

AIC Policy Report

October 2024



Working in support of
a modern, sustainable
commercial, agriculture

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Summary

- In July, the General Election saw a Labour Government brought in with a large majority. This has brought with it new MPs for new constituencies, and in many cases where there has not been Labour or Liberal Democrat presence for some time. In addition to this, new Ministers have been appointed, setting out their priorities for the new Labour Government. There have been few surprises so far, and this suggests a prioritisation of stability and continuity in policy setting. Finally, the change of party seats means that a new Chair of the EFRA Select Committee, a Liberal Democrat MP, has been appointed, ensuring Government policy is held to account.
- Despite the Government's commitment to providing legislative confidence to business many policy issues carried over from the past Government still to be resolved, and AIC continues to press for this clarity. Such policy areas include CBAM, deforestation, gene editing and the National Action Plan, and these are detailed further in this policy report. A Budget in late October will be highly influential in how it impacts Defra resourcing and Government policy, whilst at the same time the Conservative Party will be choosing a new leader.
- During the 2024 General Election, AIC's manifesto was received positively by many prospective parliamentary candidates from across the political spectrum. This has facilitated some initial contact with individual MPs, [and with the AIC's new Farming and Fellowship Scheme for MPs](#), this lobbying work will be strengthened. On 11 September, AIC hosted its annual reception in the House of Lords, with over 160 invitees, including MPs and Peers, in attendance.

1. Cross Sector Policy

1.1 UK General Election 2024

In July, the General Election saw a Labour Government brought in with a sizeable majority, with notable gains for the Liberal Democrats at the expense of the Conservatives and to a less extent, the SNP. As anticipated, Steve Reed MP was appointed as Secretary of State in the Department of Environment, Food and Rural Affairs (Defra) whilst Daniel Zeichner MP was appointed as a Minister of State for Defra covering agriculture and food security. This latter addition in his ministerial title is welcome and aids AIC as it continues to lobby on food security.

As part of the new Government process, new Select Committee Chairs are elected. In September it was confirmed that the Environment Food and Rural Affairs (EFRA) Committee Chair would be a Liberal Democrat, Alistair Carmichael MP. Mr Carmichael has been MP for Orkney and Shetland since 2001. He is the son of hill farmers on Islay and attended the AIC Annual Reception in the House of Lords on 11 September. The EFRA Committee holds Defra and its associated bodies to account, and AIC has provided oral evidence on many occasions to the Committee.

1.2 UK Government priorities

Although the Government is in its early months, there have been some clarity on future policy direction, most notably in the continuation of the SFI programme in England and the tapering away of direct payments. The Government has very much prioritised water quality as its mean priority and has already sought to hold water companies to account via legislative measures. Another core priority for the new Government has been to

negotiate a SPS/veterinary agreement with the EU to improve the trade in agricultural goods, something the AIC has lobbied for during the General Election.

1.3 EU-UK Trade

The new Labour Government has committed to negotiating a new Sanitary and Phytosanitary (SPS) and veterinary agreement with the European Union. The aim of this is to address barriers to trade that have been put in place since the UK's exit from the European Union. A new SPS/veterinary agreement was one of AIC's three priorities for the [2024 General Election](#), and supports the Government's ambitions in doing this. With this commitment from Government, and an openness from the EU to explore this possibility, AIC needs to consider how such an SPS/veterinary agreement could work in practice and how far it could, or should, go. In September, AIC met with new Minister Daniel Zeichner in Defra's offices to discuss the potential benefits of an agreement and the barriers to trade, and their costs, that have built up in the past four years.

1.4 Defra Budget

At time of writing, the main challenge for Defra is its budget. In terms of farm support, it is unclear how much funding there will be for 2025 and beyond, and the process by which we find out is also unclear. A budget will be unveiled by the Chancellor on 30 October 2024, which will set departmental spending for 2025/6, including clawback for unspent funds in 2024/5. Soon after, Defra should provide the agriculture budget for 2025, including allocated amounts for the Basic Payment Scheme. A comprehensive Spending Review will take place in 2025, which will cover a minimum of three years, meaning it will run through to the end of the agricultural transition.

