



# 2016

ANNUAL REPORT

SHAPING THE FUTURE OF SCOTTISH AGRICULTURE

# President's Report

No one could have predicted what a tumultuous year it would be for Scottish agriculture and the wider rural economy and, as we look ahead, the role of this organisation has never been more important in our 103-year history.

Catastrophic failure to deliver support payments saw Scottish Government held to account by NFUS and three vital loan packages – worth in excess of £500 million - secured and delivered to our rural economy.

Ongoing engagement with the supply chain is slowly bringing rewards in several sectors but, as fragile farm incomes show, there remains a huge disconnect between the farmgate and the shop shelf that needs fairer recognition of the risks carried by those doing the hard work. We will work tirelessly to close that gap.

And the landmark vote to leave the European Union has mapped out a hugely challenging work stream for this Union, one that is likely to span over several years. We are already on the front foot on our political engagement and our voice is already being heard clearly in the corridors of Holyrood, Westminster and Brussels. With your support, we will put the resources in place to ensure we secure the best deal for Scotland's farmers and crofters from Brexit and put in place a post-EU strategy for our farming, food and drink sectors that drives profitability and innovation.

The importance of the Union only grows as the challenges we all face in the future continue to mount. These include land reform, agricultural holdings legislation, flood management, new carbon emission reductions for farming, planning rules for farm buildings and developments, plant and animal disease measures, securing changes to Greening, the proposed shift from Less Favoured Areas to Areas of Natural Constraint, rewilding, succession, new entrants to the sector and much, much more. The list grows daily and only an organisation like NFUS has the strength to tackle it head on.

On behalf of our officeholders and Board of Directors, can I thank you for your support this year. It has kept NFUS Scotland at the centre of the political process and allowed us to push for policies for a profitable Scottish agricultural industry that is recognised at home and abroad.

We will remain at the centre of the political process. We will continue to fight for a profitable Scottish

agriculture industry that is recognised at home and abroad and we will provide a personal service, tailored to your needs, to deal with day to day issues that affect your business. This is your Union - use us to make a difference this year.

**“ The importance of the Union only grows as the challenges we all face in the future continue to mount. ”**

*W. Allan Bowie*



**Allan Bowie - NFUS President**

**JANUARY**



NFUS Scotland met on Bob Strachan's Lochlands Farm in Perthshire with the then Cabinet Secretary for Rural Affairs, Richard Lochhead MSP and Terry A'Hearn, Chief Executive of Scottish Environment Protection Agency, to see the extent of the flooding damage following the storms in December and January.

# CEO's Report

For our members, 2016 has been a torrid time. With prices for virtually every farm commodity on the floor and having endured the wettest winter on record, Scottish farmers and crofters faced a cash crisis compounded by Scottish Government's failure to deliver support payments.

While farmers and crofters may be recipients of support, that money very quickly leaves bank accounts to pay wages, invest in businesses and secure the services, feed, seed, fertiliser and machinery needed to ensure Scotland continues to grow and rear the raw materials for our food and drink sector.

Our strength as an organisation, representing farming, crofting and professional businesses, pushed the Scottish Government to deliver three national payment schemes over the course of the year bypassing its flawed IT system and delivering much needed money to the industry. It was the persistence of NFU Scotland that got the loan schemes introduced and secured much-needed funding for farmers and crofters and the wider rural economy. And it is NFU Scotland who will continue to pressure the government until its IT system is made to work.

I thank all our members, officeholders, secretaries and staff for their support in the past year. A strong membership backed up by a robust organisation makes a difference in both political and commercial terms. It is what enables us to represent Scottish agriculture and ensure that our views are taken into account when key decisions are made – an important point when there are lots of others out there who don't have our interests at heart.

Your support also allows us to influence the markets in which we operate. In the past year, our lobbying secured a significant lift in the volume of Scottish lamb now being sold in Scottish stores on a year-round basis and we have had a role in getting milk repositioned amongst soft drinks on sandwich counters in some supermarkets – these are models that will be used to benefit other sectors.

We continue to highlight market dominance and abuse where it occurs. Food and drink manufacturers do, and should continue to sell themselves on Scottish credentials, and we will keep pressing them to source more of their raw materials in Scotland and that a fair and equitable share of risk and returns are spread across all in the supply chain.

No sector will be more directly affected by the EU referendum in June than ours. For 43 years, the Common Agricultural Policy has supported agriculture and Europe has determined the majority of the rules and regulations by which our industry operates.

