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From David Heath CBE MP  
Minister of State for Agriculture and Food

  
Thank you for your letter of 24 September to the Secretary of State about the impact of rising straw costs on the UK pig industry. I am replying as the Minister responsible for this policy area and am sorry for the delay in doing so.

Bioenergy is expected to play a key role in meeting the Government's legally binding commitment under the Renewable Energy Directive to generate 15% of the UK's energy from renewable sources by 2020. It will also help in meeting our carbon reduction targets. Excluding biomass from the energy mix would significantly increase the cost of decarbonising our energy system.

Straw is one of the many different types of biomass fuels that can be used by power stations but we do recognise that it has other valuable uses apart from energy generation. We are keen that potential impacts on non-energy sectors are addressed and managed. DECC is working with Defra and other Government Departments, advisory and delivery bodies, and industry and environmental stakeholders, to draw up a Bioenergy Strategy. This aims to set out a strategic framework for the use of bioenergy in order to achieve the cost effective delivery of our 2020 goals in a way that is consistent with other objectives across the economy and longer term carbon reduction ambitions to 2050. Among the issues that will be looked at are the consideration of the impacts of using biomass for energy against alternative uses and the potential impact on food and food production. We are aiming to publish the Strategy in the spring.

I understand the difficulties that pig farmers are currently encountering with rising input costs. I appreciate the importance of pig farming to the East Anglia economy, and the country as a whole, and am aware of the particular concerns that livestock farmers have about the potential availability and cost of straw.

Defra's priority is to support British farming and encourage sustainable food production. We are committed to supporting pig farmers as they continue to build on progress made by the Pig Meat Task Force on improving relations between farmers and retailers. We are also working with Member States in Europe and the industry to

find ways to improve the situation for producers in the long term through discussions in the Commission's Enlarged Pig Meat Advisory Group.

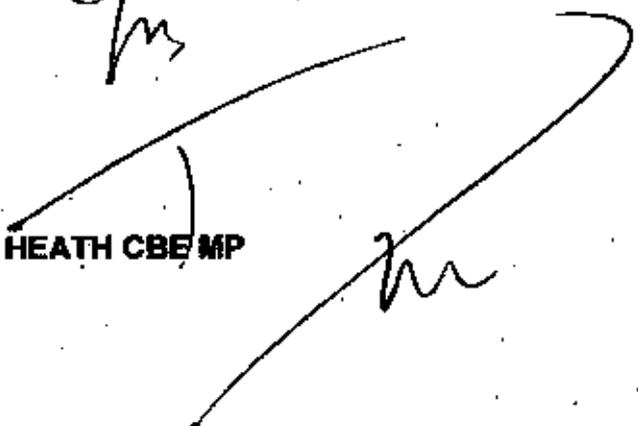
Whilst straw represents a relatively minor proportion of pig production costs, at a time when margins are already very tight, it is an added concern for farmers. Of course, straw is not essential for pig production but I appreciate that some producers prefer to use straw on the basis that it is more difficult to source alternatives for bedding.

The price for straw is highly variable dependent upon location, and local supply and demand. Arable farmers make decisions on whether to bale or sell straw, or cut it for incorporation back into the soil, based on the economics. I understand that generally a lower proportion of straw in the eastern counties is baled compared to the north and west of the country. Much straw is indeed ploughed back into the soil. This could of course provide an alternative source of straw if demand increases. Those pig farmers who prefer to use straw for bedding may wish to consider entering into contracts with arable farmers to ensure adequate supplies are available and manage potential risks.

Latest prices for hay and straw show that prices have decreased in the last couple of months and that they are lower than the equivalent months in 2011. These prices can be found on the Defra website at:

<http://www.defra.gov.uk/statistics/foodfarm/farmgate/commodity/>

Latest estimates suggest that after two years of below average performance, straw yields have recovered in 2012 and I am pleased to report that the NFU have agreed to carry out some analyses into the factors affecting straw prices and are in contact with officials in Defra. I will ensure that they keep you informed of progress.

DAVID HEATH CBE MP