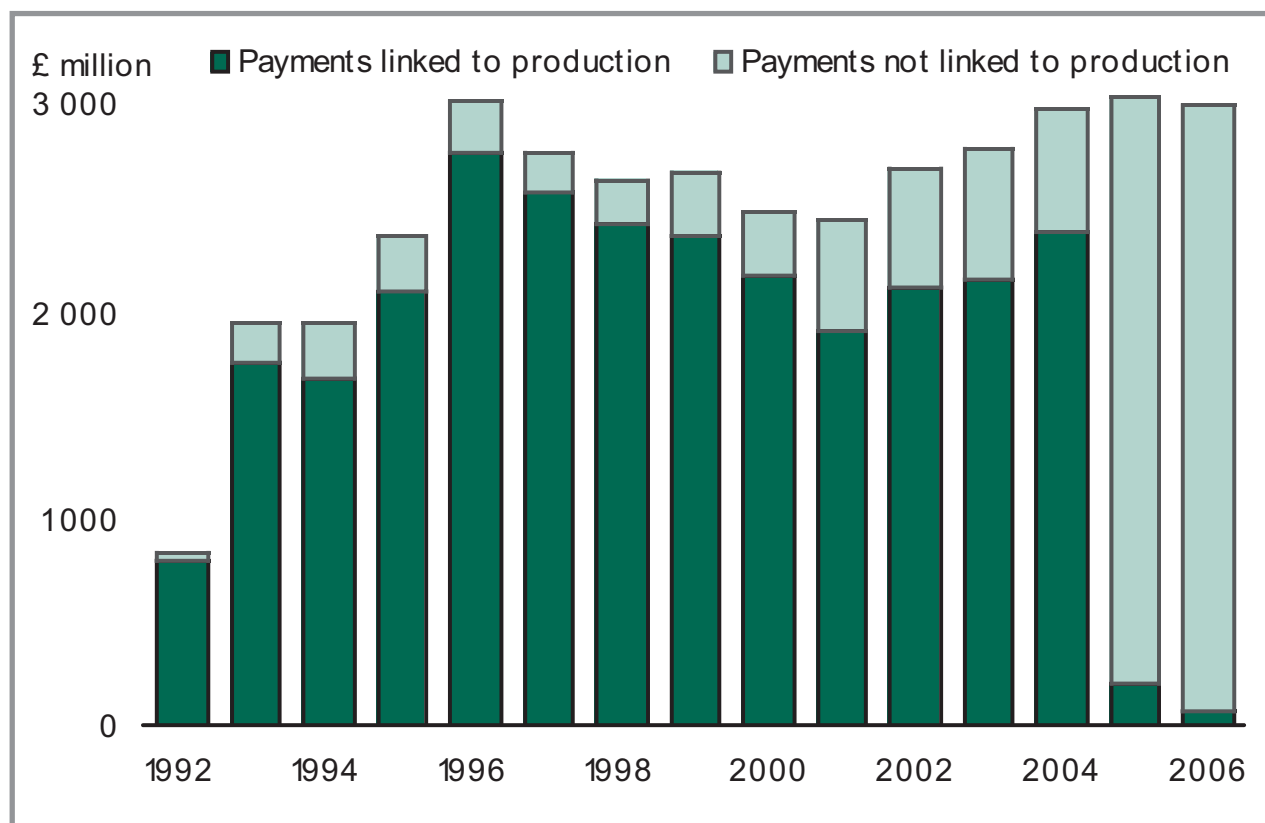
	1998	1999	2000	2001	2002
Spain	0.774	0.725	0.789	0.816	0.878
United Kingdom	0.579	0.596	0.616	0.592	0.633
USA	1.009	1.006	1.045	1.039	1.048

An international comparison of total factor productivity in agriculture is made in the chart using total factor productivity relative to the USA. Over the period 1973 to 2002, the United Kingdom shows only modest productivity growth compared to other countries shown in the chart, increasing at a rate of 34 per cent to achieve a 2002 level higher only than Ireland and Sweden (not shown).

The United Kingdom began the period with a high growth rate but switched to a low rate in 1984. The highest growth rate is that of Spain, which began the period in second from last place but grew by 170 per cent to achieve a 2002 level of total factor productivity behind only the Netherlands and the USA.

Payments

Direct payments to farmers



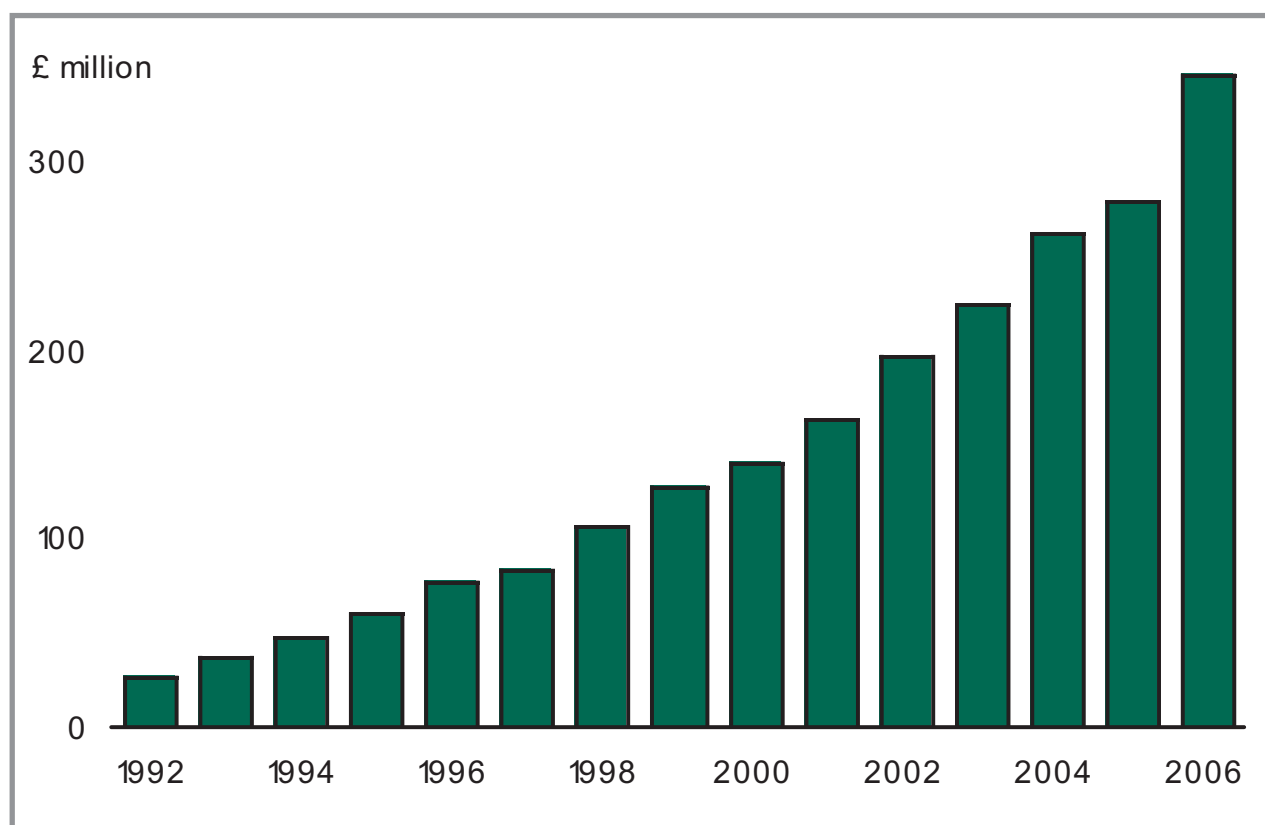
£ million	2002	2003	2004	2005	2006
Payments linked to production	2 131	2 174	2 387	206	85
Payments not linked to production	565	622	594	2 836	2 932
Total	2 697	2 796	2 982	3 042	3 017

In 2005, eleven subsidy schemes ended resulting in a fall in payments linked to the production of agricultural products from £2.4 billion to £0.2 billion. These schemes were replaced by the Single Payment Scheme, a payment not linked to production. Following the ending of the Over Thirty Month Scheme, payments linked to production fell further to £85 million in 2006.

Payments through the Single Payment Scheme and other payments not linked to production totalled £2.9 billion in 2006. Overall, total payments due to farmers in 2006 was £3.0 billion, slightly lower than in 2005.