NFUS will make the most of the opportunity that Brexit marks for Scottish agriculture. The role of the Union in representing our members' views and protecting their interests will rarely have been more important in our 104-year history. Your continued support will send a clear message to back up the tireless work of officeholders at branch, regional and Board level and the quality staff and secretary network we possess.

In the negotiations on Brexit, we will ensure that Scottish agriculture is central to talks on the future shape of agricultural policy, the basis for support, access to EU and world markets and access to non-UK labour.

With your support, we will continue to deliver for all in the year ahead.

*Scott Walker*



**Scott Walker**  
NFUS Chief Executive

FEBRUARY



NFU Scotland's Annual Dinner, Conference and AGM once again proved popular with members and stakeholders alike, taking place at the Fairmont Hotel St Andrews.

The top team remained the same, being led by President Allan Bowie with Vice Presidents Rob Livesey and Andrew McCornick. Long-serving Treasurer George Lawrie was replaced by Buchan farmer and consultant Gerald Banks.

## Cap Greening Activity 2016

NFU Scotland's activity on Greening has focused on simplification of Brussels legislation and removal of the Scottish Government's gold-plating.

In March, the Union responded to the EU Commission's consultation - repeating and expanding on simplification suggestions raised to the Scottish Government the year before. Commissioner Hogan was briefed on the Union's ideas when he visited in May.

Commission proposals, leaked in late June, included some of those ideas but the Commission's list included two proposals. Opposition saw off one, which would have extended the Ecological Focus Areas (EFA) fallow period to nine months. As of November, the fight was still on against the other, a ban on the use of Plant Protection Products on EFA fallow, cover/catch and Nitrogen Fixing Crops.

A letter to the Cabinet Secretary outlined the problems caused by Scottish Government gold-plating paving the way for him to see them first-hand on Combinable Crops Committee Chairman Ian Sands' farm in August.

He was told about how removal of gold-plating could fit with Commission simplification proposals. Our case was strengthened when the Commission confirmed that aligning Scotland's rules on EFA management with England's would be compatible with EU legislation.

It, having become clear that decisions on Greening are not solely up to Fergus Ewing, saw the Union meeting with Cabinet Secretary for the Environment Rosanna Cunningham whilst also briefing the chairman of the Scottish Parliament's Environment Committee Graeme Dey on NFU Scotland's proposals.

## Glyphosate and Chlopyriphos

Following continuous lobbying from NFU Scotland and other UK farming unions, glyphosate received a last-minute stay of execution for 18 months.

The popular herbicide's licence was approved in June, however NFU Scotland stressed the importance of this 18-month period being used by the European Agency for Chemical Products to reassess the safety of the product. The union stated that there was no well-reasoned argument to hold back a full re-authorisation of glyphosate in line with the regulations.

However, farmers and crofters received a blow just a month later, when they were left with no economic means of controlling damaging leatherjackets on grassland, following the rejection of an NFU Scotland emergency authorisation application for the use of chlorpyrifos.

An HSE-led announcement from earlier in the year meant that from 1 April 2016 it was illegal to sell, distribute or use products containing chlorpyrifos except under very limited circumstances.

Almost immediately NFU Scotland received reports from members across the country that their crops were sustaining leatherjacket damage and called on the Union for assistance.

However, despite the UK farming unions working together to submit a 120-day emergency authorisation to control leatherjackets on new sown leys and established grassland in the autumn, this was rejected by the Chemicals Regulations Directorate.

## Engagement continues on crofting

NFU Scotland continued its engagement with the crofting sector. As well as sitting on the Crofting Stakeholder Forum and representing member's views, the Union also developed its six priorities for crofting manifesto which it continues to take forward. In addition, crofting members were also consulted during the autumn on what their priorities are, and how they would like to see crofting policy and legislation taken forward.

The Union met with the Cabinet Secretary, specifically to discuss crofting in July, and separately with the then Crofting Minister Aileen McLeod in January.

MARCH



Hundreds of farmers and crofters joined NFU Scotland in rallying at the Scottish Parliament in March, highlighting to Scotland's politicians the importance of farming to the rural economy and to the whole nation under the banner **#nofarmersnofood**.