1.5 Sustainable Farming Incentive (SFI) 2023 and the SFI Expanded Offer for 2024

Defra published the full scheme guidance for the SFI Expanded Offer (SFI 2024) in August comprising 102 actions, the details of which can be found through the "[Find funding for land or farms](#)" webpage on GOV.UK. Entry into the scheme remains through a controlled rollout process requiring an expression of interest to be made to the Rural Payments Agency (RPA) before being invited to make an application. Approximately 12,000 expressions of interest have been made, with in the region of 11,000 invitations to make applications having been issued. It is anticipated that Defra will lift the controlled rollout process through to early October.

1.6 Sustainability Survey

Some 23% of Members (51 in total) completed a short, nine question, sustainability survey providing useful insight into what Member businesses are doing and why; particularly on carbon reporting. The results are to be included in the Sustainability Action Plan. It is proposed to repeat the survey in 2025 with the aim of increasing uptake and to gauge any changes in responses.

1.7 AIC's Sustainability Action Plan

AIC's Sustainability Action Plan draft received a good breadth of comments from across the sectors with core concerns raised. The comments have been discussed and a final draft produced which will be presented to Board for sign off before launch at Conference. A wider communications plan is being developed to ensure ongoing engagement with Members and stakeholders. This includes meeting relevant environmental NGOs following the previous request at Board.

1.8 Food Data Transparency Partnership (FDTP)

Meetings have started again post-Election, with five new members including the NFU. Prioritisation is to standardise product level accounting methodology and better data before considering eco-labelling. Various workstreams covering: Food supply chain reporting at company and product level; farm data; environmental impact data for food, drink and agri products; data infrastructure; supporting and enabling workstreams.

2. Animal Feed

2.1 UK Forest Risk Commodity Regulation (UKFRC) and EU Deforestation Regulation (EUDR)

Much feed sector resource has been committed to providing information to Members and key stakeholders on developments relating to both UK and EU sets of deforestation regulations. The new UK Government has not to date given any clear indication of its plans for the implementation of UKFRC though AIC remains of the view that secondary legislation will be brought forward soon. Some commentators were suggesting that government may seek to align UKFRC with EUDR but this is considered unlikely at present.

On 3rd October, it was announced by the European Commission that it was proposing to defer the compliance date for large companies by 12 months to 30 December 2025, and for smaller companies to 30 June 2026. The proposal now needs approval from both the European Parliament and the Council to take effect. The delay is expected to provide more time for businesses to align with the requirements, while also allowing the Commission to offer further guidance through updated FAQs and a country risk benchmarking system. As part of this, the [Commission provided further guidance](#).

FEFAC have carried out an economic impact assessment of the implementation of EUDR in the EU. FEFAC estimate that the combined impact of direct extra cost for soy supplies for the EU feed market in 2025 and the expected higher additional costs for other alternative protein sources, including rapeseed meal, sunflower meal, and amino acids, may reach up to €2.25 billion. AIC has carried out a similar assessment for the UK demonstrating implementation costs could be as high as £100m.

2.2 Development of AIC commodity standards aligned with UKFRC and EUDR requirements

AIC is close to completing work on two separate commodity standards which are designed to confirm that participants can demonstrate that they have systems in place which show that the commodities they handle would be compliant with either UKFRC or EUDR. Discussions with beef and dairy supply chain partners has confirmed the importance of their being able to demonstrate EUDR compliance for soya and palm feed materials embedded in UK beef products that enter the EU. The AIC Standard is seen as a valuable tool for the feed industry in helping provide transparency on EUDR compliance to farmers, processors and retailers.

2.3 GB Feed Material Register is now published

Following extensive consultation with the Food Standards Agency and Food Standards Scotland, the UK Feed Chain Task Force (UKFCTF) - made up of AIC and the other trade associations representing the UK feed industry (namely BAFSAM, BETA, UK Pet Food) have now published the GB Feed Material Register. The future management of the Register will be in AIC hands and all parties, together with the regulators, are committed to a Register review exercise.

3. Combinable Crops

3.1 Ergot FAQs

AIC is aware that ergot is a more prevalent issue for this year's harvest. To provide information and clarity for Members and their customers, AIC has published an FAQs resource on its website explaining how the industry manages ergot contamination to ensure feed and food safety. This due diligence work provides effective assurance for UK crops and their co-products, which is fundamental in maintaining the competitiveness of the UK grain supply chain.