Payments

Payments through agri-environment schemes



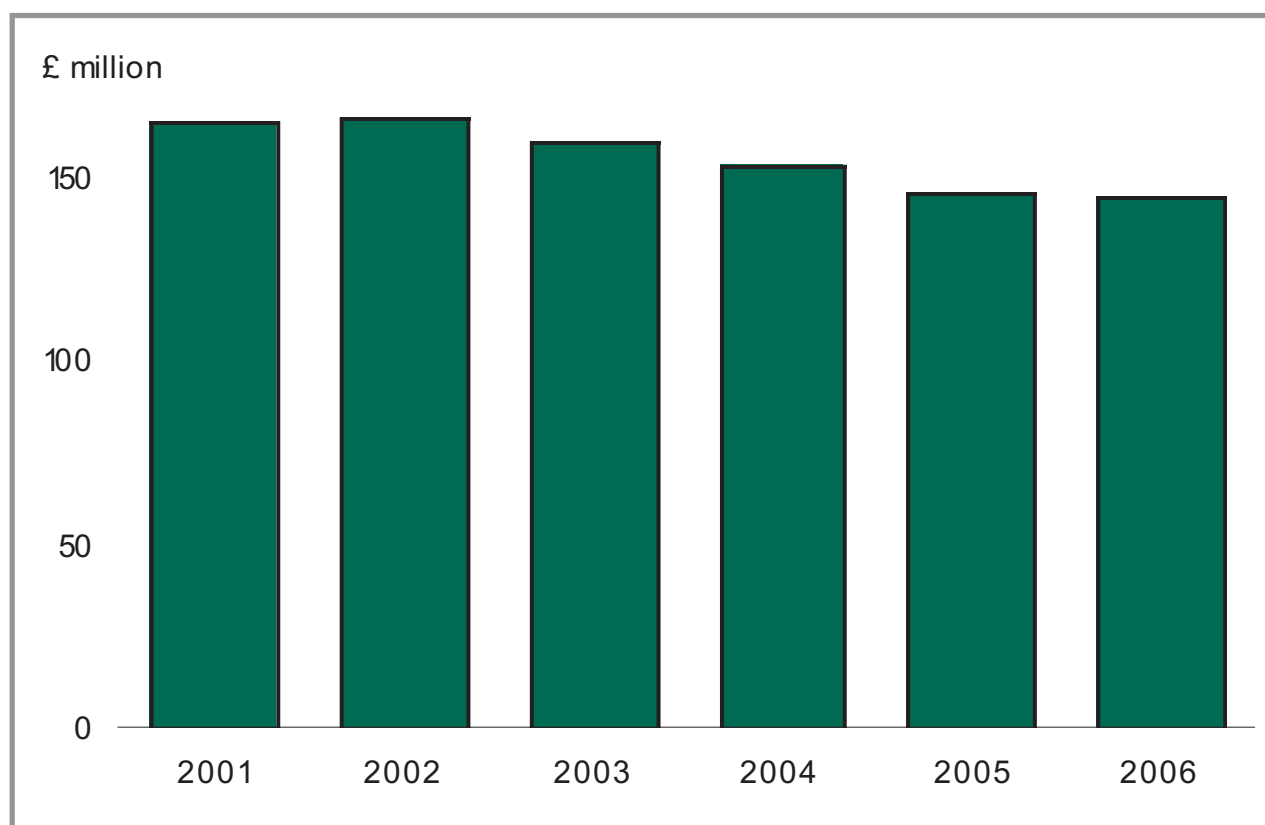
£ million	2001	2002	2003	2004	2005
Total payments	198	225	262	279	346

The United Kingdom was one of the first countries in the EU to introduce agri-environmental schemes in the 1980s. These paid farmers to deliver environmental benefits, such as protecting and enhancing biodiversity, landscapes and historic features, and promoted low-input farming systems. Payments totalled £346 million in 2006, an increase of 24 per cent compared to 2005.

These schemes included Environmentally Sensitive Areas, the Countryside Stewardship Scheme in England, Tir Gofal in Wales, the Countryside Premium Scheme followed by the Rural Stewardship Scheme in Scotland, and the Countryside Management Scheme in Northern Ireland. These schemes have been reviewed in the past few years and further schemes introduced, such as the Environmental Stewardship Scheme in England and Tir Cynall in Wales, some of which replaced older schemes.

Rural Development Programme

Less favoured areas support payments



£ million	2002	2003	2004	2005	2006
Total payments	166	160	153	146	144

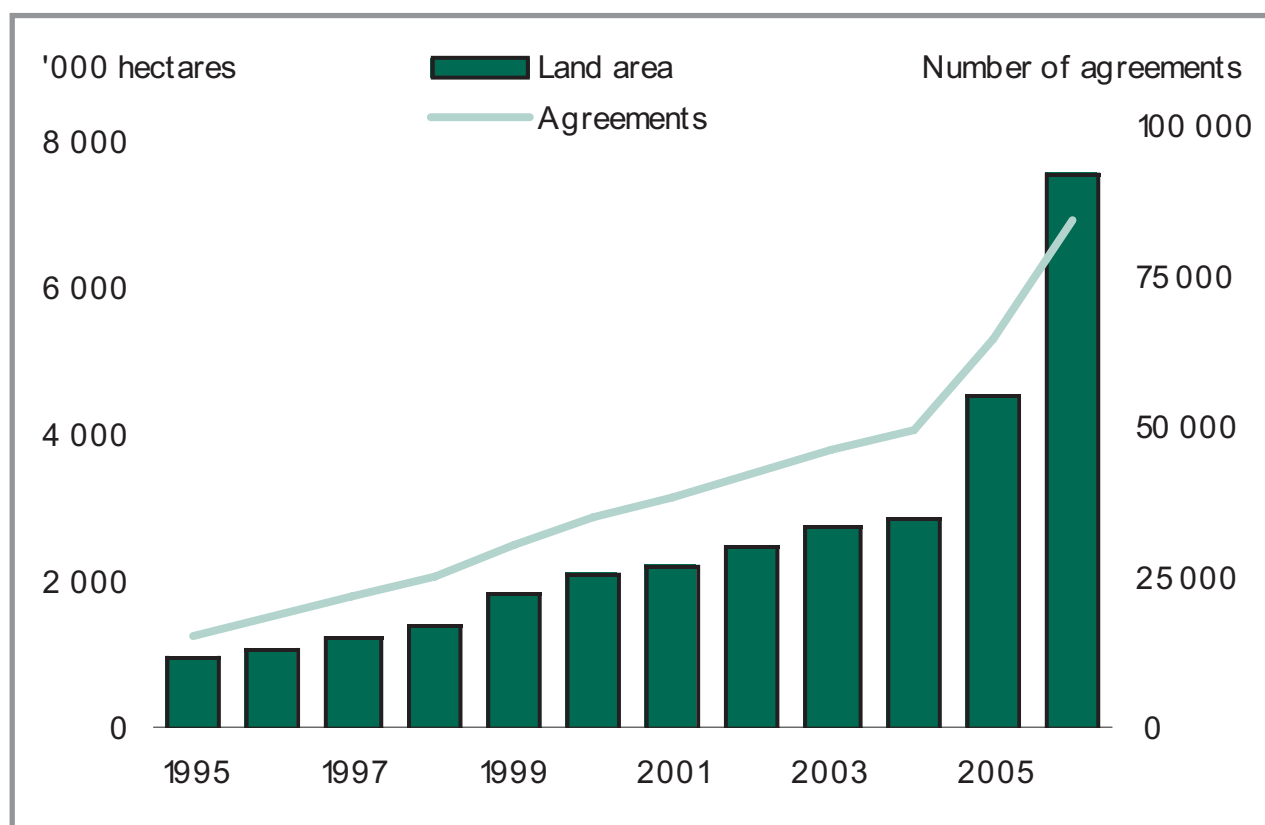
In 2001, support for farmers in less favoured areas that was paid on the number of eligible animals, was replaced by schemes based on the area of eligible forage. These schemes were Hill Farm Allowance in England, Tir Mynydd in Wales, Less Favoured Area Support Scheme in Scotland and Less Favoured Area Compensatory Allowance in Northern Ireland. They formed part of the Rural Development Programme 2000-2006.

A 'safety net' provided an additional amount reducing each year up from 2001 to 2003 for those farmers who received payments under the previous headage based scheme. Payments in 2006 totalled £144 million.

Less favoured areas are mountainous areas or other areas where the physical landscape results in higher production costs.