## The future for LFASS

Under EU rules, the LFA Support Scheme (LFASS) cannot continue unchanged from 2018 and the Scottish Government has been undertaking work on a replacement Areas facing Natural Constraint (ANC) support scheme for some time. And possible options have now also had to be recast considering the result of the EU referendum. As things stand, however, Scotland must designate new ANCs by 2018, and must replace the LFASS with a new ANC support scheme accordingly.

This year, Scottish Government and NFU Scotland have worked on possible approaches that might be the right fit for Scotland. But this is not an easy task, as any new scheme must be compliant with EC regulations too.

What is crystal clear is that ANC support is income support which must be based on compensation for the income foregone and additional costs of farming more constrained land, and to help prevent land abandonment. But what is much less clear is what sort of new scheme can target support at active farms and crofts for their continued active use of poorer, less productive land - and to sustain their vital role in maintaining sustainable farming systems, rural economies and communities - while also satisfying the EU regulations.

Under an ANC support scheme, there can be absolutely no link between production, stocking densities or livestock ratios and payments. And there are requirements for budget control - to avoid over-compensation - and for ANC support to complement payments under Pillar 1. In addition, a new ANC scheme can be based on farming systems, but not on enterprises. It is inevitable that the shift from LFASS to an ANC scheme will result in a redistribution of the existing budget.

Whatever approach is taken, NFU Scotland is clear that it must not undermine active, productive farms and crofts. Supporting active units underpins the rural economy in more disadvantaged areas and maintains the capacity needed to sustain Scotland's red meat sector, and the landscapes and environments that depend on grazing livestock.

## Getting more women involved in the Union

The last 12 months has seen NFU Scotland increasing its work to encourage more women to get involved in union activity and agriculture on a wider scale.

As well as attending recent 'Women in Agriculture' events in Scotland, NFU Scotland has also participated in the working group of stakeholders behind these ground-breaking meetings.

## First new branch for 80 years

For the first time in 80 years, NFU Scotland launched a new branch in July. With NFU Scotland's crofting membership having grown to more than 750 in recent times, the Union introduced a new Western Isles branch to give the increased membership in that area greater support and recognition.

## Making communications more accessible



Throughout this year, NFU Scotland's Farming With Dyslexia campaign has been progressing

well, with 14 agricultural organisations signing up to the Union's Memorandum of Understanding to review their communications.

The Union has continued to improve its communications to members following the creation of its **Best Practice in Communications Guide**, setting a benchmark for others to follow suit.

APRIL



Rural stakeholders presented Scotland's main political parties with key questions on how they planned to prioritise and take forward rural policies after Scottish Parliamentary Elections at a national hustings event in April. This culminated a round of regional hustings. The Big Rural Debate, coordinated by NFU Scotland, was the first time an event of this scale had been held in a Scottish election campaign with the sole focus being on issues of direct relevance to rural Scotland.

## Work continues on fighting rural crime

Work this year has continued to raise awareness of rural crime, and encourage members to secure their properties against thieves.

In addition, to the many information days held by NFU Scotland and partner agencies, the Union has attended several meetings, both nationally, and regionally, with the Scottish Partnership Against Rural Crime.

Not only this, but as a result of sharing information with members, and seeking harsher penalties for those committing crimes in our communities, the Union has seen successful prosecutions, including for crimes of hare coursing and livestock worrying.

Following a hare coursing incident in the Lothian and Borders, NFU Scotland was contacted by local police looking to trace a witness to an incident to be able to seek prosecution. And through the local knowledge of our team, the individual was tracked down and could verify what had happened, resulting in the culprit being charged and prosecuted for the incident.

## Take the Lead



NFU Scotland has played a pivotal role in raising awareness of livestock worrying amongst walkers this year, lending it's support to two nationwide campaigns, one in the spring and another in the autumn, to educate the public and remind owners to keep their dogs on leads around sheep.

The message from NFU Scotland was clear to dog walkers – keep your dogs under control, otherwise if they injure or worry sheep you could face prosecution.

According to the figures, obtained by NFU Scotland through a Freedom of Information request, there were 133 incidents of livestock worrying across Scotland during 2015, a marked increase from previous years.

And for 2016, this trend looked sent to continue, with over 100 incidents reported in the first six months of this year.



## See Farmers! See Food!

Throughout this year, NFU Scotland has organised several promotional events, speaking to consumers and promoting Scotland's fine produce.

These days offered a free taste of products available to shoppers across the country right on their doorsteps.

