



Sheep

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- The introduction of electronic identification has proved extremely controversial. UK sheep farmers argued that the EU requirements were expensive and of little value. Defra obtained certain concessions, but the main policy came into force on 1 January 2010.
 - The Defra webpage, [Sheep identification and movement](#), gives the latest information on electronic tagging of sheep.
 - Farming unions throughout the EU are pressing for a review of the EU electronic sheep tagging regulation. Concerns over the details of electronic tagging remain very strong.
 - Unprofitability of sheep farmers is a considerable problem. Consumers are buying less sheep meat each year. Wool fetches a very low price because of competition from synthetic substances.
 - Sheep farming becomes more profitable when sterling is weak relative to the euro.
 - The sheep flock continues to decline in size.

Contents

1	Better prices but a shrinking flock - 2011	2
2	Electronic tagging	3
3	The Current Government and Electronic Tagging	4
4	Electronic tagging problems continue 2012	5

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1 Better prices but a shrinking flock - 2011

The National Sheep Association in April 2010 called for politicians to provide more confidence for the sheep industry:

In the lead up to May 6th the National Sheep Association is calling upon politicians from all parties to demonstrate to the sheep farming community that they are valued for the tremendous work that they do in producing top quality products and as environmental managers that have played a huge part in carving out the wonderful UK countryside.

The sheep industry is currently benefitting from good prices for lambs and cull ewes. These prices are being driven by favourable exchange rates but more importantly by a shortage of product as more and more sheep farmers leave the industry in UK and other major sheep farming countries around the world. NSA believes this continued shrinkage of the flock, even with better prices, is in large part due to a lack of long term confidence in the marketplace but more importantly a chronic lack of faith in government to support the work the industry does.

NSA continues to hear from numerous sheep farmers both young and old about their feelings of frustration because they are being being painted in an unfairly negative fashion in the environmental debates that gain more prominence every day. This frustration that is felt is compounded by lobbying by high profile campaigners who have more recently latched onto environmental concerns, a large part of this lobbying is not supported by good science but nevertheless appears to have the support of many parts of government.

NSA Chairman Jonathan Barber said: 'It would be welcome in this election campaign to hear candidates from all parties starting to make positive statements about the sheep industry in the UK and giving public recognition of the positive work that the industry has done and continues to do. Sheep as a species play a part in feeding the nation, creating environmental benefit and are a positive element in holding rural communities together, it is about time that this was recognised by the politicians who sheep farmers vote for alongside everyone else in society.

Sheep farmers can see green shoots of recovery starting to gather momentum but at the same time they feel undervalued and burdened and they will continue to give up their flocks leading to UK sheep meat supplies continuing to reduce. It is not too late for these feelings to be changed but sheep farmers need to hear strong positive messages from their politicians that say government and society appreciate what you are doing and wish to help you move your industry forward for the benefit of the environment and the nutritional requirements of the nation. Give the sheep industry the signals it needs and the sheep industry will respond.'¹

That trend was confirmed in a PQ in November 2011:

Andrew Rosindell: To ask the Secretary of State for Environment, Food and Rural Affairs what assessment she has made of the effects of recent trends in the price of lamb on the lamb industry.

¹ National Sheep Association Press Release, *NSA calls on Politicians to give Confidence to Sheep Farmers*, 19 April 2010

Mr Paice: From 2007 to 2010 there has been a large increase in the ex-farm price of finished sheep, which rose from 237p/kg to 389p/kg.

The value from sheep and lamb production in the UK rose significantly from £641 million in 2007 to £958 million in 2009. The provisional figures for 2010 continue to show growth with an estimated value of £970 million.

In this same period (2007-10) the production of sheep and lamb meat decreased by over 10%. There was a similar decline in the number of sheep (8%) over this period. However, the latest provisional UK results for 2011 show a 1% increase in the number of sheep and lambs to 31.4 million, the first increase since 2004.

