

Food & Farming

What's in store for agricultural markets in the next few months?

The AHDB's summer 2022 market outlook points to UK agricultural markets hitting a tipping point, with squeezed margins, high inflation and declining direct payments. Harvest is quickly moving along with early developing crops and the long period of dry weather. Despite questions over yields due to the hot weather, the 2022 wheat crop is expected to be higher yielding than last year, however yields across all crops will vary across the country. Drier grain is a bonus when drying costs are so high but there is also a risk that grain quality could be compromised. Within the dairy sector, the risk of a high-cost winter is concerning. The dry summer is likely to have affected forage availability and quality, meaning increases in feed costs are likely, adding to the concern of rising fuel and energy costs across rural businesses. Consumer demand for meat may well be impacted by the cost of living crisis, and the livestock sector is likely to see a drop in demand. These squeezes on demand and increasing costs across agricultural businesses mean that continual planning and budgeting is important to navigate through riskier and uncertain economic conditions.

Scientific breakthrough makes photosynthesis more efficient

Scientists have developed a way to make photosynthesis more efficient. The research team, based in the UK and US, genetically altered soybean plants and achieved a 20% greater crop yield. Lead researcher Professor Stephen Long said that this was the 'most important breakthrough' of his career. The scientists tackled one small part of the photosynthesis process to make it more efficient - in very bright sunlight, plants switch into a protective mode and release excess energy as heat, to avoid damage to their cells. However, it takes several minutes for a plant to switch out of 'protective mode' and back into 'fully productive growth mode'. In their genetic approach, the scientists tweaked the genes responsible for this protective function and made their experimental soy plants 'switch back' more swiftly. The leaves of these genetically modified plants gained more photosynthesis time, which increased the total crop yield by 20%. The hope is this scientific breakthrough will help alleviate food scarcity. Professor Long explained 'this jump in the yield is huge by comparison to the improvements we get through plant breeding, the process we've tackled is universal, so the fact we have it working in a food crop gives us a lot of confidence that this should work in wheat, maize and rice'. It is hoped these crops could be growing in the field within 10 years. Last year, the UK government announced it would be relaxing the regulation of gene-edited crops to enable them to be grown commercially in England.

Support for farmers feeling the heat

Defra has approved temporary requirement adjustments to some Countryside Stewardship (CS) and Environmental Stewardship (ES) options due to the extreme heat challenges farmers are facing this year. The adjustments include allowing cutting or grazing of additional areas of land to help ease shortages of bedding, fodder, grazing or forage crops. These adjustments will generally apply from 17 August to 31 December. Farmers must fill in a temporary requirement adjustments form and must keep it in their records as it may be requested in the future. Farmers must also keep records of field operations and grazing schedules. For land managers who cannot meet the rules for the options in an existing CS or ES agreement, they can fill in a minor and temporary adjustment form to request agreement changes, which must be emailed to the Rural Payments Agency (RPA). If the impact of heat is more serious and permanent, farmers should notify the RPA and consider requesting force majeure. This is if farmers are unable to meet scheme requirements or agreement obligations due to exceptional and unforeseeable circumstances outside of their own control.

Policy

England Woodland Creation Offer to become Local Nature Recovery scheme

The England Woodland Creation Offer (EWCO) will become part of the Local Nature Recovery (LNR) component of Environmental Land Management (ELM) in England from 2025. Defra and the Forestry Commission have confirmed this approach to payment rates for planting trees within the LNR will mirror those offered by the EWCO, and they have urged landowners not to delay any tree-planting plans. The EWCO currently has a ring-fenced budget - this year there is £25 million available for farmers and land managers to apply for woodland creation funding. Once the EWCO becomes part of LNR in 2025, there will no longer be a specific ring-fenced budget for woodland creation.

However, the hope is the announcement will give land managers confidence to plant trees under EWCO as they will now know they can easily transition to the LNR in the future. The government said it expects those with existing EWCO agreements will be able to transition their maintenance payments into the LNR from 2026. These actions mean the government will deliver on its pledge of ensuring no one will be worse off if they start tree planting now, rather than waiting for future government schemes.

