

Beef stand-off on spec changes and price drop

ANALYSIS

by Charlie Taverner

Beef producers feel they are being kicked when they are down.

With trade already sliding, the past six months have seen a flood of processor changes. Big abattoirs

have brought in new grids, with harsher penalties for heavier carcasses and for cattle making more than four movements.

The NFU says this is hitting farmgate prices. "We are talking millions of pounds wiped off the value [of cattle] – it has got to be at least that," says NFU chief livestock adviser John Royle.

PROCESSOR AND RETAILER RESPONSES

- * Morrisons said it had not made "any major changes" to cattle classification in the past 12 months. It said the retailer and subsidiary abattoir Woodheads were signed up to the voluntary code with its three-month notice period.
- * Asda and Sainsbury's said they had not made any changes to beef specs in the past year.
- * Waitrose, supplied by Dovecote Park, said it had not made any changes. The premium retailer said its top weight had always been 380kg and trials with heavier animals over the past 18 months had not met shoppers' needs. More frequent shops, more single-person households and emphasis on "dinner tonight", made large, heavy beef cattle unsuitable, causing waste in the process and at retail, said a spokesman.
- * ABP said its new 15-point grid would give greater accuracy in grading. "It helps us meet with customer specifications. The vast majority of the cattle supplied to ABP are in spec," a spokesman said.



UK beef production in January to March was 2% higher on the year

The National Beef Association (NBA) says even if the base price surged to 380p/kg, heavier deductions would still see producers losing money. "[Retailers and processors] want to buy the raw material as cheaply as possible," says NBA chief executive Chris Mallon. "One of the tools they have is specification and grades."

It is not just the finished ring that is affected. Livestock Auctioneers Association executive secretary Chris Dodds says the movement limits are based neither on welfare evidence nor on customer analysis.

And weight limits are hurting store prices. "It ripples down because the men standing around the ring cannot go over a certain value."

Trade has been tough. Prime prices have slumped since the start of the year from a low base. The British all-steers deadweight price fell from 330.3p/kg in mid-January to 314.4p/kg in the week ending 16 April. A year ago it was 341.4p/kg.

Establishing the link between grid changes and falling prices is difficult. In the past three months the average R4L steer price dropped 5.4%, but the all-steers average came down just 4.8%. AHDB's market intelligence wing has started to investigate what is driving the

BPS advice – keep screenshots and paperwork

BPS applicants are warned not to rely on what they see on screen, especially concerning entitlement transfers and use-by years.

"The online system can be a very useful way of making applications for claims and transfers but it is impossible to say one can rely on the information one is seeing on screen," said Hugh Townsend of Devon-based Townsend Chartered Surveyors.

The only safe way to establish use-by years was to contact the RPA for written confirmation of the correct year before assuming that entitlements were available to transfer, or relying on them to submit a claim, he said.

Taking screenshots of information available when making decisions on BPS applications, backed up with any supporting paperwork from earlier years or other correspondence, could also help in cases where problems needed to be sorted after the 16 May application deadline, he said.

"One of the most worrying things is that we are told we cannot rely on the 2017 usage year confirming the entitlements that can be claimed on and transferred.

"When transferring entitlements we have found transfers with 2017 usage years have been rejected. On subsequent investigation we have found that those entitlements

weren't available, having been confiscated to the National Reserve. This subsequently is going to cause real problems, if this is widespread, in the last days of trading as there will be no time to find out what actually is available to sell."

Other issues included rejected applications remaining as "live" on the online system. "This then needs to be manually removed and raises queries as to what happens following the rejection of an application," said Mr Townsend.

Entitlements were also appearing as registered with clients when they should not be, he said. Some had no identification as to whether they are non-SDA, SDA or Moorland.

The BPS online system had also not taken account of SPS-activated leases that were still running, with the end dates of leases causing particular problems.

Meanwhile the RPA is updating its guidance, taking the questions farmers are asking and providing answers in a hints and tips document published online.

Agents completing 2016 forms could also call the helpline on 03000 200 301 and, by using a new option, get through to a dedicated team, said a spokesperson. Anyone with a paper form can also call the helpline to get their online claim set up. Farmers can also visit one of 14 online support centres.