These events took place, not only as part of Quality Meat Scotland's Wham Bam Lamb campaign, and Scotland Food and Drink Fortnight, but happened year-round to showcase the great seasonal produce available.

The success of this year's Wham Bam campaign resulted in an increase in lamb sales of over 10 per cent. One of the key aspects of the campaign was to challenge shoppers' perceptions of lamb and make them aware of how versatile and simple it was to cook.



MAY



An innovative event, looking at the future of farming, saw Scotland's farming union and young farmers look to further strengthen ties in the years ahead. Laggan Outdoors Activity Centre at Gatehouse of Fleet, played host to a NFU Scotland event, in conjunction with the Scottish Association of Young Farmers Clubs looking at: 'Future Farming for Success – what's the future for young farmers in Dumfries and Galloway?'

## On the front foot on Brexit

In June, the vote to leave the EU came as a surprise to most.

Consequently, NFU Scotland had an extremely busy summer and autumn, establishing a dialogue on the key issues – primarily access to markets and labour, a new support system for agriculture, and product provenance – and developing relationships with some of the main decision-makers and thought-leaders so that our members are on the front foot when the process of 'Brexit' gets underway in 2017.



## What do we know so far?

- As far as the constitution currently stands, the UK's majority vote to leave the EU means that we will, indeed, exit the European Union as a whole.
- The Prime Minister announced that Article 50 will be invoked by the end of March 2017 – meaning that the UK will be out of Europe by April 2019.
- The Prime Minister outlined that she wants to seek maximum freedom to trade goods and services and operate in the single market, but she will not agree to a return to free movement of people nor jurisdiction by the European Court of Justice. Effectively, this amounts to the UK leaving the single market.
- The UK Treasury recognised the stability and confidence that continued funding for the agricultural sector provides our food producers in this uncertain interim period, and has committed to funding Pillar 1 and 2 schemes as had been planned up to the date of EU exit.

- Turning to the specific concerns for the agriculture industry, whatever the future support mechanisms are established across the UK, they will be heavily dependent upon the trading arrangements that are secured with Europe and with the rest of the world. They will also be at least World Trade Organization-compliant, meaning levels and types of support available under a Scottish agriculture policy will not be unchecked.

At NFU Scotland's refreshed Autumn Conference in October, Secretary of State for Scotland, David Mundell MP, appealed directly to all NFU Scotland members stating that industry must make the case for its continued support, loudly – not just to the political classes but to the general population too.



JUNE



This year's Royal Highland Show will go down in history, not just for the fantastic livestock and activities, but the seismic change in the political and social landscape of the country. The EU referendum result, or more commonly known as Brexit, saw the Union fielding dozens of interviews over the first 48 hours of the show and in the following weeks.

## NFUS keeps close eye on rewilding

Over the last 12 months, there has been a lot of press interest in rewilding – large scale environmental projects, recently often associated with bringing back lynx – and NFU Scotland has been leading efforts to ensure these are properly scrutinised and, where appropriate, criticised.

The interest in rewilding is unlikely to dissipate any time soon, but members can be assured that NFU Scotland is keeping a close eye on developments and is ready to intervene if there is a genuine threat to Scottish agriculture.

Throughout the year NFU Scotland has been at the forefront of efforts to ensure species that are already present in Scotland, such as sea eagles and beavers, are managed to ensure they do not have an unacceptable impact on farmers and crofters.

This work has been slow and laborious, but it is beginning to pay dividends. Several environmental groups are now coming around to this approach, and NFU Scotland hopes it can work with them to ensure that mistakes of the past are rectified and not repeated.

## Firm focus on flooding



After the devastating floods of winter 2015/16, NFU Scotland worked closely with Scottish Government on the successful roll-out of grants to help many farmers with repairs to floodbanks. After that, the focus turned to better understanding about why the floods had

such an impact, and what could be done to reduce the risk to farmland in the future.

Because of this, Scottish Environment Protection Agency (SEPA) surveyed three key stretches of rivers – on the Dee, Spey and Tay – to establish if gravel bars contributed to the scale of the damage. SEPA allocated money to establish a network of demonstration sites where farmers with serious erosion problems trial the use of bank protection techniques.

NFU Scotland and SEPA are also working with farmers on several rivers to set up catchment groups to enable approved management to happen along longer stretches of river.

It is expected that Scottish Government will consult on changes to make it easier for farmers to reduce erosion of riverbanks.

