2001

INSPISSATED GLOOM

was how Doctor Johnson characterised the nocturnal atmosphere in Macbeth. He could equally well have been describing the way this farmer feels today. We lost money this year (i.e. from the crop grown in 2000 but sold in 2001) for only the second time in my farming lifetime,† and the outlook for next year looks even worse. Regular readers of these Annual Reports will attest to the fact that I am not congenitally pessimistic. Unlike many (most, actually) of my profession, I am happy to admit to the good times. Which is why I should be believed when I say things today are very difficult indeed.

In a year during which foot and mouth disease was always in the headlines, it is probably impossible for the non-farming public to realise that arable farmers actually suffered worse than our livestock brethren. †Whilst foot and mouth was inevitably traumatic and deeply distressing, at least the compensation paid was very generous indeed. Thus it is unlikely that any of the victims of the epidemic emerged this December financially poorer than they had been in January. For the arable farmer the opposite is the case.

The causes of this crisis are clear. The price of wheat from the 2000 harvest fell to around £60/tonne, down from £110 five years ago. Meanwhile the costs of our inputs rose dramatically. We paid £120/tonne for urea (nitrogen fertiliser) compared to £80 two years earlier.

It was not simply economic factors which gave us so much pain. The subsidies we receive from a once-grateful Brussels also fell. These subsidies are computed in euros, which means when the pound is strong our income falls.

There are, however EU funds available to compensate us for this currency fluctuation. To the fury of the NFU, the government chose not to use this dosh. The problem began back in 1984 when as a result of Mrs Thatcherís aggressive use of the handbag she got Brussels to agree to make permanent the rebate of of two thirds of the UKís contribution to the EU. Loud cheers from all (including farmers) on this side of the channel. In the general euphoria we all overlooked the price which had been paid for this apparent victory. This was that henceforth the Treasury would have to bear 71% of the cost of any expenditure instead of the previous 16%. Thus, for example, if the government had compensated us farmers for our drop in subsidies, it would have had to find 71% of the cost. Not surprisingly Messrs Blair and Brown decided that if there was any spare cash to give away, farmers would come a long way down the pecking order, behind hospitals and doctors and nurses and teachers and schools. Which is why the government was absolutely right not to compensate us for the high pound.

So much for politics. Another reason why the gloom was so inspissated* was the wettest twelve months we have ever known. Since September 2000, when we started planting the crops for this harvest, we have had 800 mm of rain, compared to our normal average of 550mm. This goes a long way to explaining why this year we had the worst harvest we have known for over twenty years.

Please bear in mind that the area aid subsidy in brackets is paid to us in addition to the market price. For some strange reason all farmers conveniently forget to mention this fact when they tell everyone how awful prices are. To take wheat as an example, the subsidy added an another £33/tonne to the market price this harvest. Thank God for Brussels. The CAP may be a profoundly stupid system, but without it today we would be bankrupt.

WHEAT (Subsidy = £218/ha.)

It was a harvest to forget. Two years ago our wheat averaged 10.7 tonnes/hectare (which was, admittedly, a record). Last year it fell to a decent 8.9 tonnes/hectare and this year it fell again to a pretty dismal 7.7 tonnes. One of the reasons for this very poor yield was that large areas of some fields were flooded for three months and thus grew no crop whatsoever. Quality was dreadful, with hectolitre weights struggling to make 72. At least our *Malacca* produced a good sample, albeit with a disappointing protein of 12.2.

But at least the prices were somewhat better. As usual, we managed to sell and move about a quarter of our production in early August for a price which averaged £79 per tonne. The remainder was sold forward for November collection at £80/tonne. By some outrageous chance this seems (so far, anyway) to have been the absolute peak of the market; the price has since fallen by £8/tonne. It may explain the faint odour of smugness at Thriplow these days.

Yields were all over the place. One field of *Malacca* actually managed 10.5 tonnes/hectare, while at the other end of the scale a field of *Biscay* staggered to make 4.5 tonnes/hectare. It is true that in the latter case nearly ten percent of the field† had been flooded and so produced nothing. The effect of the floods was so profound that it is pointless even listing the individual varieties. Suffice it to say, however, that the difference between first wheats and second wheats was around 2.5 tonnes/hectare. We shall now have to think very seriously indeed whether it is even worth growing second wheats in the future.

This year we will be sticking with *Malacca*, *Aardvark*, *Biscay* and *Equinox* and will try the new CPB-Twyford varieties *Makro* and *Access*, which look exciting. We are also experimenting with *Latitude*, the very expensive new seed dressing which is supposed to reduce take-all in second wheats. The variety concerned will be *Napier*. Our other new wheat will be Nickersonís *Deben*.

BARLEY (Subsidy = £218/ha.)

A genuine disaster. We were growing a new malting barley bred in Thriplow by CPB-Twyford called *Camomile*. The yield was appalling and quality so poor that the crop will be sold as feed barley. *Camomileís* average yield of 4.7 tonnes/hectare is the lowest we have experienced since the Great Drought of 1976. Part ≠ but not all ≠ of the reason was that the two fields on which we were growing barley contained lakes (almost inland seas) for much of the winter and spring. This meant that at least 15% of the area produced no crop at all. The soil was still so waterlogged in mid-July that that the combine almost got stuck in the mud. Next year we shall play safe and grow *Pearl*, which has a proven track record as a malting barley.