3.2 Harvest DON/ZON risk assessment monitoring

AIC and UK Flour Millers are again collaborating to monitor DON and ZON levels in the wheat crop at harvest. With six weeks of data now collected, including from later-harvested samples, a clear understanding of the mycotoxin levels in the 2024 UK wheat crop is being gained. The weekly summaries are crucial for assessing the safety and quality of the new wheat crop.

Despite the challenging weather conditions this past season, the majority of DON and ZON results from Members have remained within the lowest mycotoxin levels (i.e., <250 ppb for DON and <25 ppb for ZON). Furthermore, there have been no samples exceeding the legal limits for DON (1,250 ppb) and ZON (100 ppb) in wheat so far. Overall, the data gathered so far indicate the DON and ZON risk this season is low.

3.3 UK Contaminants monitoring

AIC Members are being encouraged to feedback to AHDB on the value of its long-running contaminants monitoring project. The AHDB has conducted independent work on monitoring agrochemical residues and contaminants in cereals since the mid-1980s. A strategic review of this AHDB contaminants monitoring project is underway to ensure that it continues to deliver the best value for levy payers. The industry is being surveyed as part of this review, with the results informing the development of the project over the short, medium, and long term.

AIC wrote to AHDB on behalf of Members to highlight how highly valued this project is because it equips the UK grain supply chain with essential information to support due diligence requirements under current and future legislation, as well as meeting evolving consumer demands at home and overseas. It was AIC's view that this project should not only be maintained but, considering the UK's withdrawal from the EU, its scope needs to broaden to support the flow of crop commodities with our biggest trading partners.

4. Seeds

4.1 Euroseeds advocacy workshop

AIC joined Euroseeds to participate in discussions to analyse the big drivers of the European agenda for the next mandate and their relationship with, and impact on agriculture, as well as to ensure that there is a good understanding of the new Parliament composition. Based on this, there is a desire within Euroseeds to establish a strategy for advocacy work to be developed during the next year towards the new European Parliament and Commission as well as Council.

4.2 Precision Breeding update

In late September, Minster Zeichner provided a welcome update on the future direction of Precision Breeding in England. After much lobbying work with other trade bodies, AIC was relieved to hear confirmation that the

legislation would be taken forward by the new Government, without any changes to the legislative proposals brought by the last Government or by the FSA. This means that secondary legislation will implement the final parts of the Act, when parliamentary time allows. It also means that the Defra Precision Breeding Roundtable will continue to operate, which includes AIC representation.

5. Crop Protection and Agronomy

5.1 Promotion of IPM

The use of cover crops, bi-cropping and spring drilling to reduce resistant blackgrass in cereal crops was demonstrated to a group of 11 Defra officials attended a trials demonstration hosted by Agrovista at a site in Northampton in July. The group also discussed how Sustainable Farming Incentive (SFI) measures could be used to help farmers and growers tackle weed control.

5.2 Horticulture sector insight

A group of eleven officials from CRD together with staff from Horticulture Crop Protection (HCP) and CropLife UK visited the Fargro site and horticulture producers in Sussex in August. The group heard about the issues facing the horticulture sector in relation to availability of crop protection solutions including bio pesticides. This was against a backdrop of crops including protected ornamentals, strawberries, blackberries and vines. Attendees commented how they valued seeing crops in situ as well as hearing from agronomists and growers and seeing first-hand the issues that they faced producing crops sustainably.

6. Fertilisers

6.1 Regulation

a) A new Fertiliser Regulation

Consultation on a new mineral fertiliser regulation based on a matrix approach like that adopted by the EU has again been delayed, this time owing to the hiatus on regulatory development caused by the suspension of Parliament for the General Election and latterly it being deemed a non-priority. AIC has a rapid response working group primed to work with Defra officials on a co-design approach for the technical elements when the consultation eventually takes place.

b) REACH

The previous Government consulted on changes to reduce costs to businesses moving from the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regime to a UK REACH regulatory framework for England, Scotland and Wales. Defra - working with the Health and Safety Executive (HSE) and the Environment Agency (EA) - has devised an Alternative Transitional Registration model (ATRm) for UK REACH. Industry generally fed back that despite welcoming the proposals to further reduce the regulatory burden in re-registering all chemical products in their inventories outlined by the new approach, it was still a burdensome task – especially for importers of products in the UK who might previously not had any liability. Furthermore, the delay in determining the new model means that industry is being pushed ever closer to existing regulatory deadline meaning that these will need to be extended if there is not to be a crisis as the first deadline for compliance with an as yet undetermined scheme is in 2027.

