

The Farming Sector in Wales

Research Briefing

July 2022



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Welsh Parliament
Tŷ Hywel
Cardiff Bay
CF99 1SN

Tel: **0300 1100 142**

Email: **Katie.Devenish@senedd.wales**

Twitter: **@SeneddResearch**

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Author:

Katie Devenish

This briefing presents key statistics regarding the structure and economic contribution of the farming sector in Wales.

Each year the UK and devolved governments publish a range of agricultural data. These include the **June Agricultural Survey**, the **Farm Business Survey** and the **Aggregate Agricultural Accounts**. This briefing summarises these data, presenting key statistics on the structure and economic contribution of the farming sector in Wales. It compares the characteristics of agriculture in Wales to the other nations of the UK and explores some changes over time.



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1. Introduction

The structure and economic contribution of agriculture varies between the four countries of the UK, depending on factors such as geography, climate and tradition.

In Wales, the mountainous terrain, steep slopes and high rainfall mean **79%** of land is designated as Less Favoured Area (LFA), where the challenging conditions constrain productivity and make farming more difficult (Figure 6). Cattle and sheep farming is best suited to this environment and consequently dominates agriculture in Wales (Figures 9 and 12), but yields below average farm incomes (Figure 13). The majority of Welsh farms are small (under 20 hectares) with relatively few large farms compared to Scotland and England (Figure 11).

Agriculture in Northern Ireland and Scotland is similarly structured to Wales with a high proportion of agricultural land classed as LFA and used for grazing livestock. Wales and Northern Ireland have similar farm incomes and an agricultural output dominated by livestock and livestock products. In England, the flatter terrain and climate is best suited to growing crops, which is the dominant agricultural land use and the largest output. England holds the greatest proportion of large farms (over 100 hectares) and has the largest average farm income.

Agriculture in Wales is considerably less profitable per unit hectare than in England and Northern Ireland, but more profitable than in Scotland (Figure 5). Many factors likely contribute to this pattern including:

- The dominance of cattle and sheep farming on LFA land;
- The relatively low number of dairy and arable farms (Figure 12) which are **more profitable on average**; and
- The large proportion of small farms: 55% of all Welsh farm holdings are under 20ha.

2. Key Statistics

These are some key statistics which are further explained and set in context throughout the briefing:

- 90% of Wales' total land area is used for agriculture.
- 79% of Welsh land is classed as LFA. This is lower than Scotland (88%) but higher than in England (17%) and Northern Ireland (67%).
- In 2019, the measure of value generated by the agriculture sector accounted for 0.7% of total gross value-added (GVA) in Wales. This is greater than the UK average. The Total Income from Farming (TIFF) is the total profit from all Wales' farming businesses on a calendar year basis and in 2020 was estimated to be £305 million, the lowest of the four UK countries.
- Agriculture, fishing and forestry accounts for 1.8% of total employment in Wales, the second highest after Northern Ireland, although the number of agricultural workers in Wales has declined since 2015.
- The income per unit hectare from farming in Wales is considerably lower than in England and Northern Ireland but higher than in Scotland.
- Welsh agriculture is dominated by livestock. 86% of Welsh agricultural land is used for grazing, and livestock and livestock products account for 81% (£1.4 billion) of gross agricultural output.
- Cattle and sheep farming on LFA land is the most common farm type in Wales, accounting for 25% of all farms. The majority of farms (55%) are small, under 20 ha.
- Crops and horticulture represent a very small share of agriculture in Wales compared to the other UK countries, accounting for 2% of all farms and 6% of gross agricultural output.
- The Average Farm Income in Wales 2020-2021 was £34,300, the lowest of the four UK nations. On average, 67% of Welsh farm income comes from subsidies (57% from direct payments and 10% from agri-environment payments).
- The area of woodland on farm holdings has increased considerably over the past decade.

3. Economic contribution of farming

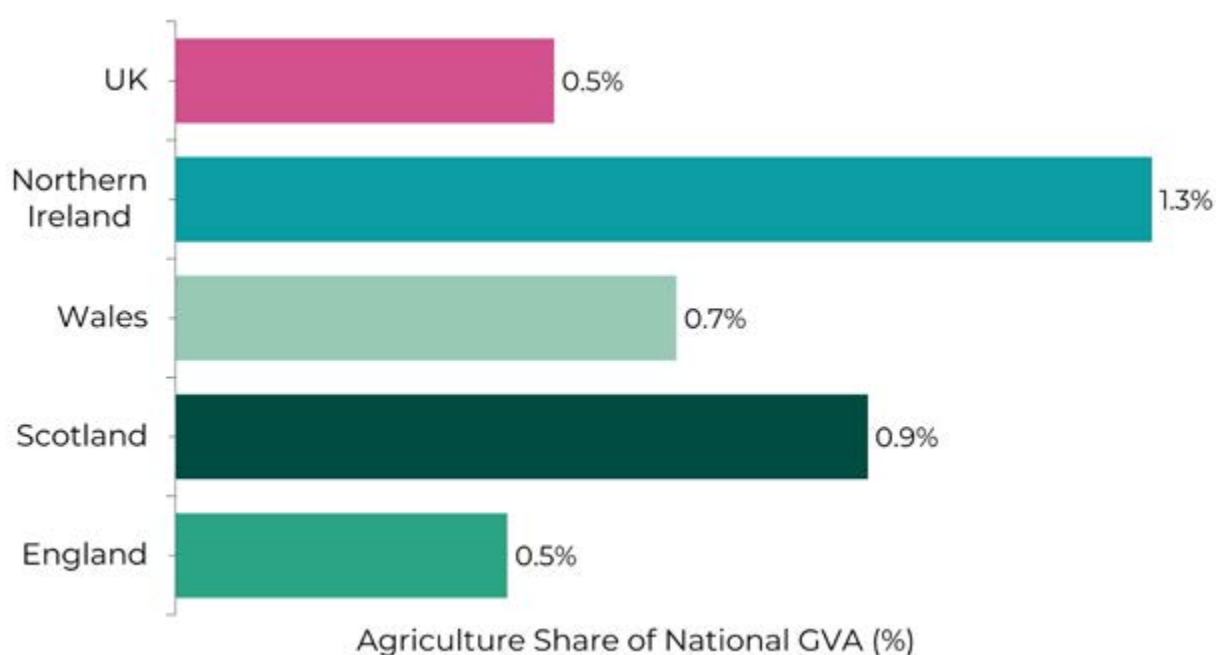
Agriculture's contribution to the economies of the UK countries

