



Understanding Beef & Lamb Farmer Business Intentions in Wales

Beef and lamb producers across Wales have been experiencing significant increases in agricultural input costs during the last 18 months or so – and continue to do so. HCC surveyed farmers across Wales in September 2022 to understand how they were responding to these challenges.

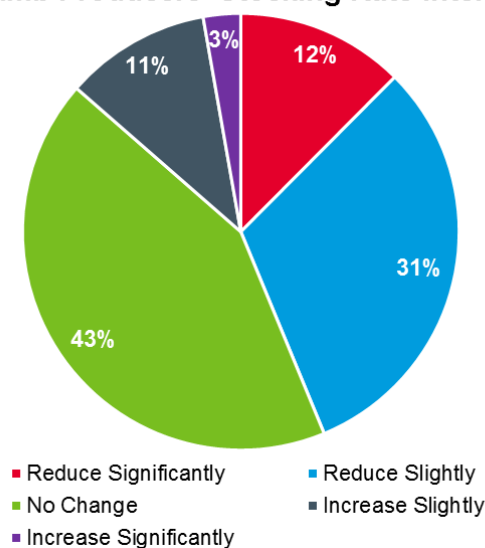
BACKGROUND

- The UK Agricultural Price Index suggests overall **costs of agricultural inputs increased by 31%** during the 12 months to August 2022 (*although this would vary for each sector*) – however the agricultural output from cattle & calves increased by 8%, and sheep & lambs by only 2%.
- This suggests that beef and lamb producers are experiencing a challenging operating environment, which could have **significant impacts on profitability**.
- Understanding how the sector is responding to these challenges is therefore important, including in determining and safeguarding the future supply of red meat in Wales.
- HCC received **402 eligible survey responses** from beef and lamb producers in Wales.
- The analysis looked at stocking rate intentions, reasonings behind business decisions, and use of agricultural inputs.

KEY FINDINGS - Lamb Producers

- ❖ Almost 60% of lamb producers did intend to **change their stocking rates**, whilst 43% stated they wouldn't make any changes.
- ❖ Increased agricultural **input costs** were a significant factor informing intentions to reduce stocking rates – along with uncertainty surrounding **changes to farming support schemes**.
- ❖ Lamb producers intended to achieve reductions in stocking rates by **increasing culling rates**, reducing replacements, and reducing the purchase of replacements.
- ❖ Those intending to increase stocking rates cited **structural changes** to their farming operations as driving this change.

Lamb Producers' Stocking Rate Intentions



KEY FINDINGS - Beef Producers

- ❖ 40% of producers suggested that they had **no plans** to change beef livestock numbers over the next 6-12 months.
- ❖ 31% intended to reduce numbers slightly (*up to 10%*), and 16% significantly (*more than 10%*).
- ❖ The most common approach to reduce numbers was to **increase culling rates**.
- ❖ **Increased agricultural input costs** were again a significant factor behind the intention to reduce numbers – along with new regulations surrounding **Nitrate Vulnerable Zones**.
- ❖ Over 11% of producers responded that they intended to **increase stocking rates slightly**, and 2% significantly.



KEY FINDINGS – Agricultural Inputs

- ❖ **Concentrates:** 53% intended to reduce usage over the next 12 months.
- ❖ **Fodder:** responses suggest a much more consistent use of fodder in the coming year.
- ❖ Many respondents also cited they had already reduced their reliance on bought in feeds.
- ❖ **Manufactured nitrogen fertiliser:** 70% had reduced historic levels of fertiliser usage over the preceding 12 months, with 63% intending to reduce usage over the upcoming year.

OUTCOMES

- A high proportion of producers intend to apply **no changes** to their stocking rates.
- However, the potential impacts of intentions on overall stocking rates in both the sheep and beef sectors does suggest an overall **small contraction**.
- As a result, we may experience **higher culling rates and lower retention rates** within the Welsh flock and Welsh beef herd.
- These actions would impact the supply of red meat onto the market (*both in the short term and in the longer term*).
- Only slight differences were identified between farm type, size and geography.
- Many cited uncertainties within the industry as their reasoning for down-sizing – suggests **greater clarity** is needed for farmers in Wales.
- Numerous producers cited they had already **improved grazing techniques** and **reseeded grass fields** in an attempt to mitigate impacts of increased costs.
- This – along with reduced reliance on bought in feed – suggests producers in Wales are striving for **better efficiency on farm**.

Limitations - There are limitations with regard to this analysis as the survey relied on self-reported information on past and future intentions. This analysis should be understood to give an indication, rather than a definitive account of the actions and intentions of beef and lamb producers in Wales.