Rural Development Programme

Take-up of agri-environment schemes



	2002	2003	2004	2005	2006
Land area ('000 ha)	2 481	2 749	2 848	4 505	7 535
Agreements	42 000	46 300	49 300	64 700	84 000

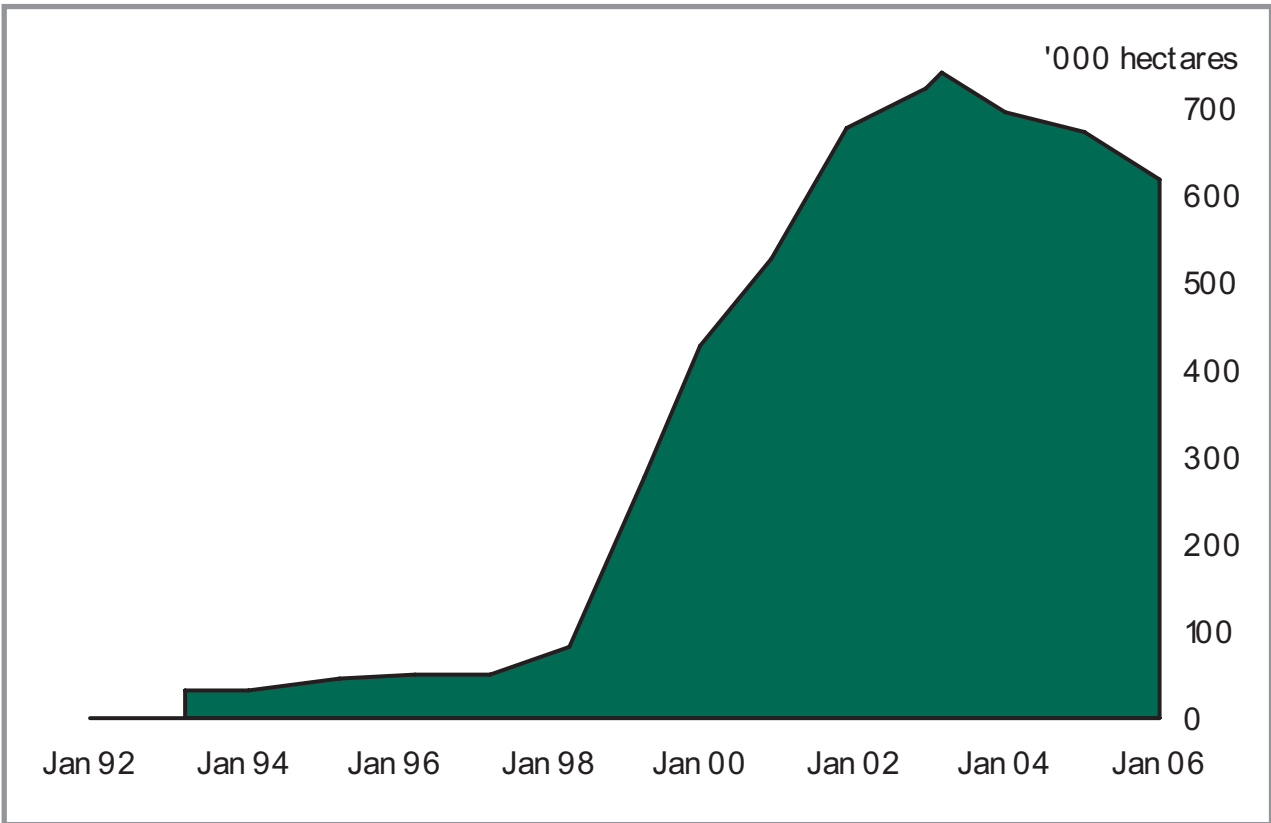
Agri-environment schemes were a key element of the Rural Development Programme 2000-2006. Each of the countries of the United Kingdom incorporated schemes within their rural development plans to deliver environmental benefits.

7.5 million hectares of land area in the United Kingdom was under agri-environment scheme agreement in 2006, which is almost eight times that in 1995. The number of management agreements, which are quoted to the nearest hundred, follow a similar profile.

The large increases in 2005 and 2006 are mainly attributable to the introduction of the Entry Level Environmental Stewardship Scheme in England in 2005.

Organic farming

Organically managed land



'000 hectares	Dec 01	Dec 02	Jan 04	Jan 05	Jan 06
Organically managed land	680	725	695	675	620

Organic farming is a low-input farming system. The total area of land that was organically managed, either fully organic or in conversion to organic status, fell by 55 thousand hectares between January 2005 and January 2006, having peaked in March 2003 at 741 thousand hectares after several years of very notable increases.

The late 1990s and early 2000s saw increases in the area of organically managed land for a variety of reasons. Significant factors during this period were farmers seeking alternatives to conventional farming in response to falling farm incomes, the scope of organic farming being extended by the European Union to include livestock production in July 1999 and payment rates under organic farming support schemes being substantially increased.

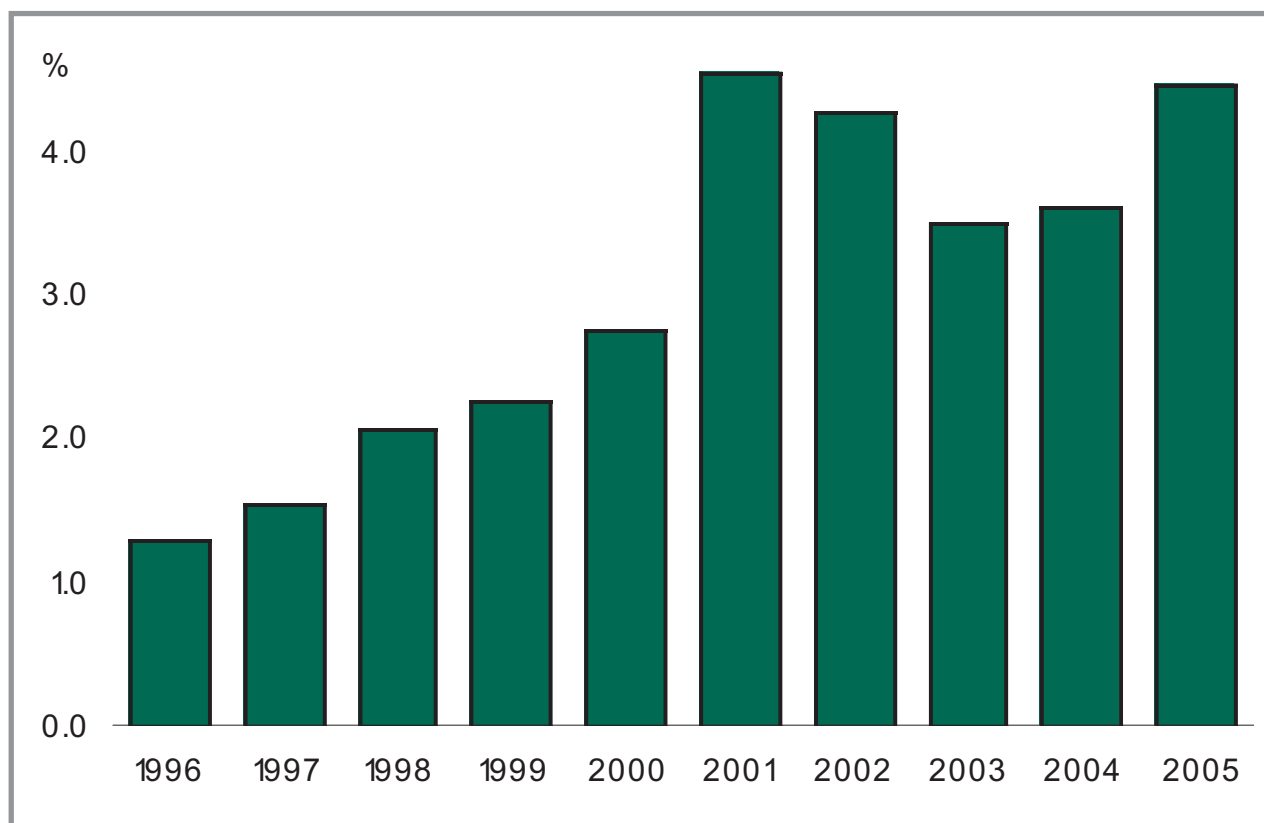
Organic farming

Distribution of registered organic producers: Jan 2006



Animal health and welfare

Confirmed new incidence rate of bTB in Great Britain



	2001	2002	2003	2004	2005
Confirmed new incidents	511	1 907	1 657	1 765	2 079
Tests on unrestricted herds	11 243	44 662	47 265	48 790	46 617