Figure 1 shows agriculture's share of gross value-added (GVA) in current basic prices in 2019 for the four UK countries and the UK as whole. GVA measures a sector's contribution to the economy; it represents the gross output (value) of primary products minus intermediate consumption (costs). It does not include farming subsidies or output from secondary processing.

In Wales, agriculture contributed approximately 0.7% of national GVA in 2019. This is greater than the sector's share of GVA in the UK and in England (both 0.5%), but lower than Scotland (0.9%) and Northern Ireland (1.3%).

GVA from Welsh agriculture in 2019 amounted to £470 million. This is lower than Northern Ireland (£586 million), Scotland (£1,366 million) and England (£7,824 million).

Figure 1: Agriculture's share of National Gross Value-Added (GVA) in 2019.



Source: Aggregate Agricultural Accounts **UK, England, Scotland, Wales, Northern Ireland, Gross value-added by area and component**

¹ Basic prices includes specific subsidies on products but not general agricultural subsidies such as direct payments or agri-environment payments. In 2019, the only product subsidies were on Scottish beef.

Another measure of the economic contribution of agriculture is the Total Income from Farming (TIFF) (Figure 2). This represents business profits and remuneration for work done by unpaid workers (i.e. farmers). It is a more comprehensive measure, including income from agricultural production, farming subsidies and diversification, minus losses through the consumption of fixed capital (e.g. in buildings, equipment and livestock). As such TIFF is the preferred measure of aggregate income for the agricultural industry, conforming to internationally-agreed national accounting principles.

The TIFF in Wales in 2020 is provisionally estimated to be £305 million.

Figure 2: Total Income from Farming in 2020 by country (millions £)



Source: Aggregate Agricultural Accounts England, Scotland, Wales, Northern Ireland

Agriculture’s contribution to employment in the UK countries

Figure 3 shows the number of people working in agriculture in 2015 and 2021 in the four nations of the UK. 2015 was selected as the baseline year due to differences in the format of data collection in earlier years. 2021 statistics are the latest published.

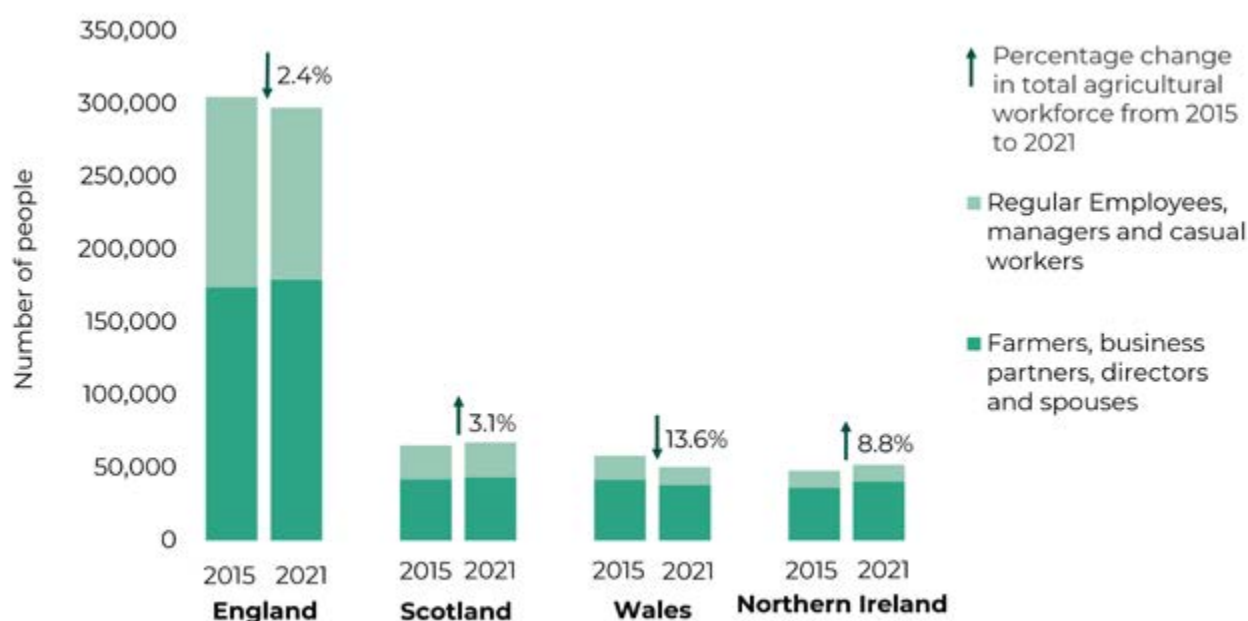
In Wales, 50,401 people were working in agriculture in 2021. 75% of these are farmers, business partners, directors and spouses. The remaining 25% are employees, incorporating regular employees, managers and casual workers. The