## Supply Chain

NFU Scotland continues to lead the way in arguing for the Groceries Code Adjudicator (GCA) to have an expanded role in an effort to eliminate the burden of unfair dealing on food and drink manufacturers and producers.

This year the GCA published its first report, identifying that Tesco had in recent years delayed millions of pounds worth of payments to suppliers.

Over the last year NFU Scotland has been heavily involved in the Groceries Code Action Network (GCAN) – a group of organisations calling for the extension of the GCA. The actions of the GCAN has resulted in the launch of a call for evidence on the case for extending the GCA.

NFU Scotland has also worked closely with Scotland Food and Drink to raise awareness of the GCA amongst food and drink manufacturers in Scotland and it continues to be vital that food processors are educated on their rights to avoid being subject to unfair dealing.

The Union will continue to argue for an extension to the GCA remit to cover the whole supply chain from farm gate to consumer and gathered evidence from members to put forward this case. A response will be sent in the New Year to the call for evidence from UK government for the remit extension.

JULY



Once again, Farm Safety Week, from 4 to 8 July, proved popular encouraging farmers, crofters and those within the industry to make safety a priority. This year's message focused on 'who would fill your boots?' and was delivered in conjunction with Farm Safety Partnership Scotland. The personal stories of well-known farmers who had suffered an accident on farm were well covered within the media across the UK. The campaign, as part of the wider UK-wide Farm Safety Partnership, was shortlisted for Farm Partnership of the Year at the British Farming Awards.



# No Farmers, No Food!

The decision to demonstrate outside the Scottish Parliament is not one that NFU Scotland would ever take lightly.

Months of pressure heaped on Scottish Government over its failure to deliver 2015 CAP support payments eventually came to a head when NFU Scotland announced its intention to hold a rally outside Holyrood on 10 March.

Political reassurances that the IT system, installed at a cost of £180 million, would be able to cope proved to be worthless and, therefore, Scotland's rural economy was staring into a financial black hole starved of almost £365 million.

In early spring, NFU Scotland brought MSPs round farmhouse kitchen tables so farmers and the wider agricultural supply trade – merchants, feed salesman, machinery dealers, consultants – could explain in graphic detail the impact that failure to deliver support was having on livelihoods, jobs, business and debt.

A crisis meeting with NFUS and Scotland's First Minister, 36 hours before the rally, saw the log-jam break and the Scottish Government agree to put in place a welcome loan scheme that would get the vast majority of 2015 funds into circulation over a six-week period. It followed an announcement from Scottish Government a few days earlier that a similar loan scheme approach would be used to deliver the bulk of monies due under the Less Favoured Areas Support Scheme helping those farmers and crofters in remote and vulnerable areas.

These breakthroughs saw NFUS change the focus of its rally and several hundred NFUS members turned out at Holyrood to engage with their politicians and underline that farming and crofting remain the cornerstone of the rural economy across Scotland. Political leaders and spokespeople lined up to address the crowd and pictures of a farmer's son proudly carrying his NFU Scotland 'No Farmers, No Food' banner were broadcast on TV and featured on front pages of newspapers.

As we entered the autumn months, a further damning report by Scotland's Audit body into the flawed IT system questioned whether it would ever be fit for purpose. In short, the prospects for a smooth 2016 payment run were, once again, in jeopardy. NFU Scotland lobbying secured a further commitment from Scottish Government to use the loan scheme approach and a significant tranche of funding started arriving in farmers' and crofters' bank accounts in early November, bringing a very welcome cash injection into the whole sector and benefitting those who supply us with goods and services.

At a time when Scottish farm incomes have been falling and commodity prices across all sectors have been incredibly volatile, NFU Scotland has had a fundamental role in securing three loan schemes, worth more than £500 million, that have averted a major meltdown in Scotland's rural economy.



AUGUST



NFU Scotland used a meeting with Secretary of State for Scotland, David Mundell MP in August, to stress the importance of providing as much clarity and certainty to the farming and crofting sector as preparations for the Brexit negotiations get underway. The Union welcomed the opportunity to engage in early discussions with Mr Mundell at East Lothian Produce, Haddington, courtesy of the McCullagh and Logan families.



## Sky Lanterns

NFU Scotland received fantastic backing for its initiative to ban the use of sky lanterns in the autumn.

To date eight local authorities have an active ban on sky lanterns and helium balloon release, and the union formally wrote to councillors from the other 24 councils urging them to follow suit.