OILSEED RAPE (Subsidy £255/ha)

Not quite as disastrous as †barley, but very nearly. Two of the three fields of *Tradition* produced an almost respectable 3.5 tonnes/hectare. The third field, however, was a crop failure. Quite what went wrong is hard to fathom. Suffice it to say that the headlands appeared to have been drilled but the main body of the field produced only a crop of charlock. The net result was that our rape average this year was a shameful 2.45 tonnes/hectare. It was small consolation that the price of £150/tonne was slightly better than last year.

PEAS (Subsidy = £251/ha)

After growing *Baccara* for the past decade we switched to a newer variety, *Univert*. The move seems to have paid off since the yield recovered from last yearís horrendous 2.7 tonnes/hectare to a poor 3.5 tonnes this year. The price is today £89 per tonne, some 5% above last year. The one thing to remember about peas is that they provide a wonderful entry for the following wheat crop.

BEANS (Subsidy = £251/ha.)

Beans did exactly the same as they did last year ≠ a boring yield of 4 tonnes/hectare. However, they cost little to grow since we invariably keep our own seed and they get drilled late in the season after all the cereals. This year, thanks again to the floods, they were drilled so late we should probably have used spring beans instead of *Punch*. In these conditions they managed surprisingly well. Unlike peas, the price of beans has fallen slightly since last year to £83/tonne.

SUGAR BEET (No acreage subsidy but a quota and a fixed price of about £30 per tonne)

Last year we enjoyed the best sugar beet year we have ever known with a final yield of almost 26 tonnes/hectare. This year things looked awful as the very wet spring stopped us drilling the crop at the optimum time in mid-March. Eventually the floods receded and we were able to plant the crop six weeks late. We increased the acreage as we were certain that yields would be so poor we could not possibly achieve our quota. Imagine, therefore, our amazement when we lifted the first field in mid-October and found that the yield was at least as good as last yearís ≠ and maybe even better.† At the time of writing one third of the crop is still in the ground so it is impossible to produce a final figure. Suffice it to say, however, that sugar beet has had another very good year.

SETASIDE (Subsidy = £218/hectare)

Yet again Brussels instructed us to set aside ten percent of the farm as our entry ticket into the subsidy game. In fact, due to the floods, we had one field which we were unable to drill in the spring, which explains why our setaside occupied nearly 14% of the farm.

FALLOW (Subsidy = £525/hectare)

Not to be confused with setaside. We are now members of the Arable Stewardship Scheme which rewards us for being environmentally benign. As a result we are paid £525/hectare for leaving six metre grass strips round the outside of some fields, £600/hectare for beetle banks (two metre wide humps on which beetles frolic and bugs gambol) between fields and £12/hectare for not applying insecticides to some headlands.

We are also paid £525/hectare for leaving a field fallow for a year in an attempt to attract some of the traditional birds such as grey-legged partridges and †stone curlews which once were common on the south Cambridgeshire chalks. The experts are using the skylark population as the benchmark of success. So far this fieldís skylark population appears to have declined! Watch this space next year to see if the experiment is working. †

The Arable Stewardship Scheme is an example of what agricultural subsidies will increasingly look like in the future. It is infinitely preferable to being paid for producing wheat which nobody wants.

MACHINERY

In spite of the economic conditions, we did actually buy two pieces of big machinery. The first was an 8 metre *Horsch* drill which replaced the 6 metre version we had bought last year. This was not sinful extravagance (although buying machinery is always great fun) but was because we realised that the old drill† was simply too small for our 275 horsepower *Claas Challenger* rubber-tracked tractor. The second piece of tackle also came from Michael Horsch in Bavaria; an eight metre rubberwheeled roll which attaches onto the back of the cultivator. This combination now enables one man to do two jobs at the same time. And just to show that we could be slightly prudent, we actually sold our JCB backhoe which had done almost nothing since we had bought it second-hand eighteen months earlier.

THE FUTURE

Last year it looked as if there were a few glimmerings of light discernible in the distance. Reading this yearís report will show that this was unduly optimistic. Yet sooner or later the present cycle must turn upwards again, which is why we start yet another year thinking that things can only get better. There are a few statistics which support this supposition. Chief amongst these is that world wheat stocks are at their lowest level for the past decade ≠ and that the population of the planet continues to grow. But to set against these facts is the economic downturn (recession?) which is clearly more profound than anything we have seen in recent years. Our dream is that China will discover the joys of beer and hamburgers and will, as a result, need oodles of malting barley and even more oodles of feed wheat.

In the meanwhile we have to assume that the level of subsidies will continue to fall, and those which remain will be given more for environmental and less for straight production reasons. In order to increase our efficiency we shall either have to reduce our costs or spread existing costs over a larger acreage. This is what many farmers have tried to do in recent years. They usually start out well but then find that to farm a bigger acreage they somehow need a bigger tractor, or even another man. The moment this happens all the benefits of spreading their costs disappear and they end up farming more acres ≠ but with increased costs.

One way in which we could reduce costs further is to use our local co-operative, Camgrain, to store and market all of our grain. This has the one great disadvantage that I would become even more redundant than I am today since I would no longer be needed to sell the grain. But it would also mean that during harvest we would not need a man running the grainstore and the dryer, nor would we need him to move all the grain out later in the year. It would, however, mean that we would have to find an alternative use for our 3.5 acre grainstore site. Maybe it could be persuaded to grow that most profitable of crops: houses.

Oliver Walston
December 8th 2001

* Inspissated = thickened