number of people working in agriculture in Wales declined by 13.6% between 2015 and 2021, due to the loss of 4,252 regular employees, salaried managers and casual workers and 3,666 farmers, business partner, directors and spouses.

In comparison, the number of agricultural workers increased in Scotland (+3.1%) and Northern Ireland (+8.8%) over the same period, and decreased to a lesser extent in England (-2.4%). England has the largest agricultural workforce, involving 297,418 people, with the greatest proportion of regular employees, salaried managers and casual workers (40%) out of the four nations.

In Wales, 1.8% of the national workforce were employed in agriculture, forestry or fishing in March 2022. This is a greater proportion than in England (0.8%) and Scotland (1.6%), but lower than Northern Ireland (3%).

Figure 3: Agricultural labour force in 2015 and 2021 by country and worker type

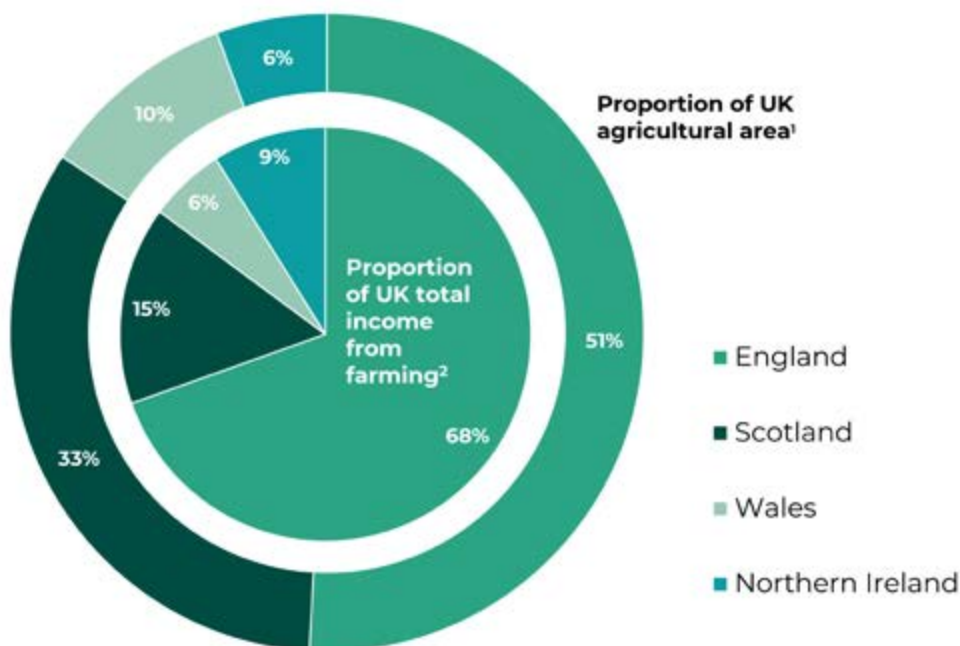


Source: [June Agriculture Survey UK](#)

UK countries' share of UK agricultural area and income

Figure 4 shows the share of UK agricultural land and TIFF in 2020 by country. Wales contains 10% of the UK's agricultural land but only contributes 6% of the UK's TIFF. In contrast, Northern Ireland contains 6% of the UK's agricultural land but provides 9% of the UK's TIFF. England holds 51% of the UK's agricultural land and contributes 68% of total income. Scotland contains 33% of UK's agricultural land but only provides 15% of total income.

Figure 4: Share of UK agricultural land area and Total Income from Farming (TIFF) by country in 2020.



Source: **June Agricultural Survey UK**, Aggregate Agricultural Accounts **England, Scotland, Wales, Northern Ireland**

¹ Refers to the total agricultural area reported in the June Agricultural Survey 2020. This total includes common grazing land.