Movements in ex-farm prices and numbers of sheep, and the production costs, have a bearing on farm incomes in the sheep sector. DEFRA have published farm incomes for a range of farm types in England, including grazing livestock farms (lowland and LFA), for the year ending February 2011.²

2 Electronic tagging

EID and individual recording is an EU requirement (Regulation 21/2004) which is mandatory for sheep born on or after 31 December 2009. EID is used to identify livestock and is based on electronic devices and readers (either eartags or boluses).

The sheep industry raised concerns before the introduction of electronic tagging. In October 2008 Farming Minister Jane Kennedy said that the costs outweighed the benefits.³

In January 2009, Defra reported on some concessions:

Farmers in England will not have to tag sheep intended for slaughter before they are 12 months old when the new EU Electronic Identification (EID) rules come into force on 31 December this year, Farming Minister Jane Kennedy announced today.⁴

The National Farmers Union expressed frustration at a visit from Commission officials in 2009:

NFU livestock board chairman Alistair Mackintosh (..): "I am extremely frustrated at the Commissioners' stance on individual movement recording and EID - they seem reluctant and unable to grasp the enormity of the impact this regulation will have on sheep farmers. That is why the NFU will continue to do everything it can to fight this regulation and ensure our sheep producers remain in business and remain competitive.

"It was interesting that, when questioned, the Commission delegation was unable to identify any benefits electronic tagging and individual movement recording would bring regarding disease control that are not already available through our present ID and batch recording system, combined with our domestic movement standstills.

"As we have repeatedly said, this regulation makes no sense and has the potential to dramatically affect the sheep industry across the EU. The additional costs involved, coupled with the recording requirements, will force many producers out of business

² HC Deb 24 November 2011 c555W

³ HC Deb 15 October 2008 cc318-20WH

⁴ Defra Press Release, *Newly negotiated sheep EID rules come into force*, 30 January 2009

while having absolutely no cost benefit and we will continue to work with other member states to get the proposed regulation overturned".⁵

The National Sheep Association also criticised the proposed system.⁶

UK sheep farmers claimed that EID would bring no advantages. The Labour Government gave its view:

Lord Hunt of Kings Heath: Independent epidemiological modelling has identified that the introduction of electronic identification (EID) and individual recording could reduce costs of managing an outbreak of exotic disease over the current UK system by up to 13 per cent, as a result of fewer infected premises and fewer animals being culled. It will also improve our ability to track individual animal movements.

The direct financial benefits to the UK of implementing EID in accordance with EU law is a reduced risk of single farm payment disallowance and of EU infraction proceedings. There will also be management benefits for those farmers who want to make use of EID and gather individual performance data to make their businesses more profitable. This could benefit such things as flock health status, lambing ratios, carcase quality, weight, milk yield et cetera.⁷

In April 2009, a Welsh newspaper highlighted the expected cost:

The farming industry in Wales may have to find £17.5m to meet the costs of implementing electronic identification of sheep and goats. The startling figure is revealed in a report by the European Union's Joint Research Centre that compares costings for a range of options for EID in the UK, the Netherlands, Cyprus and Spain.

The report shows the cost of putting the controversial regulation into effect by 2011 in the UK, which has more sheep than any other EU country, is estimated at £65m, with 92% falling on farmers, 5% on markets and collection centres and the rest on abattoirs.

As Wales has around 27% of the total UK flock, it means the Welsh farming industry could face costs of around £17.5m for double tagging sheep, implanting a microchip and buying electronic scanners. A cheaper option of scanning with electronic readers at livestock markets and abattoirs rather than on farms would cost £31m across the UK - £8.37m in Wales.⁸

3 The Current Government and Electronic Tagging

Some PQs in September 2010 explained the position:

Mr Mark Williams: To ask the Secretary of State for Environment, Food and Rural Affairs what recent reports she has received on the adequacy of supply of tags for the electronic identification of sheep; and if she will make a statement.

