

# 1997

## A HORRIBLE YEAR

There is nothing worse than a whingeing arable farmer (except perhaps a self-righteous environmentalist). Raised on a diet of subsidies, shielded from the cold and drafty market place and supported by a doting Brussels, some of today's East Anglian farmers have the chutzpah to complain that their lives are hard. And so they are if you take the past year in isolation and forget about the previous two decades.

1997 has been, without any doubt at all, the worst year since I started farming twenty five years ago. It rather looks as if our income will fall by a quarter this year. If we are lucky we shall break even, but it is more than likely that we shall actually make a loss.

How did this happen? There are four main reasons, any one of which alone would have caused us a lot of grief.

1. We had our worst harvest since the great drought year of 1976, with yields being at least half a tonne per hectare down on last year (itself a poor harvest). The reasons for this are, as usually in agriculture, impossible to isolate with any precision. There seems little doubt that the climate is changing. Whether this is a short-term blip or the first signs of global warming will not be clear for some years to come. But our rainfall in the past two years has been rather less than 75% of what we used to call 'normal'. Dry springs on our thin land are the harbingers of bad harvests, and this year was a very dry spring indeed. When the rains did eventually come in June - making it the wettest month on record - they were too late for the cereals.

2. The world price of cereals fell steeply. Whether this was caused by too much supply or not enough demand is irrelevant. In December 1995 a tonne of wheat was worth £123, last year it was worth £92 and today it is worth £78. (Just imagine what it feels like to run a business in which the price of your product has fallen by 35% in two years.)

3. The strong pound sterling may have helped this particular farmer to buy a house in the Beaujolais but it is disastrous if you are trying to export your surplus wheat. We are now paying the price for the jackpot we enjoyed when Chancellor Lamont lost a billion or two to George Soros and sterling fell out of the ERM. The pound plummeted downwards and our subsidies rose equally unexpectedly by around 20%. At the time, of course, the farming industry kept very quiet about this bonanza. If they had any sense of decency they would keep equally quiet about today's misfortunes.

4. The size of our subsidy cheque has fallen. This is also directly linked to the strength of sterling. The EU (thank goodness) cushioned the blow this year by

building into the system a delay. Next year, however, our subsidies will fall by a further fifteen percent. Bear in mind that the subsidy cheque was around a quarter of our gross income.

It all adds up to a pretty dismal scene. So you would expect East Anglian farmers to be oscillating between acute depression and suicide on the spectrum of misery. And listening to their whinges your suspicions would be confirmed. But pause a moment. Stop listening to what they say and instead watch carefully what they do.

When some nearby land comes up for sale today's East Anglian farmer thinks nothing of bidding £3000 per acre. If the same field is offered for rent he will eagerly pay £130 per acre without any security of tenure. Draw your own conclusions.

## **WHEAT** (Subsidy = £104/acre or £257/ha.)

A harvest from hell. Last year's, which averaged a pretty poor 7.8 tonnes/ha, looks wonderful compared to this year's 6.7 tonnes/ha. As mentioned above, the cause was largely the weather (no farmer will ever admit responsibility because no farmer can ever actually prove it). We expected the second wheats on the thinnest soil to do badly after the dry spring, but what came as a total surprise was that even the first wheats on the good land also did very badly indeed. Only two fields on the entire farm did better than the ancient yardstick of 3 tonnes per acre (7.5 tonnes/ha); these were Consort and good old Riband, which has never let us down during the ten years we have grown the variety. Rialto averaged a dismal 6.5 tonnes/ha, Riband 7.3 tonnes/ha, Consort 6.9 tonnes/ha and Charger (after beet on thin land) 6.0 tonnes/ha. The only smidgen of good news was that the Rialto, Consort, and Charger all went for seed and brought a reasonable premium of around £20 per tonne. The remainder is still unsold as the price of wheat falls inexorably with each passing month. The sooner we forget this harvest the better.

Next year we shall be sticking to the same varieties as well as introducing the feed wheat, Equinox, which is a local variety bred by CPB-Twyford.

## **BARLEY** (Subsidy = £104/acre or £257/ha.)

For the first time in over a decade we grew some barley. Second wheats on thin land have done poorly for some time now and we felt we should replace them with Fanfare in the hopes that we might get a malting sample. It turned out to have been a good decision because although the average yield of 6.9 tonnes/acre was hardly wonderful, it was a lot better than our wheat did - and massively better than wheat would have done on the same land. The quality, at 1.9 nitrogen, was disappointing and at the time of writing all our barley is sitting in the barn waiting for the maltsters to change their mind and start paying a fancy premium. It may be a very long wait.

We shall continue the barley experiment next year, sticking with Fanfare on

our poorest land.

## **OILSEE D RAPE** (Subsidy = £184/acre or £455/ha)

Good news at last. Our single field of Apex produced 4.2 tonnes/ha which is a very respectable yield indeed. Of course, the price had fallen to £130 per tonne, but thanks to our seed premium of £80, the final result was pretty satisfactory. Sod's Law ensured that the rotation this year meant we were only growing a single field of oilseed rape. If only we had not been seduced by the pale blue flowers of linseed and had in stead stuck to the yellow blossom we love so much. Farming is full of if onlys.

Next year we shall be growing the new hybrid rape called Pronto. It is on home ground, having been bred in Thriplow by CPB-Twyford.