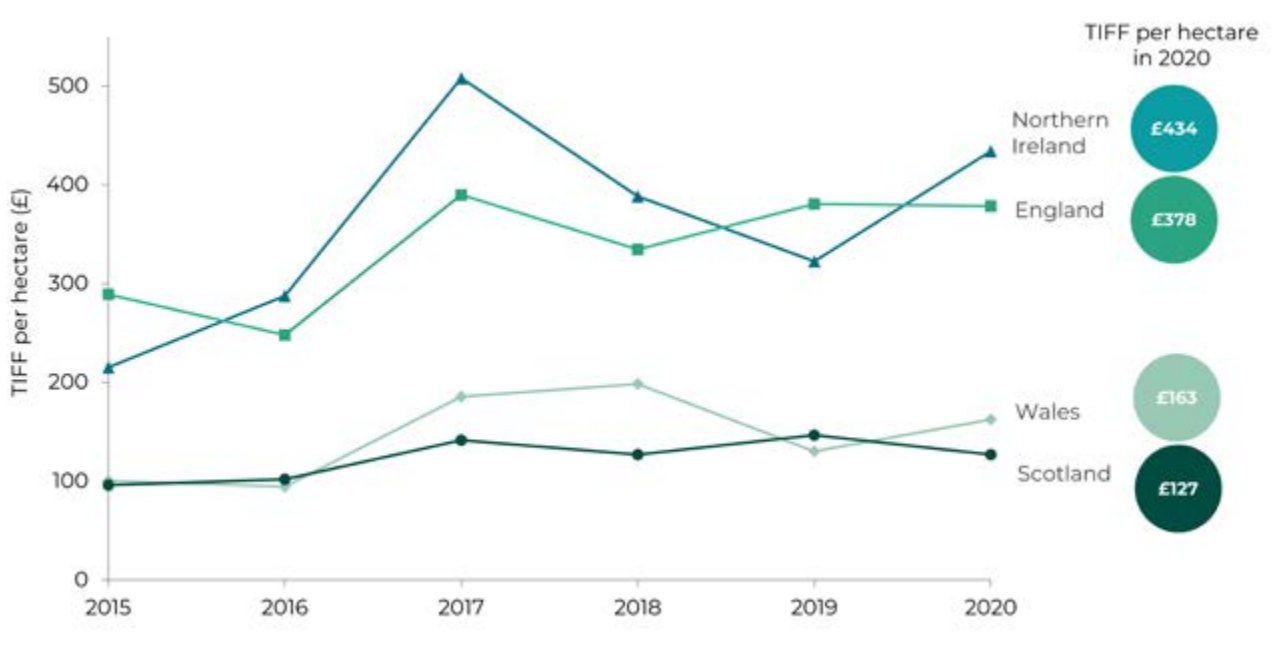
² TIFF for 2020. Estimates of the share of UK TIFF per country in the inner circle do not add up to 100%. This is because the TIFF for the UK and England have been recently updated whilst the estimates for Wales, Scotland and Northern Ireland remain first provisional estimates.

Figure 5 shows that the disproportionate contribution of England and Northern Ireland to the UK's TIFF (which is greater than their share of agricultural land) is because agriculture generates considerably more income per unit area (TIFF per hectare) in these countries than in Scotland or Wales. In 2020, a hectare of agricultural land in Northern Ireland provided 2.6x more income, on average, than a hectare of agricultural land in Wales and 3.4x more than in Scotland.

Between 2015 and 2020 TIFF per hectare increased by 31% in England, 32% in Scotland, 62% in Wales and more than doubled in Northern Ireland (although these figures do not account for inflation). There is also considerable variability in agricultural income between years with England and Northern Ireland experiencing

greater variability than Scotland and Wales.

Figure 5: Total Income from Farming per hectare (not adjusted for inflation)¹ 2015 - 2020 by country



Source: June Agricultural Survey UK, Aggregate Agricultural Accounts England, Scotland, Wales, Northern Ireland

¹Values are expressed in current terms meaning the change over time does not account for the effect of inflation. Estimates for 2020 are provisional and subject to change in Wales, Scotland and Northern Ireland. TIFF per hectare was calculated as Total Income from Farming divided by the total agricultural area.

