

# promar matters

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## WELCOME:

Welcome to this edition of Promar Matters, our monthly publication for customers and industry influencers.

As a company, our objective is to help our customers develop more robust and sustainable strategies for their businesses, helping them compete in their marketplace. The forthcoming EU referendum will have a big impact on UK dairy farms, starting in around two year's time should the decision be to sever ties with Europe.

In the meantime, farms need to get on with their daily business, including submitting the 2016 BPS application. This month we take a look at the possible implications of an EU exit on dairy farms and on ensuring BPS payments progress as easily as possible.



James Dunn  
Promar Managing Director

## MAY 16TH ISN'T FAR AWAY



Mark Wheeler  
Promar Consultant

Promar Consultant Mark Wheeler explains that May 16th is the deadline for submission of applications or

2016 Basic Payment Scheme Applications so farmers need to make sure they have submitted the application ahead of this date.

As the window for applications is now open it makes good sense to get organised and to get claims submitted early. Leaving things like this to the last minute is never a good idea.

Last year a significant proportion of claims were processed incorrectly, resulting in farmers receiving incorrect payments. In many cases the RPA had misinterpreted or mis-entered information on to the system.

This included fields omitted, EFA omitted and items being miscoded.

It is vital that you ensure all land is correctly entered so that problems such as this can be flagged up quickly should they arise. We would advise farmers to get started on the process soon and to take care with applications.

There are four key stages in completing the application which is now principally an on-line process. These are:

**Stage 1** Check the information already held by the RPA. Is it correct? Has it been entered correctly?

**Stage 2** Change any information you need to such as land farmed and entitlements

**Stage 3** Complete your declarations such as that you are an active farmer

**Stage 4** Confirm the information on your application and submit it

Currently, you have less than six weeks to get the application submitted. Get started soon to avoid the panic of getting the form submitted at the same time as you want to be focussing on silaging! And delays or inaccuracies will result in missed payments which can be ill afforded, especially when cash flow is under such pressure. Your Promar consultant can help ensure submissions are correct and on time.



# WHAT DOES THE EU REFERENDUM HOLD FOR DAIRY FARMERS?



**Andrew Suddes**  
Regional Manager

**June 23rd is going to be a significant day in the political and economic future of the UK. Promar Regional Manager**

**Andrew Suddes considers what the Brexit vote might mean for UK dairy producers.**

Brexit is going to be one of the most high profile words across the press and social media for the next three months as supporters for both staying in and leaving the EU strive to get their points of view across and secure your vote. The result will have a big impact on the agricultural industry.

It is important to remember that even if the vote is to leave the EU, there will be a period of transition, probably 18-24 months, during which the fine detail of our exit will be negotiated. However, it is worth considering where the major implications might be felt so farmers can form an opinion on what the preferred option might be for their business.

The biggest reason for leaving the EU is the perceived ability to trade more effectively on a global stage. The EU is, and will remain a crucial market. 90% of dairy imports to the UK are from the EU while a considerable proportion of dairy exports head for the EU countries. Around 85% of our cheese exports are to the EU.

While it is easy to get excited about the opportunities to export to countries like China, Brazil, Russia and India, these markets will continue to open up for UK exports whether or not we are in the EU, with the rate at which they do so being as much about the products exported as any political alignment.

Two things that the EU is associated with at farm level are farm support mechanisms and red tape. Under current schemes farmers receive around £2.8bn in subsidy payments, which is around a third of the money the UK pays to the EU. So, there should be no problem in these levels of subsidy being maintained if we leave the EU?

Any Government is likely to face conflicting demands for where funds made available as a result of Brexit should be invested. What will win more votes – investing in the NHS or in farm subsidies? It is unlikely an EU departure will herald an increase in farm subsidies, while there are no guarantees for how any EU schemes will evolve with time.

With regard to red tape, much of the regulatory burden on farmers is actually imposed by the UK Government and by farmers' customers. Leaving the EU will have no impact on animal movement requirements, while the UK Government will want to continue to be seen to implement welfare, environmental management and rural improvements.

It is unlikely the burden of red tape will differ greatly whether we remain in the EU or not.

Leaving the EU could have an impact on the availability of foreign workers and make the challenge of finding staff more difficult. It could also have an impact on the ease of importing livestock. A significant number of heifers are currently sourced from the EU and demand might increase if the anticipated domestic shortfall is realised.

Finally, as a country we are exposed to the £:\$ and £:€ exchange rates, particularly for key commodities used in animal feeds like soya and wheat. Leaving the EU may weaken sterling, forcing up feed prices which, at a time of low milk prices, will be unwelcome. Heifers would also be more expensive if Sterling devalued against the Euro.

*The decision on June 23rd will potentially have a significant effect on the shape and structure of UK dairy farming. Hopefully industry leaders will be able to reduce the uncertainty and provide direction over the coming months.*

We have produced a short report considering the implications of Brexit. For your free copy go to [www.Promar-International.com](http://www.Promar-International.com)