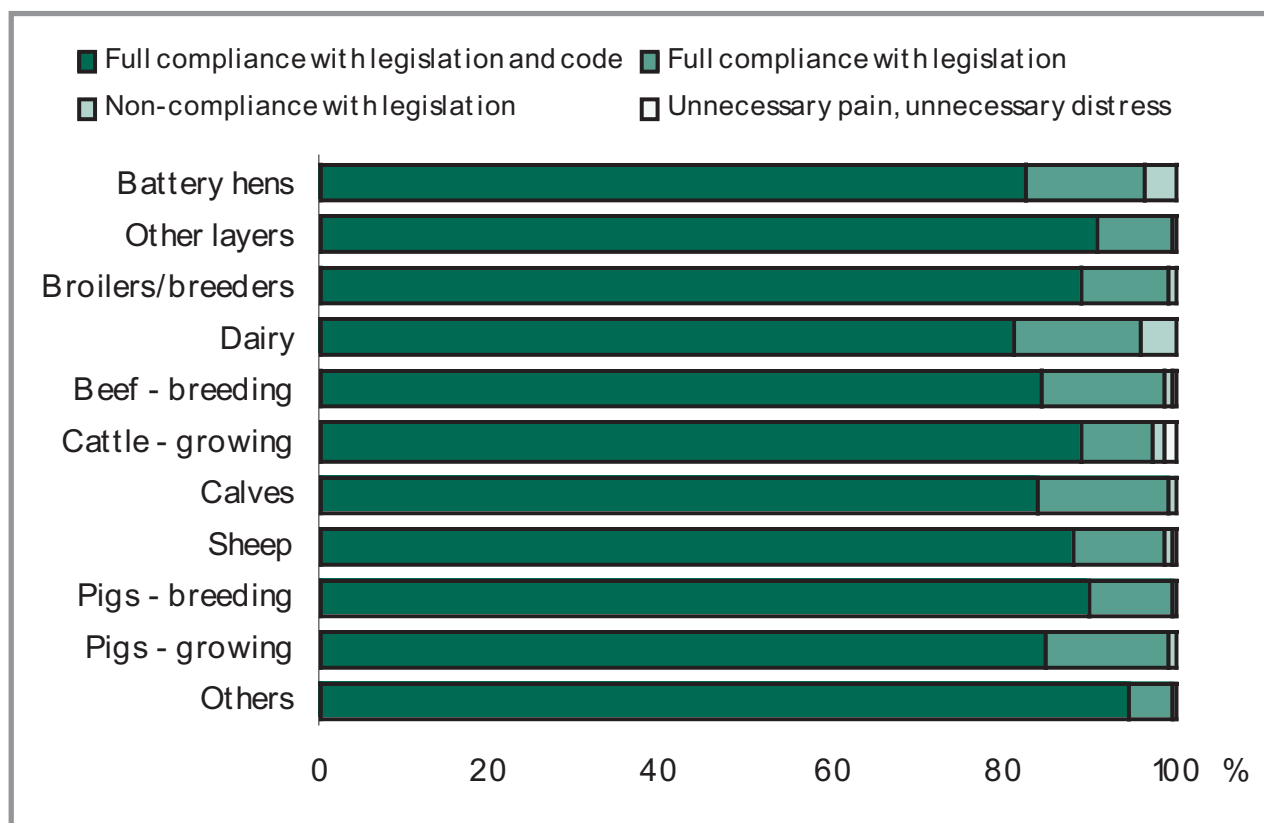
Note: 2001 and 2002 data should be treated with caution; testing was focussed on the most 'at-risk' herds during and in the months after FMD, therefore these years contain a bias in the incidence rates.

Bovine Tuberculosis (bTB) affects a small percentage of the national cattle herd but presents an ongoing challenge to both industry and government. In some areas such as south west England, it is significant.

In 2005, there was a confirmed new incidence rate of 4.5 per cent, that is, "for every 100 tests in unrestricted cattle herds, an average of 4.5 new confirmed incidents were detected". With the exception of 2001 and 2002, which were affected by the outbreak of foot and mouth disease, the confirmed incidence of bTB in Great Britain has been steadily increasing over the past twenty years. However, provisional 2006 data shows a drop in the confirmed incidence rate.

Animal health and welfare

Assessment of welfare of animals on farm in GB: 2006



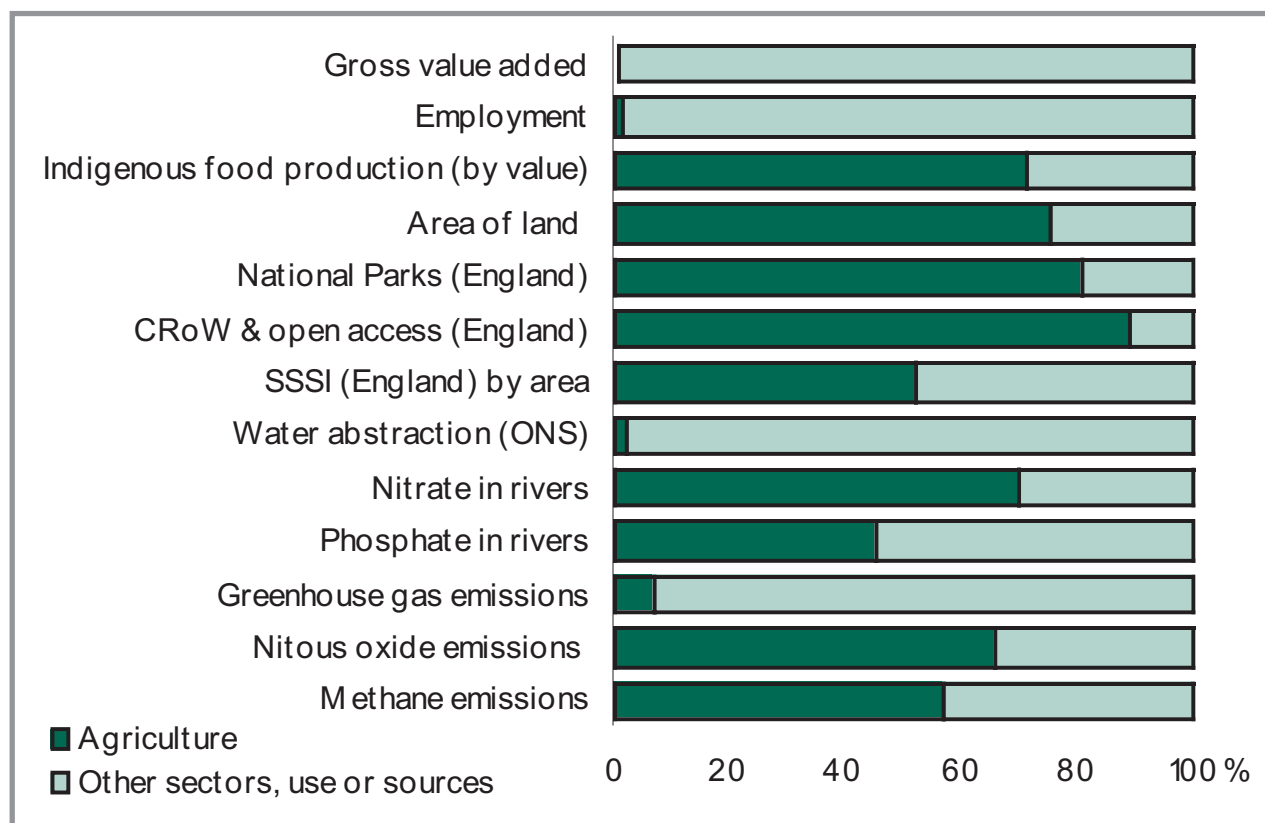
	Total
Full compliance with legislation and code	89.0%
Full compliance with legislation	10.0%
Non-compliance with legislation	0.8%
Unnecessary pain, unnecessary distress	0.2%

The State Veterinary Service (SVS) carries out inspections of animal welfare on farm in Great Britain to check that legislation and welfare codes are being followed. The Veterinary Service (VS) carries out similar inspections in Northern Ireland. At these visits, assessments are made covering a wide range of issues from disease treatment, feed and water, freedom of movement, housing, staffing and records.

The chart and table shows results from programme and elective visits (i.e. those other than complaint or targeted visits) in Great Britain during 2006. Only 0.2 per cent of inspections found unnecessary pain or distress overall and 99% complied fully with legislation or with legislation and codes.