4. Land use

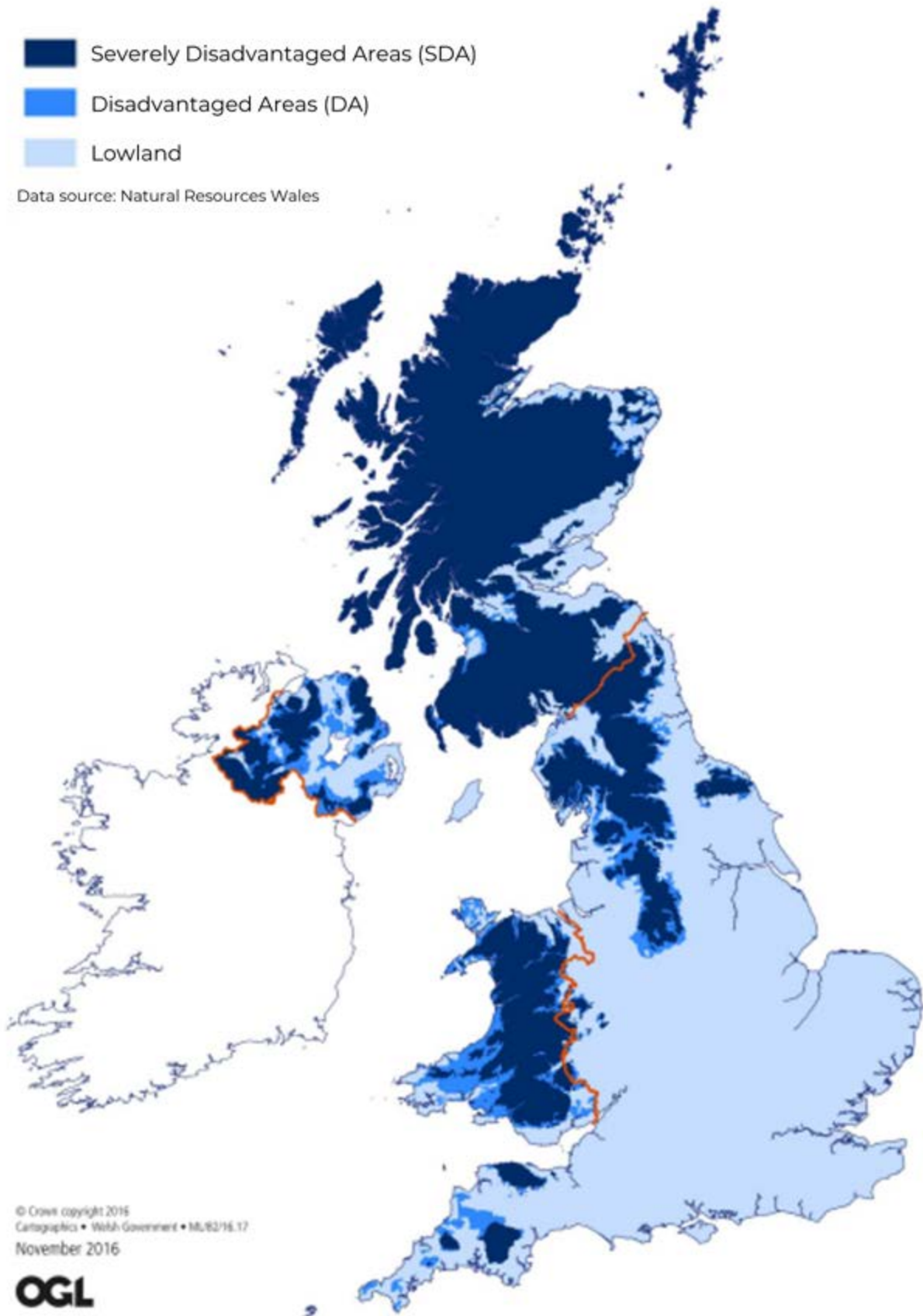
Less Favoured Areas

79% of all land in Wales is classed as Less Favoured Area (LFA). This **EU designation** refers to areas where geographic, soil or climatic conditions constrain productivity and make farming more difficult. In Wales this reflects the mountainous terrain, steep slopes on upland farms and high rainfall.

LFAs are split into Severely Disadvantaged Areas (SDA), which are more environmentally challenging and mostly upland, and Disadvantaged Areas. In Wales, approximately 56% of land is classed as Severely Disadvantaged whilst 23% is Disadvantaged.

The proportion of land designated as LFA in Wales is lower than in Scotland (88%) but higher than in England (17%) and Northern Ireland (67%).

Figure 6: Map of Less Favoured Areas (LFA) showing the proportion of agricultural land classed as LFA by country.

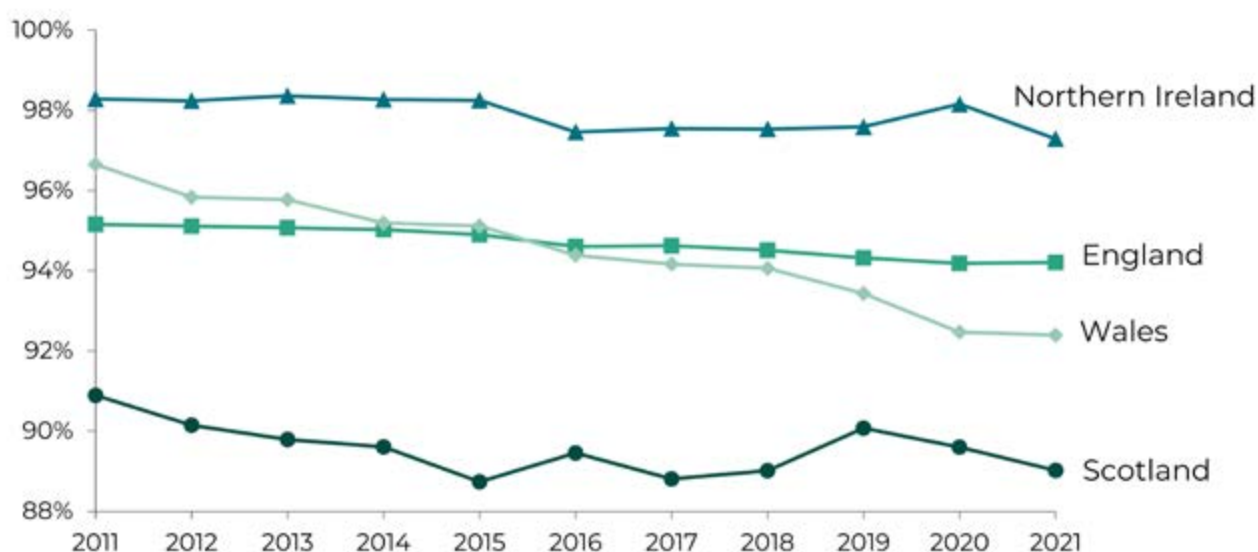


Utilised agricultural land

Figure 7 shows that 92% of the total agricultural land area in Wales was used for agricultural production in 2021. This is higher than in Scotland but lower than in England and Northern Ireland.