Mr Paice: DEFRA officials are in regular contact with tag suppliers to monitor supply. In the spring, delivery times were up to six weeks, due in part to a shortage of transponders following the Icelandic volcanic eruption which disrupted air freight. These delays have reduced significantly and supply times in most cases now vary from five days to three weeks. DEFRA officials have worked closely with sheep industry

⁵ NFU Press Release, *Frustration at EU Commission stance on electronic tagging*, 10 February 2009

⁶ National Sheep Association Press Release, *NSA Leads Opposition During EU Tagging Visit*, 10 February 2009

⁷ HL Deb 4 February 2009 c2018WA

⁸ "Anger over EID scheme as report reveals a £17.5m bill", *Western Mail*, 14 April 2009

bodies to ensure keepers order their tags promptly and in good time before they need to move their sheep.

Dr Whiteford: To ask the Secretary of State for Environment, Food and Rural Affairs what assessment she has made of the effectiveness of measures for the electronic identification of sheep.

Mr Paice: Electronic identification (EID) of sheep is an EU requirement, but the administration and implementation of it in Wales, Scotland and Northern Ireland is an issue for devolved administrations. In England, EID was implemented on 31 December 2009. It is too early for any implementation assessment to be made, although DEFRA officials are in regular contact with the sheep industry and are reviewing issues with them as they arise. We have identified some issues which require further discussion with the Commission and I have invited EU Commissioner Dalli to visit the UK in the autumn to see at first hand the practical challenges we are facing.

There was an update in 2012:

Roger Williams (Brecon and Radnorshire) (LD): Despite opposition from the UK and other countries, the electronic identification scheme for sheep is now part of the CAP. In her discussions, will the Secretary of State ensure that penalties for non-compliance with this impractical scheme are kept to a minimum, before getting rid of it altogether?

Mrs Spelman: The hon. Gentleman raises an important point. He may not know—and it is important to record for the whole House—that we wrung an important concession out of the Commission with respect to older sheep. However, in our discussions with the Commission we are of course taking forward the question of penalties, which should be proportionate.⁹

There was a further update in June 2012:

Huw Irranca-Davies: To ask the Secretary of State for Environment, Food and Rural Affairs what progress her Department has made on changes to sheep electronic identification regulations.

Mr Paice: In December 2011, DEFRA secured a change to the EU regulations on sheep electronic identification (EID) to delay, for three years, the requirement to include individual ear tag numbers on movement documents for older animals which are not required to be electronically identified. This change will save keepers between £5 million and £14.5 million.

Further changes to the EU legislation are not anticipated in the near future.¹⁰

4 Electronic tagging problems continue 2012

In May 2012, the NFU reported agreement among unions throughout the EU on the need to review the regulations on electronic sheep tagging:

⁹ HC Deb 1 March 2012 cc413-4

¹⁰ HC Deb 21 June 2012 c1122W

The NFU has helped secure the backing of farming unions across the EU to lobby against the current sheep tagging EID rules.

In a meeting in Brussels on Tuesday the NFU, NFU Scotland, NFU Cymru, Ulster Farmers' Union and the Irish Farmers' Association presented the case for reform of the system to their industry counterparts.

The unions stressed the need to put pressure on the European Commission to review the rules in relation to tolerance, cross compliance and tagging for movements within a holding.

Member states, including France, Germany, Sweden and Spain outlined the problems their farmers were facing in achieving an acceptable level of accuracy. They also shared their concerns over the way the current rules can penalise farmers under cross compliance for failures in technology that can be entirely out of the farmer's control.

NFU livestock board chairman Charles Sercombe said: "This is a real step forward as we build a broad base of support to convince the European Commission that EID tagging does not do what it set out to achieve. The fact that farmers in other member states are struggling with the same problems as we are reinforces what we have been saying over the past few months.

"It's clear that we need a workable practical system of traceability and disease control but that the current regulation is not delivering this. It instead gives farmers a set of complex rules and regulations that often fall down because of technology failures that are nothing to do with the farmer.

"Having colleagues across Europe in agreement on this issue sends a strong message to the Commission that the current rules need to be changed."¹¹

One major complaint is the Commission's requirement for 100% accuracy on movements, which farmers say is not possible in the real world.¹²

¹¹ NFU, "European farmers unite over sheep EID", [NFU online](#), 31 May 2012

¹² NFU, "MEPs sign up to fight for EID changes", [NFU online](#), 17 February 2012