Environment

Environmental profile of agricultural sector



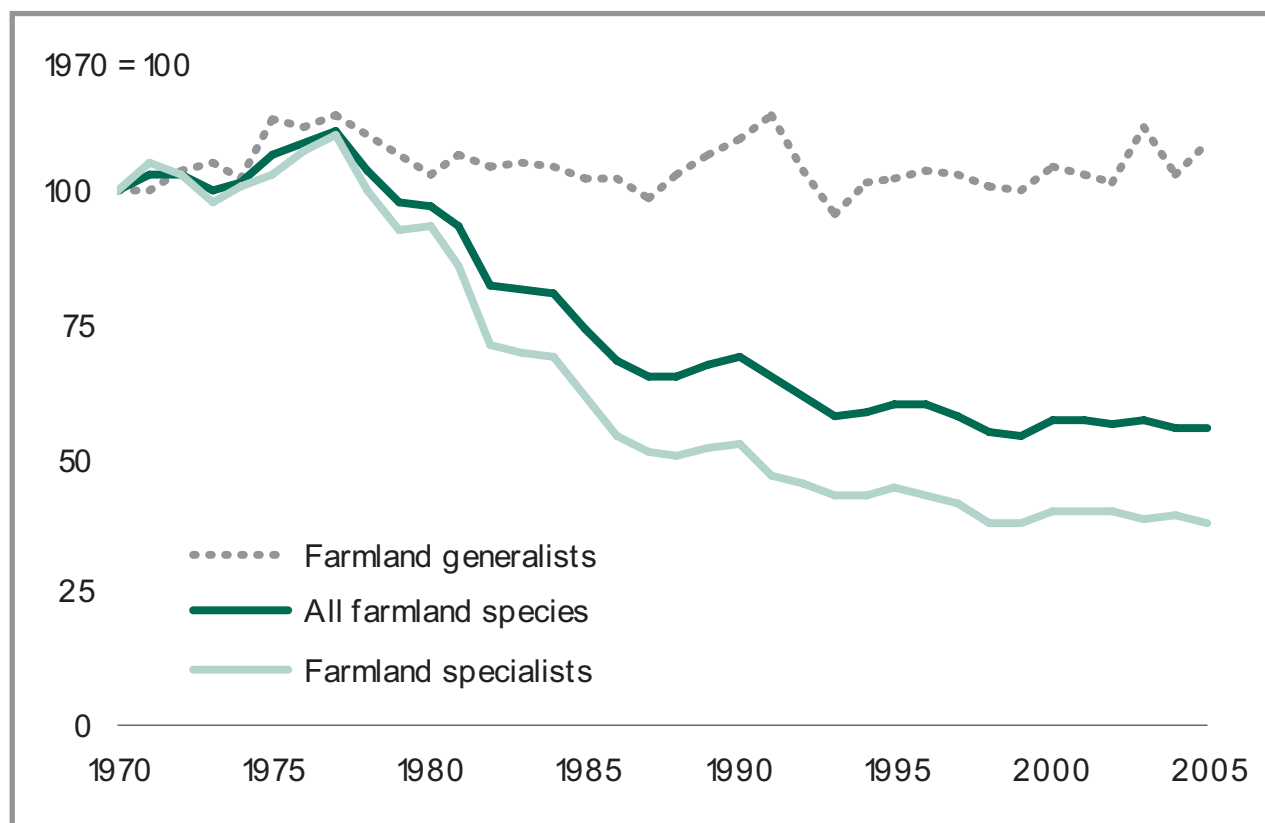
The chart indicates the relative contribution of farming to the national economy, land protection and conservation, resources, pollution and emissions.

Agricultural activities cover around three-quarters of the land area in the United Kingdom and produces two-thirds of the food consumed. A range of different farming practices are employed involving the way in which livestock are kept and the use of inputs such as soil and water as well as nutrient, land and waste management.

The interaction between these practices and the local environmental characteristics affect the extent to which farming activities impact on the environment. The effects on the environment are significant and complex; farming activities can give rise to both positive and negative impacts on the environment operating at local, regional, national and global levels.

Environment

Farmland bird index



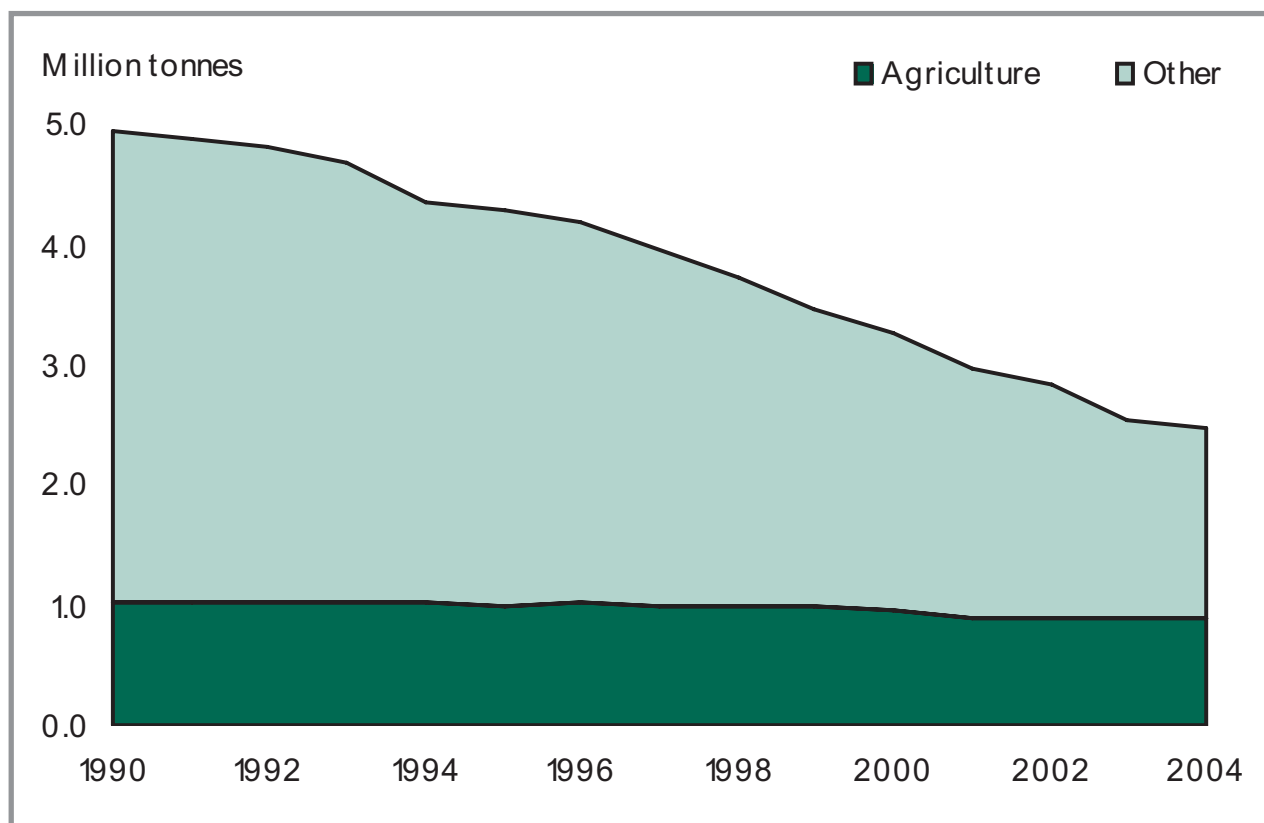
1970 = 100	2001	2002	2003	2004	2005
All farmland species	57.0	56.7	57.0	55.8	55.7
Farmland generalists	103.5	102.0	112.1	103.0	109.0
Farmland specialists	40.3	40.2	38.4	39.1	37.7

Bird populations are considered good indicators of the state of wildlife since they have a wide habitat distribution and are near the top of the food chain. Changes in the bird population therefore reflect changes in habitat diversity and within their food chain.

Although populations of farmland generalist species have remained fairly stable since 1970, populations of farmland specialists (those that breed or feed mainly or solely on farmland) had declined by over 60 per cent by the late 1990s and have since remained at this level.