The proportion of total agricultural land used for agricultural production remained mostly stable in England, Scotland and Northern Ireland between 2011 and 2021. However, in Wales it declined by 4% points, mostly due to an increase in the amount of woodland on farm holdings (Figure 8). Between 2011 and 2021, the amount of woodland on Welsh farms increased from **44,200 to 124,300 hectares**. It is important to note that there is significant variability in the data between 2010 and 2012 given the national estimate is based on a sub-sample and so this exact increase may not be accurate. Nevertheless, the time series of data does show that the area of woodland on farm holdings in Wales has increased considerably over the past decade.

Figure 7: Proportion of total agricultural land¹ classed as utilised² by year (2011-2021) and by country



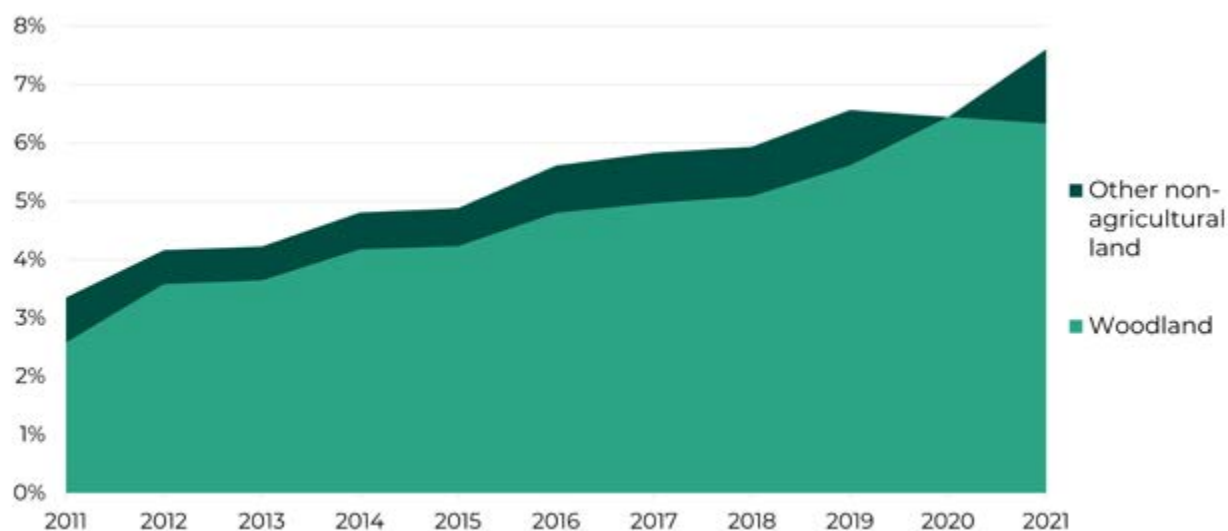
Source: [June Agricultural Survey UK](#)

¹ Total agricultural land represents all land on agricultural holdings plus common rough grazing land. This includes woodland and other land on agricultural holdings (such as buildings) which is not used for agricultural purposes.

² Utilised agricultural land refers only to land used for agricultural purposes. It includes common rough grazing, total croppable area (including fallow land),

temporary and permanent grassland and land used for pigs. It does not include woodland or other land not used for agricultural purposes.

Figure 8: Proportion of total agricultural land in Wales used for woodland and other non-agricultural land uses 2011-2021



Source: [June Agricultural Survey Wales](#), [June Agricultural Survey UK](#)

¹ Data on the area of 'other non-agricultural land' is missing for 2020.