Longer stewardship extensions

From 2023 Defra will offer Higher Level Stewardship (HLS) agreement holders' extensions of five years, bringing HLS inline with the extensions available to Countryside Stewardship agreement holders. Those who sign up to an HLS agreement extension will gain additional flexibility too, allowing them to leave the agreement early without penalty if they are offered a place on another environmental scheme such as Countryside Stewardship or Local Nature Recovery. If you would like advice on the approach to take with your stewardship agreements please contact [Georgina Sweeting](#).

Environment & Natural Capital

Responsible natural capital investment in Scotland

The Scottish Land Commission (SLC) has published a new protocol on responsible natural capital and carbon management. The new protocol sets out practical expectations for landowners, managers and investors to ensure their approach to natural capital and carbon management recognises their responsibilities as well as their rights, in relation to land. The SLC recognises that Scotland's land provides an opportunity for private investment for tree planting and peatland restoration, which is important for reaching Scotland's net zero target. The protocol is one of the Scottish Land Rights and Responsibilities Statement protocols and puts into practice the Scottish government's Interim Principles for Responsible Investment in Natural Capital, which are intended to deliver a values-led, high-integrity market for natural capital investment.

The [protocol](#) outlines actions that land managers are expected to do and actions that are suggested. There are three core focus areas of the protocol – delivering community benefit, innovation around ownership and tenure and creating good environmental impact. Natural capital projects should include co-benefits, provide value to the local community, be collaborative and at a landscape scale if possible, be baselined and verified and offsetting should always be a last resort for businesses and investors. There is an emphasis on working with tenants and using instruments such as joint ventures to deliver natural capital projects.

Environment and Land Reform Minister Màiri McAllan said: 'investment in Scotland's natural capital is vital to tackle the climate and nature emergencies – but we must ensure our people and communities are not disadvantaged and indeed can benefit from this opportunity'.

Wales hits peatland restoration target and more funding is available for nature

Wales has surpassed its target to restore 800 hectares of peatland a year and has in fact restored over 1,000 hectares already this year. It is in the second year of its five-year National Peatland Action Programme. 70% of the UK's drinking water comes from upland areas dominated by peatlands, and Natural Resources Wales (NRW) has said that following the extreme weather this summer, where Wales has received only 56% of its expected rainfall, the case for restoring peatlands is stronger than ever.

NRW has also announced it is collaborating with the Welsh government and the National Lottery Heritage Fund to create the Nature Networks Fund to strengthen the resilience of Wales' most precious habitats and help connect people to nature and improve societal wellbeing. The window for the next round of applications for funding opened on 18th August 2022 and nearly £15 million is available for land managers who want to improve biodiversity.

Deer management proposals

Since the 1970s the UK's deer population has increased from 450,000 to two million. Considering the scale of tree planting planned nationally, the growing population is considered to be a substantial threat to young trees and woodlands. For England Defra has proposed a deer management strategy which would:

- Allow land managers striving to reduce damage, to cull male deer at any time during the year
- Clarify the legal status of enclosed wild deer to ensure animal health, welfare and Food Hygiene regulations are not compromised
- Enable more effective control of the invasive deer species
- Support the development of a financially and environmentally sustainable wild venison meat supply chain.

The consultation is open until 2nd September.

Property & Development

Demand for rural tourism attractions remains strong

Rural visitor attractions continue to be in high demand with strong visitor numbers recorded so far this year. There is a lot of growth in the market for wellness tourism – research has shown that international wellness tourists spend 35% more than typical international tourists, and domestic wellness tourists spend 177% more per trip. Rural film locations are also flourishing as they increasingly benefit from secondary income by attracting visitors. Season 2 of Netflix's *Bridgerton* (released in March 2022) has led to a 23% increase in searches for stately homes in the UK, whilst Castle Howard, one of the filming locations for the show, reports a 3,048% increase in website traffic from visitors aged between 18 and 24. For more information on the strength of the rural tourism market, and to see the latest opportunities for rural businesses, see Savills Tourism, Leisure and Events Consultancy's latest [market update](#).