Environment

Greenhouse gas emissions: Methane



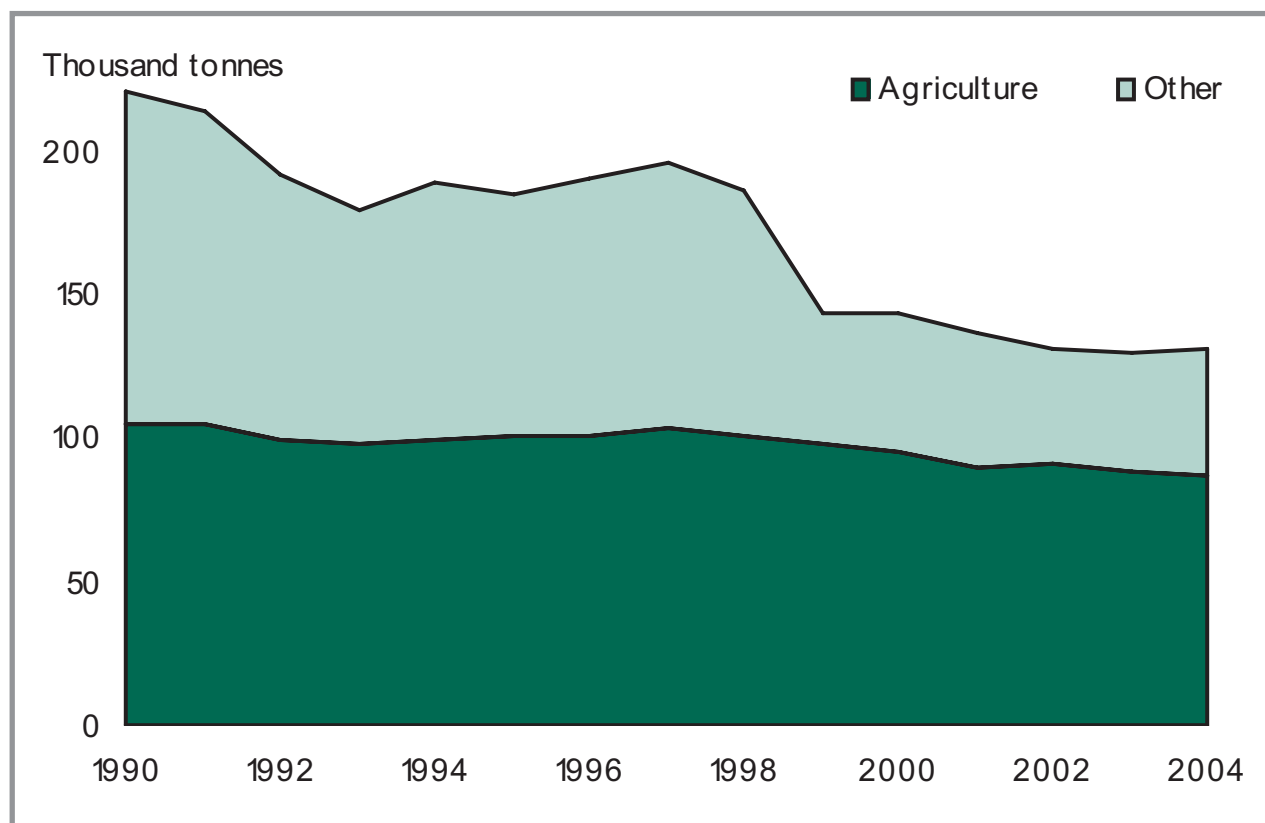
Million tonnes	2000	2001	2002	2003	2004
Agriculture	0.95	0.90	0.89	0.89	0.90
Other	2.30	2.08	1.95	1.65	1.57

Emissions of methane, nitrous oxide and carbon dioxide are of concern as they are greenhouse gasses and contribute to climate change. Greenhouse gas emissions from agriculture account for around seven per cent of total emissions from the United Kingdom. Methane and nitrous oxide have global warming potentials greater than carbon dioxide of 21 and 310 times respectively.

The chart shows methane emissions in the United Kingdom of which agriculture accounts for 37 per cent. Over the last 30 years, the emissions from agriculture have remained fairly constant at around one million tonnes per year. Methane is generated as a result of enteric fermentation in ruminating animals and there has been an 11 per cent fall over the last 10 years reflecting a general reduction in livestock numbers over this period.

Environment

Greenhouse gas emissions: Nitrous Oxide



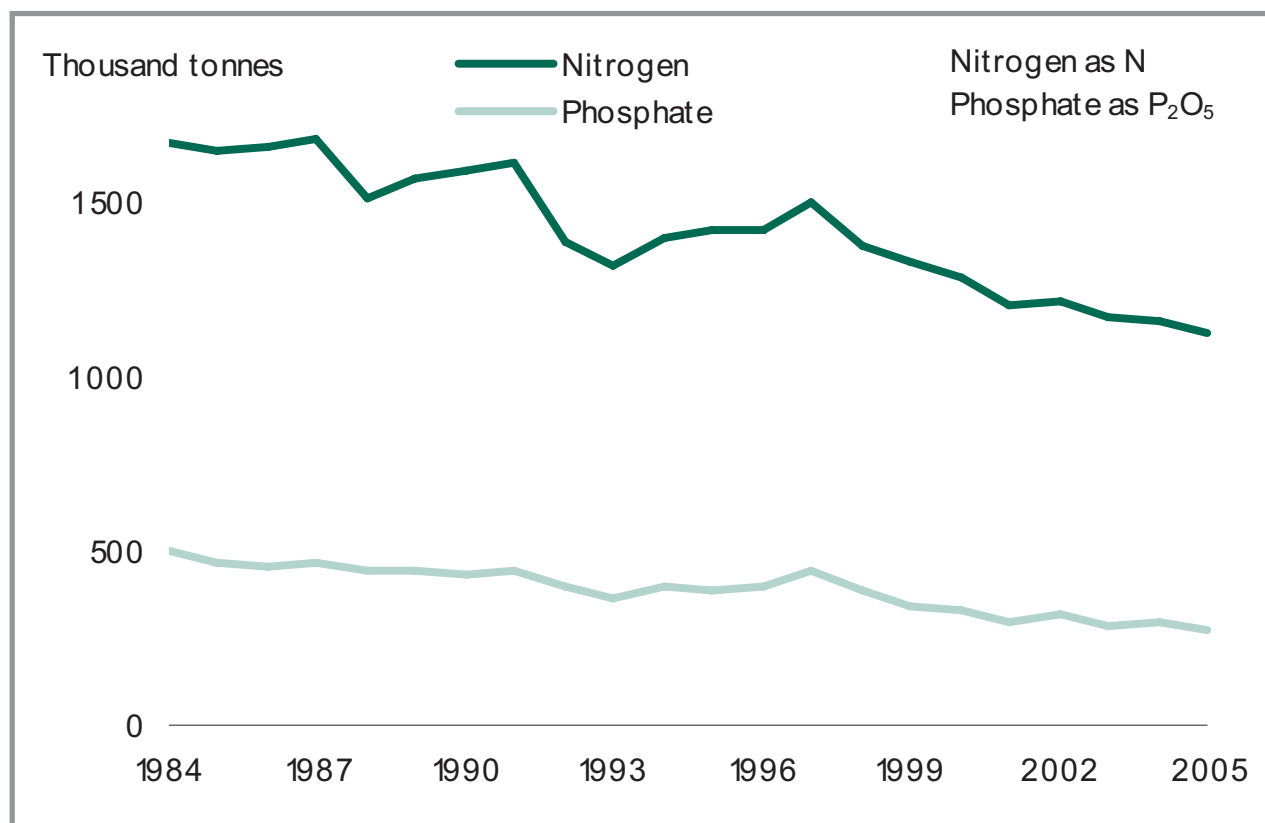
'000 tonnes	2000	2001	2002	2003	2004
Agriculture	95	89	91	88	87
Other	48	47	40	41	44

This chart shows emissions of nitrous oxide in the United Kingdom. Agricultural emissions of nitrous oxides are produced mainly from the oxidation of the nitrogen in fertilisers and account for two-thirds of all nitrous oxide emissions. The fall since the late nineties in these emissions reflects a reduction in fertiliser use.

Carbon dioxide is emitted during cultivation of arable land or semi-natural vegetation, when the soil is rotated to the surface and exposed to the air, when peat or fenland is drained and during the combustion of fossil fuels, e.g. to power tractors and machinery. Agriculture accounts for less than one per cent of carbon dioxide emissions in the United Kingdom.