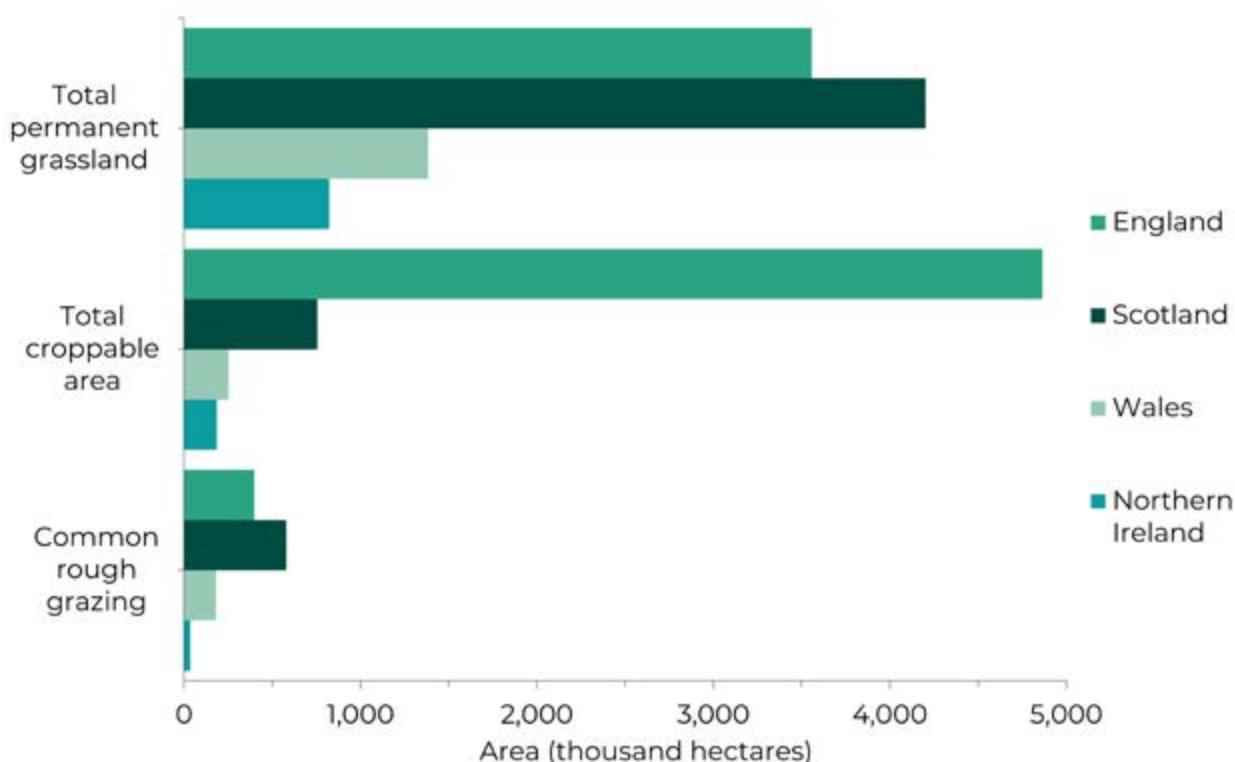
Agricultural land use types

Welsh agricultural land is dominated by permanent (sole-rights) grassland used for grazing livestock (Figure 9). This covers **1.4 million hectares** of land in Wales and accounts for 76% of Wales' utilised agricultural area (and 67% of Wales' **total land area**). There are **252,000** hectares of cropland in Wales (14% of Wales' utilised agricultural area) and 180,000 hectares of common rough grazing (10%). In total, land used for grazing livestock (permanent sole-rights grassland plus common rough grazing land) comprises 86% of Welsh agricultural land. This is the same as in Scotland but higher than Northern Ireland (82%) and England (45%).

80% of the UK's cropland is in England, where there is more lowland (see Figure 6) and a more favourable climate for growing crops. Consequently, agricultural land use is more evenly split in England where 55% of land is used for growing crops and 45% is used for grazing.

Scotland contains the largest area of permanent grassland and common rough grazing of the four UK nations and hosts 12% of the UK's cropland.

Figure 9: Area of agricultural land use types by country in 2021.



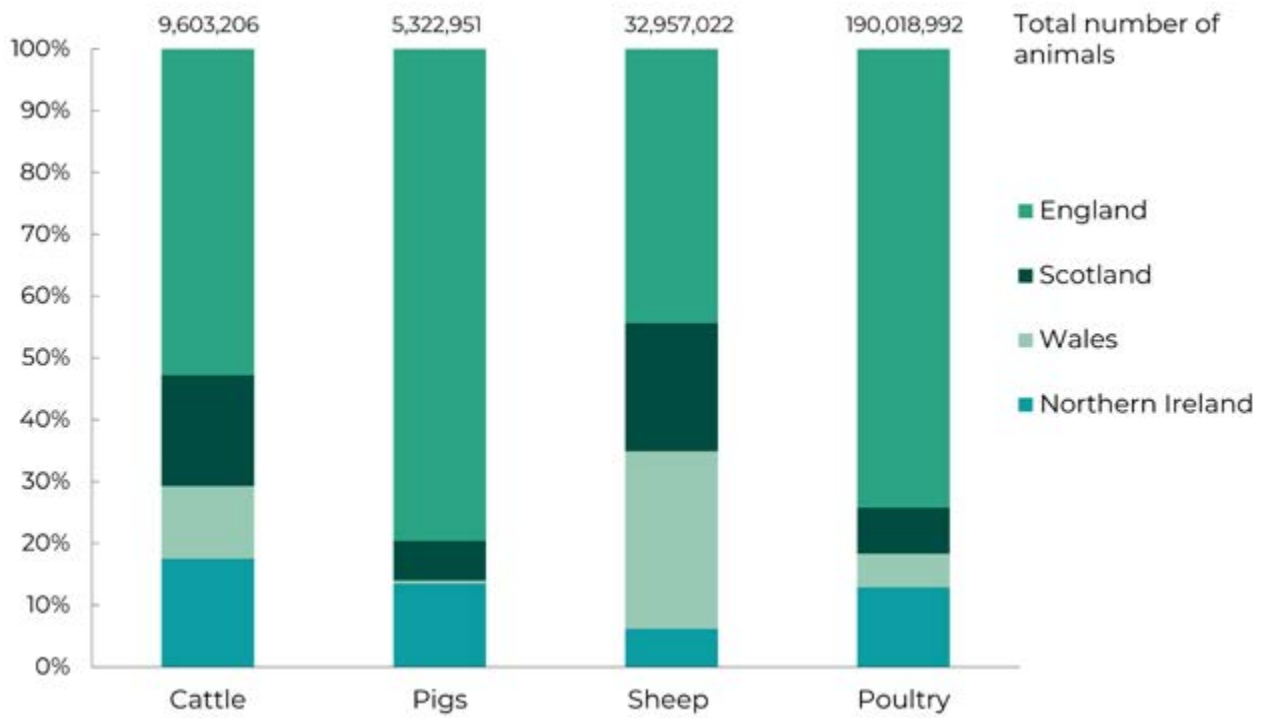
Source: [June Agricultural Survey UK](#)