6.2 Trade and Carbon Border Adjustment Mechanism (CBAM)

In December 2023, HM Treasury and the Department for Energy Security and Net Zero (DESNZ) announced that goods from certain sectors imported into the UK from any country with a lower or no carbon price will soon have to pay a levy. Having regard to the current Carbon Price in the UK the Levy with no free allowances works out at approximately £10 CBAM levy per £10 of Carbon. This equates to circa £33-£36 on the current price of a tonne of Nitrogen fertiliser dependent on its type and origin. The outcome of the consultation is still awaited.

6.3 Fertiliser Market

The market for fertiliser delivered by AIC Members has declined from approximately 3.4 million tonnes to about 2.6 million tonnes (-23.5%) since the energy crisis hit the industry in Europe in 2021. This has had a significant impact on the strength of the sector which is funded on a per tonne basis.

7. AIC Scotland

7.1 Agricultural Policy

The development of detailed changes to support policies is starting to gather pace. AIC Scotland along with other stakeholders are providing detailed feedback in several areas. From 2025 there will be new requirements for the BPS, farmers will be required to complete two of five plans within the whole farm plan. The five components are carbon audit, soil sampling/analysis, animal health and welfare plan, IPM plan, and Biodiversity Audit. Farmers should have completed all five plans by 2028 at which point an additional segment will be added – Nutrient Management Plan. The Whole farm plan may create opportunities for Members providing services/advice i.e. soil sampling and analysis. The detailed guidance including the minimum standards and requirements for the whole farm plan [can be found here](#).

Greening payments will have new requirements introduced from 2026 onwards. Changes to the current menu of EFA options and conditions are currently being consulted on by Scottish Government. AIC Scotland has provided detailed feedback on the options and the guidance to ensure that any changes work for the agri-supply sector.

7.2 Programme for Government

In September, the Scottish Government published their legislative plans for the parliamentary year. Key points to note include the introduction of a natural environment bill which will seek to introduce a framework for statutory targets for nature restoration. The Scottish Government is supportive of the negotiation of an EU/UK veterinary agreement to reduce trade friction and cost. Legislation will be brought forward to enable five-year carbon budgets and an updated climate change plan will be published. The Heat in Buildings Bill will be brought forward requiring installation of clean heating systems by 2045. The Scottish Government is also pressing the UK Government to introduce a rural visa pilot to support employers to access/recruit staff from outside the UK. Full details of the programme for government can be found at <https://www.gov.scot/publications/programme-government-2024-25-serving-scotland/>.

7.3 Political Engagement

Key engagements included attendance at the Scottish National Party autumn conference in Edinburgh. This provided an excellent opportunity to meet with Cabinet Secretary for Rural Affairs Mairi Gougeon, Minister for Agriculture Jim Fairlie as well as key stakeholders such as NFU Scotland. One of the key issues discussed

with the Cabinet Secretary was the need for Scottish Government to consider the need to relook at access to Precision Breeding technology for Scottish farmers. AIC Scotland will be writing to the Scottish Government with a proposal on this in due course. In addition to this, AIC met with Public Health Minister Jenni Minto who has responsibility for FSS, highlighting the need for reform of the regulated products approvals process, to enable innovative products (for example feed additives) onto the market more quickly.

7.4 Stakeholder Engagement

AIC Scotland continues to be involved with the FAST stakeholder group, recently writing to the Secretary of State for Scotland (Ian Murray MP) to highlight the economic importance of agriculture (and associated supply chains) to the wider economy and the need to continue to support agriculture i.e. through a multi annual funding settlement for agricultural spending.

