



Foreign Agricultural Service

GAIN Report

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United Kingdom

Livestock

UK farm aid package announced

1998

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Report Highlights:

The UK Government has announced a BPS119.3 million (USD200 million) aid package for agriculture, targeted at beef, sheep and dairy farmers.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
London [UK1], UK

Speaking to the House of Commons, the Minister of Agriculture, Nick Brown, announced a BPS119.3 million (USD200 million) aid package for agriculture, targeted at beef, sheep and dairy farmers. This package of aid is in addition to previous measures this year totaling BPS150 million (USD252 million).

Brown said quote it has become clear that all sectors, but particularly the livestock sector, have been adversely affected by a marked deterioration in market conditions. The weather has made it difficult to grow adequate supplies of feed for the coming winter and to finish stock. In consequence, animals have had to be kept for longer than usual and are now coming forward onto an over-supplied market. The collapse of export markets in Asia and in Russia has exacerbated the situation, leading to further pressures on the UK market from supplies from countries which would otherwise export to those markets unquote.

The aid package, available during this financial year, is aimed primarily at hill farmers, who have been hit hardest by the strong pound. The aid is split into three categories:

- C BPS48.3 (USD80 million) has been allocated to beef farmers, equating to a payment of around BPS29.50 (USD49.50) per suckler cow.
- C Subject to approval by the Commission, the Hill Livestock Compensatory Allowances (paid in February and March) will be increased by BPS60 million. Although precise headage rates have yet to be calculated, UK Government economists expect this to equate to a 55 percent increase in rates paid across the board.
- C The balance of BPS11million (USD18.50 million) will be spent on relieving the UK's Calf Aid Processing Scheme (CPAS) until April 1999. Under EU legislation, the obligation to run it lapses on 30 November, 1998. Payment rates under the extended CPAS will, however, be reduced from the current BPS78 (USD131) per head to BPS55.85 (USD93.80) per head, the idea being that this lower rate will only attract the poorer quality calves from the dairy herd while leaving the better quality calves from that herd and those calves from the beef herd to find their own price level on the market.