## **PEAS** (Subsidy = £150/acre or £372/ha)

A genuine disaster of massive proportions. We grew two fields of Baccara, one of which produced a pathetic 2.3 tonnes/ha and the other a catastrophic 0.9 tonnes/ha. The net result was that after planting 46 hectares of peas we harvested 76 tonnes. Was it the dry spring? Or was it the poor weed control? We shall, however, remember the First Rule of Farming, to forget last year. As a result we shall continue with Baccara next year and pray for better conditions; they could hardly be worse.

## **BEANS** (Subsidy = £150/acre or £372/ha)

Compared to the peas, the Punch winter beans, did rather well at 4 tonnes/ha. But measured against our long-term average of around 5 tonnes/ha they too were disappointing. It all goes to show that if we are going to have dry spring we should ensure that all our crops are planted in the autumn and not the spring.

## **WINTER LINSEED** (Subsidy = £201/acre or £497/ha)

The nearest thing to a crop failure this farm has ever experienced. We were attracted by the novelty (hitherto all linseed has been spring-sown), the generous subsidy and, of course, the name, which just happened to be Oliver. Everybody knows that linseed doesn't yield a lot, but we were expecting around 1.8 tonnes/ha. The plants looked very good in the autumn but began to suffer when the frosts came and lifted the soil so that many of the stems snapped off. As winter turned to spring the crop seemed to stop dead - while the weeds romped away. Eventually we managed to salvage 20 tonnes from 35 hectares. We should have ploughed the lot in and thanked God for the subsidy cheque. The experience was so traumatic that we shall not be growing winter linseed again for a very long time. So much for the First Rule of Farming.

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

Last year I wrote that our sugar beet was 'The finest sugar beet year we are ever likely to experience in a lifetime - or maybe two lifetimes'. I was wrong. This year's is (heaven be praised) even better. In fact it is nothing short of a miracle. As I write this report, with 2500 tonnes of beet sitting in a clamp which may remain there until March, there is no doubt that we will average at least 55 tonnes/ha and maybe a bit more. As a result we will have around 3000 tonnes of C sugar beet for which we will be paid the unsubsidised world price. Quite what this will turn out to be is uncertain but it will barely be sufficient to cover the costs of harvesting and hauling to the local sugar factory at Bury St Edmunds. Thanks to the strong sterling (see above) the price of A and B quota (i.e. subsidised) sugar beet has dropped from £38 last year to £30 this year. Which is why, even after the wonderful yields, we shall do a lot worse than we did last year. Nevertheless, amidst the encircling gloom, our sugar beet has been a comfort and a source of pride.

## **SETASIDE** (Subsidy = £132/acre or £326/ha)

For the second year running we were asked to set aside only 5% of the farm. We did so happily, safe in the knowledge that this was our entry ticket into the subsidies game.

## **MACHINERY**

If farming is going through a bad patch we should perhaps spare a thought for the machinery dealers, who must be having an even worse time. We had been intending to buy a 220 hp John Deere tractor to take the place of a 175 hp machine, but by April the outlook was so dismal that we cancelled the order. As a result we bought less machinery than in any year during the past two decades. Our ten year old Rauch 24 metre fertiliser spreader was replaced by an updated (but very similar) model. At £45,000 it will have to last at least as long as its predecessor. The fact that setaside looks like becoming a permanent fixture meant that we bought a 4 metre wide pasture topper which we shall use to mow the setaside every July. No other equipment was bought and none is contemplated for next year, which is a pity because buying machinery is one of the few pleasures left to jaded arable farmers as they sit and wait for the subsidy cheque to thud onto their desks.

## **THE FUTURE**

It is impossible to be anything but pessimistic, at least in the short term. Next year's subsidy cheque will shrink by at least 15%, which will be very painful. Costs will continue to rise, albeit slowly, and heaven only knows what will happen to prices and yields. However, we should remind ourselves that farming was, is and always will be a cyclical industry. Beyond every trough is

a peak lurking somewhere. But where? And are we at the bottom of the current trough?

A year ago we looked to the booming countries of the Pacific Rim to consume ever greater quantities of beer and hamburgers, which require barley and wheat. Today the picture is a lot less clear. Their economies are in shambles, and somewhere deep under the Pacific El Nino is having a strange effect on the climate. What this will mean is again unclear.

Nearer to home the debate about CAP reform rumbles on. The Commission has published its proposals in Agenda 2000, and it is fairly clear that support prices will continue to fall and area payments will not rise. Whether subsidies will actually be capped - as has been proposed - is a question which will affect this farm profoundly. Self-interest makes us hope that this will not happen but logic and fairness suggest the opposite.

Two years ago, when the price of wheat was £123 per tonne and our subsidy cheques were roughly the same as they are today, I suggested rather publicly that, with rising prices and rising subsidies, we were being over-compensated by Brussels and that the entire system was crazy. One month ago the European Court of Auditors came up with the amazing conclusion that during this period arable farmers had been over-compensated by two billion pounds. It was hard (indeed impossible) to conceal a smirk.

Meanwhile the crops which we planted this autumn look magnificent. The potential is there for a harvest as good as this year's was bad. All we need is enough rain between now and next summer. Our fingers are tightly crossed.

Thriplow Farm December 14th 1997