Environment

Nitrogen & phosphate fertiliser use in Great Britain



'000 tonnes	2001	2002	2003	2004	2005
Nitrogen	1 205	1 219	1 173	1 157	1 132
Phosphate	300	315	288	293	279

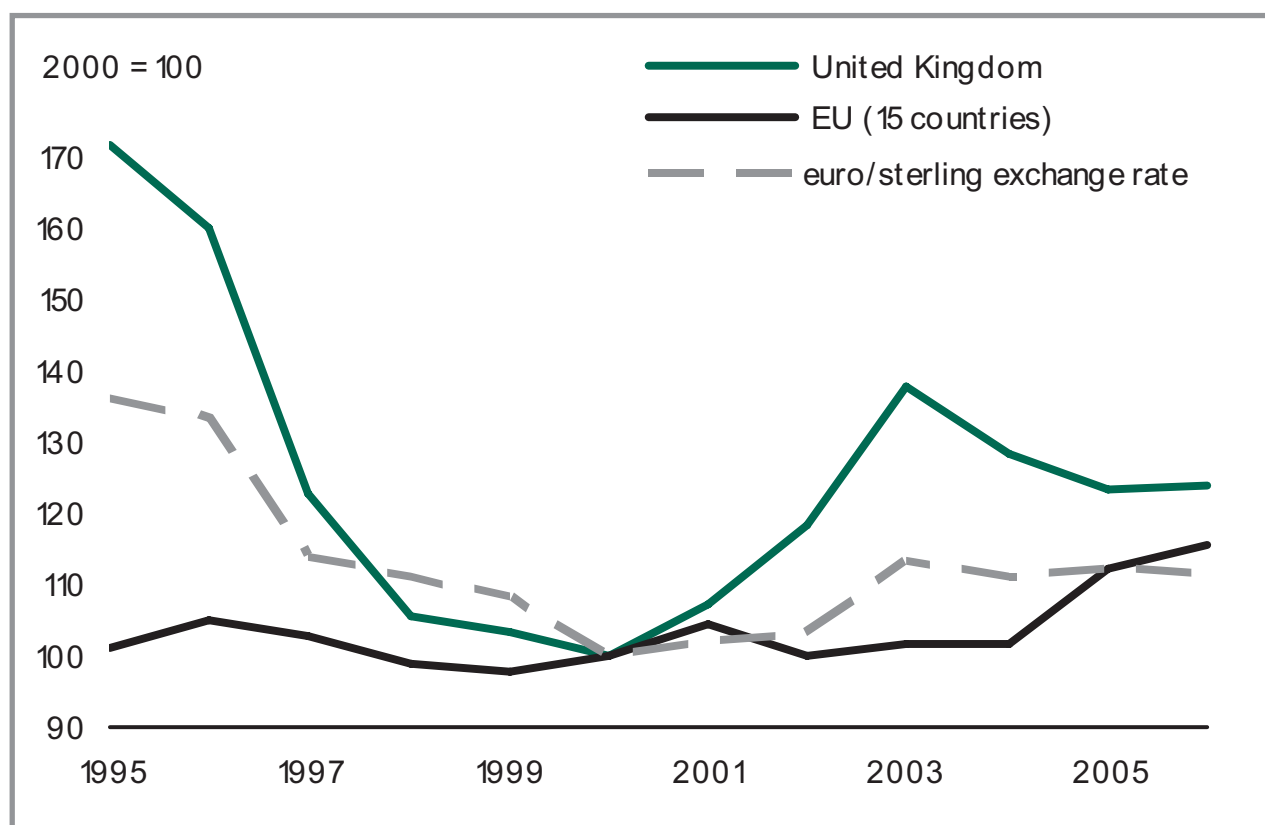
There has been a gradual decline in fertiliser use in Great Britain. The fall in fertiliser use is mainly due to a reduction in application rates on grass, where the rate has fallen by a third over 10 years.

Agriculture accounts for around 60 per cent of the nitrate in river water. Levels of nitrates in river water in Northern Ireland, Wales and Scotland are low. In England, levels of nitrates in rivers have fallen since 2000 reflecting the fall in fertiliser use.

High levels of phosphates in freshwater can cause eutrophication, which affects the ecological balance of the water environment leading to excessive plant growth. Agriculture accounts for around 29 per cent of phosphates in river water.

Key Statistics for EU Member States

Incomes: Indicator A



2000 = 100	2002	2003	2004	2005	2006
EU (15 countries)	100.0	101.5	101.6	112.1	115.6
United Kingdom	118.1	137.6	128.1	123.5	123.8

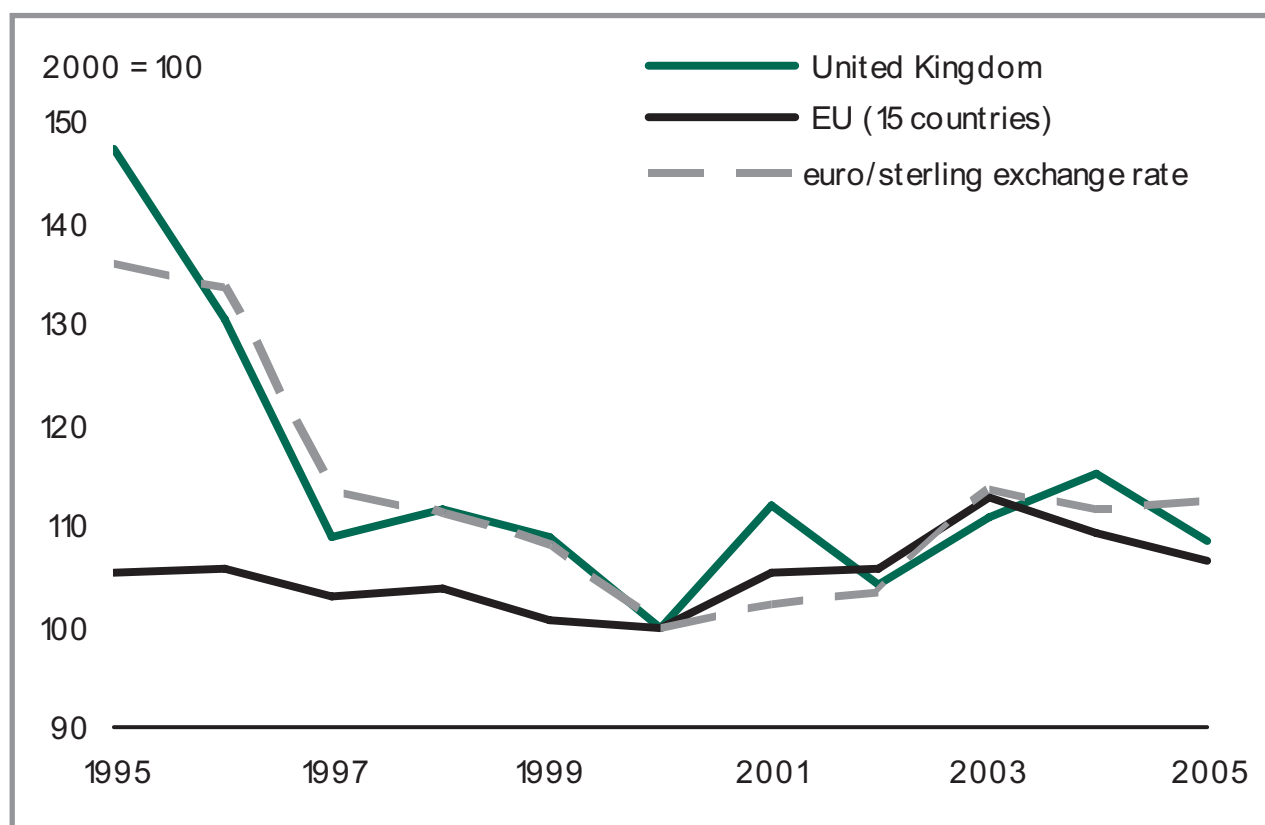
Indicator A is a measure of the average income obtained from agriculture. Those for the United Kingdom and for the EU 15 countries are shown. An index showing the trend in the euro/sterling exchange rate is also shown.

Incomes from agricultural activity in the United Kingdom as measured by Indicator A have risen by 24 per cent since 2000 despite falling in 2004 and 2005 while those in the EU15 have risen by 16 per cent.

Incomes in the United Kingdom are influenced by the euro/sterling exchange rate.