As many know, the lanterns, which are constructed from paper, with a wire or wooden frame and contain a lighted candle, are a proven fire risk and can be dangerous to animals.

Many voiced support for the initiative and committed to taking it forward with the relevant committees, something NFU Scotland will continue to monitor going forward.

## Land Reform Landmark

The passing of the Land Reform (Scotland) Act 2016 was a landmark piece of legislation for the Scottish Parliament. The contents and details which will be required by further regulation contain ramifications for all NFU Scotland members.

The Act was a major work stream in 2016 for the Union. It engaged at every opportunity with the process, having many meetings with Scottish Government officials and Ministers, providing written and oral evidence to the Scottish Parliament, and meeting and lobbying relevant Ministers and MSPs.

As the Bill progressed to its final stages, the Union identified key areas which it felt required change, and worked with MSPs to take these forward. Notably, at that stage of the process, the Union was successful in having an amendment tabled by MSPs from each of the political parties, a unique achievement. Some of these amendments made their way into what became the final Act, again an excellent achievement.

Whilst the Act has now become legislation, a large amount of detail has been left to regulation. NFU Scotland continues to work with Scottish Government to ensure that member interests are at the forefront of discussions.

## Lobbying on Linked Holdings

This year has seen the Union work to ensure that the Scottish Government is patently aware of the impact that a move from linked holdings to ScotMoves, from 1 January 2017, will have. This has involved meetings with several politicians and businesses most seriously affected, writing to the Minister, challenging officials on the impact of cross compliance and holding joint meetings with members and Scottish Government officials.

The Union's key aims were to increase the time limit for reporting moves, reducing the cross-compliance burden, ensuring a workable system for dealers, and ensuring the penalty matrix is calculated on a per move basis rather than per animal. Thanks to the effort of the Union there will be no financial penalty for first time breaches in 2017.

SEPTEMBER



NFU Scotland took the plight of the dairy industry to Westminster in September to put forward the case for producers to receive better returns. The Union met with George Eustice, Minister of State at the Department for Environment, Food and Rural Affairs at a meeting which was facilitated by Calum Kerr MP.

**DURING 2016**

Met over  
**100**  
POLITICIANS

at Holyrood, Westminster  
and Brussels

Engaged with over  
**700**  
MEMBERS

through **12 hustings** for the  
Scottish Parliamentary elections  
and the EU Referendum

NFU Scotland has  
featured in over  
**1,500**  
ONLINE  
PUBLICATIONS

Spent over  
**35**  
DAYS

working in the Scottish and  
Westminster Parliaments

Signed up  
**272**  
NEW MEMBERS

6 associates, 37 crofting,  
179 farmers and 47 professional

Members  
have saved  
more than  
**£1**  
MILLION

by being a member, taking  
advantage of several deals  
from affinity partners



**OCTOBER**



The agricultural industry must embrace the opportunities and rise to the challenges for a vibrant future, President Allan Bowie told the Union's Autumn Conference.

This year's refreshed format focussed on the most pressing issues on the political agenda welcoming a number of influential speakers, including Scottish Secretary of State, David Mundell.

# 6 THE NFUS:

Our Presidential team have attended more than

# 160

MEETINGS

with members across Scotland – from Shetland to Stranraer

Carried out four 'shelf watch' initiatives in supermarkets prompting commitments from

# 5

RETAILERS

to stock more Scottish produce

On a daily basis, NFU Scotland will send an email to more than

# 2,200

MEMBERS

updating them on the day's news and events

The regional team have collectively travelled more than

# 130,000

MILES

supporting members in the last 12 months

More than

# 11,000

PEOPLE

now follow NFU Scotland on Facebook and Twitter

NFU Scotland can now send text messages to more than

# 4,000

members and, in 2016, we issued more than **500 text messages** on issues as varied as local events, national news, bank scams and crime alerts



NOVEMBER



NFU Scotland used its regular slot at AgriScot to allow the Presidential team to map out existing work streams for the Union across the wide range of sectors and policy areas in which it is engaged. The floor was opened to members for their views on what needs to be tackled now, and what the Union's priorities should be as we move into a post-Brexit era.

## The Future's Bright



Scottish pig production has experienced huge fluctuations in fortunes over the years but there is a huge resurgence of interest in the sector.

The weak pound, investment from Tulip in new abattoir facilities at Brechin and increasing commitment to domestic pork from retailers has improved the outlook for Scotland's pig sector.