Business & Economy

What would a UK-New Zealand trade deal mean for farming?

The AHDB and Harper Adams University have collaborated on a quantitative impact assessment of how a trade deal between the UK and New Zealand could impact different agricultural sectors. The model suggests some negative impacts for the UK beef and lamb sectors as a result of the trade deal but negligible impacts for the UK dairy and pork sectors. The model suggests New Zealand beef exports to the UK will increase by around 6,300 tonnes (an increase of 740% in percentage terms on the baseline used within the model). The predicted impact of the UK-New Zealand trade deal on UK farmgate prices for beef is small (<1%) with an even smaller drop in production in percentage terms. The New Zealand farming sector, however, is predicted to see a slight increase in beef production (0.7%) and prices, with the price paid to farmers just under 1% higher. The model found New Zealand lamb exports to the UK will increase by around 5,800 tonnes which equates to a 14% increase on the baseline used in the model. Total UK lamb imports are expected to increase about 8% or 4,800 tonnes, with the increase from New Zealand partially offset by reduced imports from the EU. It is clear the impacts on sheep production are negative from a farmer's perspective in the UK, whereas they benefit New Zealand's farmers.

Has just-in-time had its time?

Supply chains have been the lifelines of globalisation, delivering lower costs and higher efficiencies to manufacturing, and gains to businesses and individuals across the world. However, the pandemic, geopolitical tensions and the increasing importance of sustainability and speed to consumers are changing the way we think about globalisation and supply chains. These were previously organised to minimise costs: manufacture where labour is cheapest and maintain the minimum amount of inventory to allow goods to flow – the just-in-time inventory management method.

In agriculture the agro-chemical supply chain is perhaps the clearest example of a just-in-time model in action, with orders triggered by agronomist's weekly recommendations and delivered shortly after. However, considering the potential financial impact of a product not being available and applied in time, arguably agriculture like many industries needs to prioritise greater resilience. In this [article](#) Oliver Salmon from Savills World Research discusses strategies to boost supply chain resilience.

Other Rural News

Coast to Coast route becomes a National Trail

The Coast to Coast route from St Bees in Cumbria to Robin Hood's Bay in the North York Moors National Park will become a new National Trail. Natural England has committed £5.6 million to upgrade the 197 mile path. There are benefits to the Coast to Coast route becoming a part of the internationally recognised National Trails family. This includes investment to ensure the route is well promoted to create new opportunities for international and domestic tourism. A programme of work will aim to boost the economic and social benefits for the local areas through which the trail passes and broaden its appeal by adding circuit walks from towns and villages or car parks, shops or pubs.

Natural England will work alongside the Lake District, North York Moors and Yorkshire Dales National Parks as well as Cumbria and North Yorkshire County Councils to improve the path. Enhancements will be undertaken over three years with the upgraded path expected to open in 2025. The new National Trail will closely follow the existing route. While 85% of the existing route is a public right of way or on land with existing legal access rights there are some locations where changes to the existing rights of way or new paths are needed to ensure the long-term sustainability of the trail. Natural England will now begin to discuss the proposals to create 9.7 miles of new public footpath, nine miles of new public bridleway and five miles of realignment of existing rights of way.

And finally...

Scientists create artificial leaves

A team from the University of Cambridge has developed artificial floating leaves that turn sunlight, water and CO₂ into a clean fuel. The technology mimics photosynthesis to produce chemical energy rather than the electrical energy produced by traditional solar panels. The scientists suggest the floating leaves could be used on polluted waterways or in the sea to avoid clean energy competing with other land uses. Another potential use could be on irrigation reservoirs where they would cut the rate of evaporation.

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