Key Statistics for EU Member States

Producer price indices: crop products



2000 = 100	2001	2002	2003	2004	2005
EU (15 countries)	105.1	105.5	112.6	109.1	106.4
United Kingdom	112.0	104.0	110.7	115.0	108.4

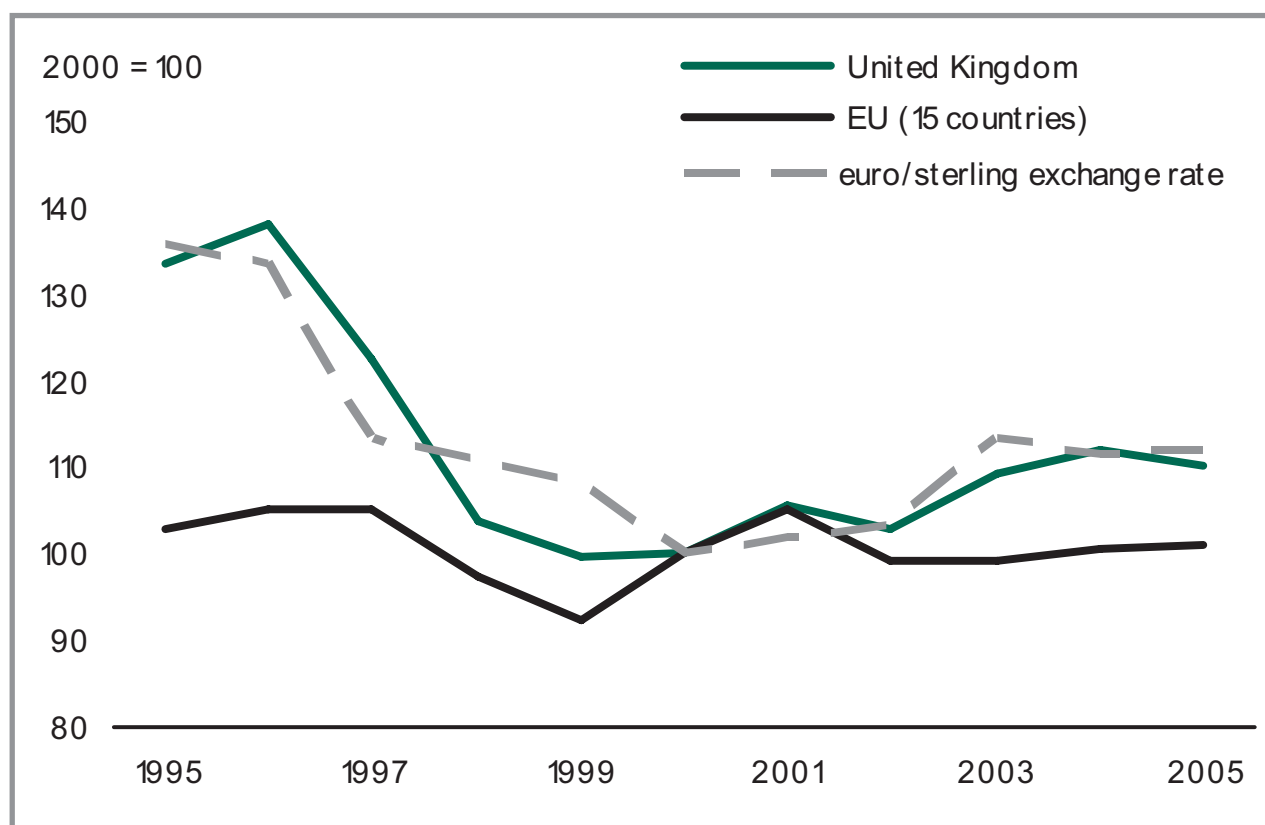
The indices indicate the trends in the producer prices of crop products as a whole. The sub-indices were weighted by the values of sales in 2000. An index showing the trend in the euro/sterling exchange rate is also shown.

Crop prices in the United Kingdom rose by 8.4 per cent between 2000 and 2005 while those in the EU15 rose by 6.4 per cent.

Producer prices in the United Kingdom are heavily influenced by the euro/sterling exchange rate.

Key Statistics for EU Member States

Producer price indices: animals and animal products



2000 = 100	2001	2002	2003	2004	2005
EU (15 countries)	105.3	99.0	99.4	100.5	100.9
United Kingdom	105.8	102.7	109.4	112.0	110.4

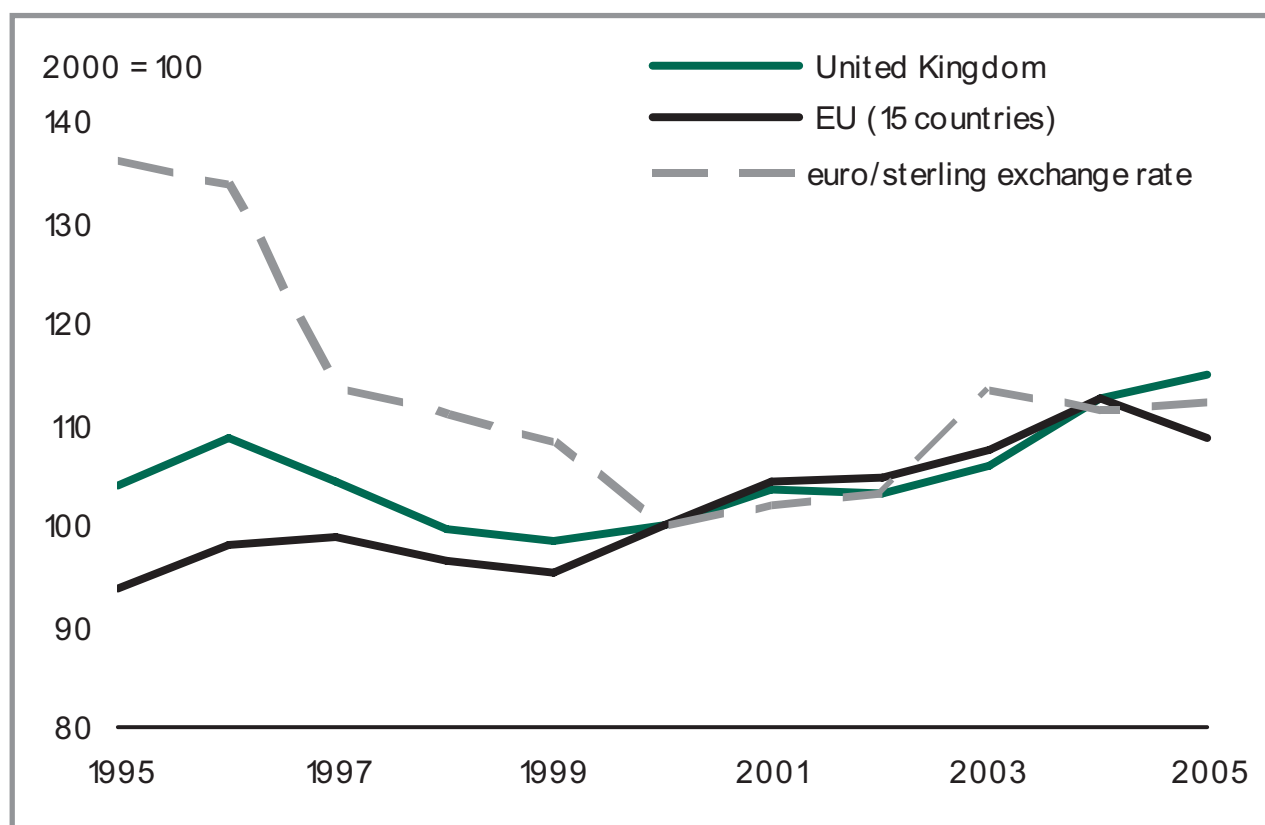
The indices indicate the trends in the producer prices of animal and animal products as a whole and in the euro/sterling exchange rate.

Animal and animal products prices in the United Kingdom rose by 10 per cent between 2000 and 2005 while those in the EU15 have risen by 0.9 per cent.

Producer prices in the United Kingdom are heavily influenced by the euro/sterling exchange rate.

Key Statistics for EU Member States

Purchase price indices: means of agricultural production



2000 = 100	2001	2002	2003	2004	2005
EU (15 countries)	104.2	104.7	107.6	112.5	108.6
United Kingdom	103.6	103.2	105.9	112.7	115.0

The indices indicate the trends in purchase prices of the means of agricultural production as a whole and in the euro/sterling exchange rate.

Purchase prices of the means of agricultural production in the United Kingdom have risen by 15 per cent between 2000 and 2005 while those in the EU15 have risen by 8.6 per cent.

Purchase prices of the means of agricultural production in the United Kingdom are less heavily influenced by the euro/sterling exchange rate.