In response, NFU Scotland's New Generation Committee teamed up with marketing co-op Scottish Pig Producers in August to launch a search for the pig farmers of tomorrow.

More than 30 farmers starting up pig production got in touch, with more still coming in. As well as new entrants, a lot of the enquiries are from mixed farmers looking at long-term plans post-Brexit.

Scottish Pig Producers has followed up with each enquiry and is already in the process of starting new breeding farms.

## Dairy

The rollercoaster ride for Scotland's hard-pressed dairy sector is finally starting to turn around – but at a frustratingly slow pace.

Falling farmgate prices for almost two years brought milk to its lowest ebb for a generation by the summer of 2016. But since then, world oversupply and pressure on commodity prices has transformed in a matter of months into plunging production and huge lifts in the value of cheese, powder, butter and cream.

It is a huge disappointment that this significant turnaround has been painfully slow in translating into badly-needed higher returns to producers and the Union continues to engage daily with Scottish milk purchasers in a bid to change this.

Joining with dairy farmers across Europe, the EU has also recognised the crisis and two aid packages will, in early 2017, alleviate a little of the price misery endured by Scottish producers over such a long period.

Looking further ahead, the Union believes that producers now have an opportunity to pursue contracts and pricing models that are proactive, collaborative and agreed rather than imposed by processors with no thought to long term efficiency and sustainability of supply. We strongly believe that farmers and processors must also recognise the huge benefits which effective producer representation can deliver.



## Beef Efficiency Scheme

This year saw NFU Scotland working hard with Scottish Government to improve the Beef Efficiency Scheme.

In early spring, the Livestock Committee met government officials to highlight how the scheme could be made more practical for farmers. The Committee then regularly wrote to the Scottish Government to ensure farmer's views were robustly put across.

Following continuous dialogue, the government announced farmers could withdraw up until the first payment with no penalty; the carbon audit will not be too onerous and farmers who reduce their herd size will not be penalised.

The Union also secured an extension to the application deadline following problems with the application system.

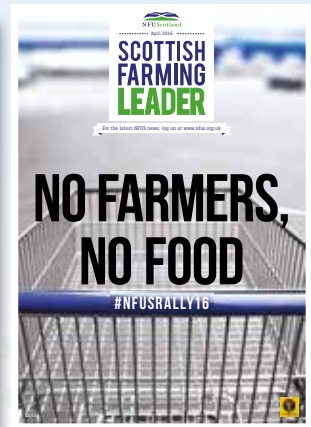
Going forward, the Union is continuing to fight for improvements such as rewarding growing herds, reducing the compliance burden and increase the number and size of the payments.

DECEMBER



Twenty members got the opportunity to go on a worthwhile trip to Brussels to see first-hand the workings of the EU institutions during December.

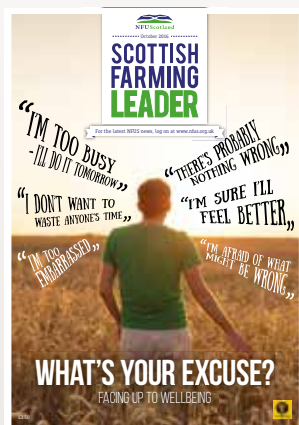
Jointly funded by the Brussels office, the trip gave members the chance to visit a farm as well as speak to MEPs directly about the latest EU policy developments.



As the Union strives to communicate with members, stakeholders and other interested parties, it is always developing it's methods.

Whether it's text messaging, our website - [www.nfus.org.uk](http://www.nfus.org.uk) - through the *Scottish Farming Leader*, or on social media, more ways than ever before to get in touch with us. Thousands are already keeping up to date through our Facebook and Twitter sites - come and join us!

This year alone the Union has featured in more than 1,500 articles in national and local press, in addition to radio and TV and that continues to grow as we lobby on your behalf on a growing number of issues and problems.



NFU Scotland - **Making Your Voice Heard**



For a dyslexic-friendly copy of this annual report please contact [ruth.mcclean@nfus.org.uk](mailto:ruth.mcclean@nfus.org.uk) or call 0131 472 4000.

NFU Scotland, West Mains, Ingliston, Newbridge EH28 8LT  
Tel: 0131 472 4000 | Email: [nfuscothland@nfus.org.uk](mailto:nfuscothland@nfus.org.uk) | [www.nfus.org.uk](http://www.nfus.org.uk)



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