8. AIC Cymru

8.1 Wales Future Policy

Change has been the theme of Welsh Politics. Whilst Labour remains the dominant party after the General Election, the previous First Minister Vaughan Gething resigned after four months in office, to be replaced by Eluned Morgan, the first female First Minister for Wales. Huw Irranca-Davies remains the Rural Affairs and Climate Change Cabinet Secretary but additionally now holds the position of Deputy First Minister.

Activity on the Sustainable Farming Scheme continues at pace but behind the scenes. Huw Irranca-Davies actively chairs the now smaller roundtable stakeholder group. Additionally, evidence gathering on carbon sequestration modelling on opportunities not just focused on tree planting should be concluded and put to the Roundtable in October. Welsh agriculture budget negotiations with Labour Westminster Government should be known by December as we approach a critical period of the scheme's new developments, extent of Universal actions and what might Farming Unions accept once a budget financial package as to how this policy is to be financed are known.

Farming unions stress that the Rural Affairs budget is only some 2% of the Welsh Government budget, and that it has effectively been fixed since leaving the EU and that calculating with the Bank of England historic compound inflation figures the budget should be in the region of £500 Million. Additionally, environmental farmer actions and outcomes that combat climate change should, in the view of stakeholders, be funded from a rural affairs budget and not from a climate change mitigation budget.

The SFS is set to be the key mechanism to support farmers in Wales from 2026 onwards. It is imperative therefore that Welsh Government – through the payment methodology – recognises and values farming's broad contribution to the well-being of Wales, delivering key environmental outcomes alongside the continued production of food, underpinning rural communities and safeguarding Welsh language, culture and heritage. AIC Cymru has reminded Welsh Government that farmers can only deliver for society from a position of farm business viability.

8.2 AIC Cymru stakeholder engagement

Members, policymakers, and industry stakeholders joined an AIC Cymru reception at the Royal Welsh Show on 22 July. The well-attended event brought the wider food and farming sector together with Welsh Government for productive conversations which support agriculture and food production in Wales and throughout the UK. The gathering provided a valuable opportunity to share AIC's priorities on food security and land use, trade, and sustainability data. Ahead of the reception, AIC also held constructive talks on areas of common interest with farming unions including NFU Cymru.

9. Northern Ireland

9.1 Ammonia

The DAERA Minister, Andrew Muir, has twice met with industry delegates and other stakeholders to discuss bringing ammonia emissions under control. This is frustrating for those representing farmers as planning permissions are being denied even where significant reductions in ammonia emissions are promised by modern buildings. The lawyers for the planners say that the way the legislation is drafted, their hands are tied, and betterment is simply not allowed. This has the perverse effect of keeping heavily polluting housing in use far beyond its useful lifespan.

9.2 Carbon Farming Partnership

The carbon calculator for carbon footprinting is out to tender with a decision delayed due to the process in which Government has to make procurement decisions. It is expected that it will be into 2025 before any start is made.

9.3 Phosphorus

NIGTA continues to liaise with DAERA regarding phosphorous levels in feed and P emissions to the environment. The Lough Neagh Action Plan launched by DAERA Minister Muir, is a 37-point range of actions to try to reverse the nutrient surplus in Lough Neagh and other water courses in Northern Ireland. One course of action being considered is removing the manures from farms to AD plants to generate energy and enable the capture of the nutrient residues which can be exported. The enlarged AD plant planned for Tully near Ballymena will process up to 200,000 tonnes of poultry manure per annum and will be a 'biomethane to grid' plant generating up to 300 GWh per year.

9.4 EU Deforestation Regulation and UK Due Diligence legislation

In addition to (2.1), the lack of guidance from the European Commission or appointment of a competent authority continues to cause uncertainty in Northern Ireland, especially in the relevant commodities covered. This is leading to fears of a differentiation of competitiveness between Northern Ireland and the rest of Great Britain. So far, the new Government has not provided any clear suggestions on how EUDR will be applied in Northern Ireland.

9.5 Dairy Demonstrator

A contract on the demonstrator has still not been awarded yet. The programme was due to start in March and run for 18 months. The initiative has recently been launched to NIGTA and Dairy Council members to help prepare the way for farmers to be recruited in October.

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