Livestock

The majority of UK cattle (53%), sheep (44%), pigs (80%) and poultry (74%) are kept in England. 29% of UK sheep are kept in Wales and 21% in Scotland. Very few pigs are kept in Wales. Northern Ireland and Scotland hold a roughly equal share of UK cattle stock (17-18%). 12% of UK cattle are kept in Wales.

Poultry comprise the greatest share of livestock (when considering the number of animals) in all four nations. After poultry (49%), sheep are the most common livestock type in Wales (45%), followed by cattle (5%). In 2021, there were 10.4 million poultry, 9.5 million sheep, 1.1 million cattle and 27,000 pigs in Wales.

Figure 10: Country share of total UK livestock by livestock type



Source: **June Agricultural Survey UK**

5. Farm holdings

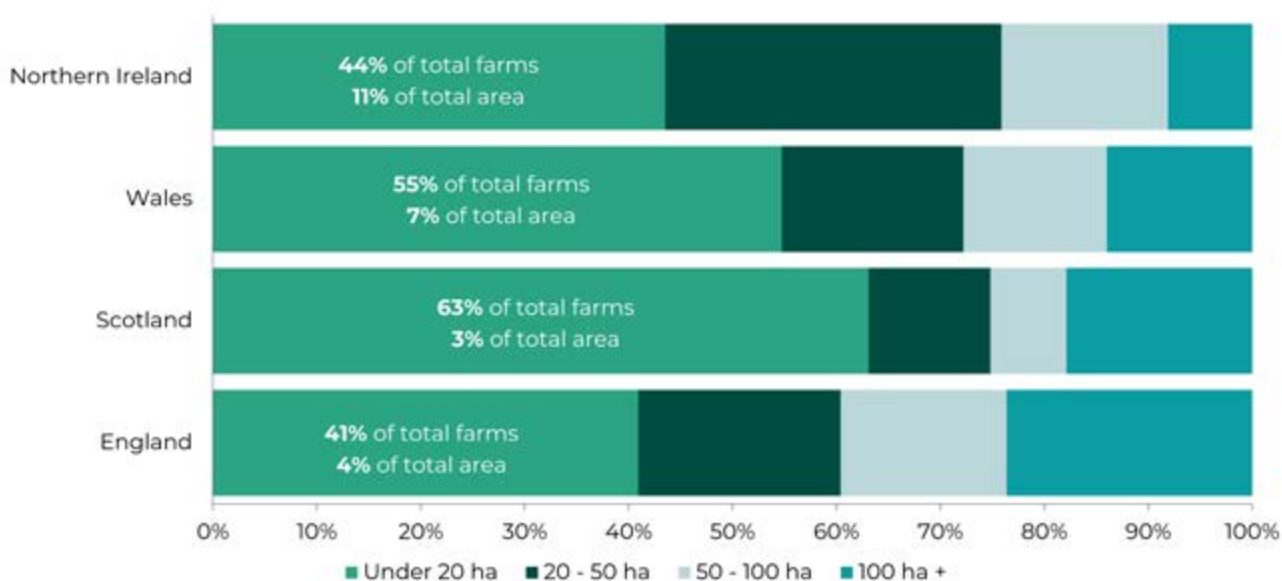
Farm Size

Figure 11 shows that small farms (under 20 hectares) are the most common farm size in all four countries. In Scotland and Wales over 50% of all farms are small, yet they only account for 3% and 7% of the total farmed area respectively. The remaining farms in Wales are relatively evenly distributed across size categories: 18% are 20 – 50 hectares, 14% are 50 – 100 hectares and 14% are over 100 hectares. This is in contrast to Northern Ireland which has a large proportion of 20-50 hectare farms, and England and Scotland, which have larger proportions of farms over 100 hectares.

England has the largest number (24,882) and greatest proportion (24%) of it’s farms over 100 ha, followed by Scotland, Wales and Northern Ireland (in that order).

The average farm size in Wales is 48 hectares which is slightly higher than Northern Ireland (40 hectares) but considerably lower than England (85 hectares) and Scotland (117 hectares). The relatively few large farms over 100 hectares cover a significant area of land, pulling up the average farm size. This is particularly the case in Scotland where 18% of farms (those over 100 hectares) account for 88% of the total farmed area.

Figure 11: Breakdown of national farm holdings by farm size in 2021



Source: [Agriculture in the UK, 2021](#)

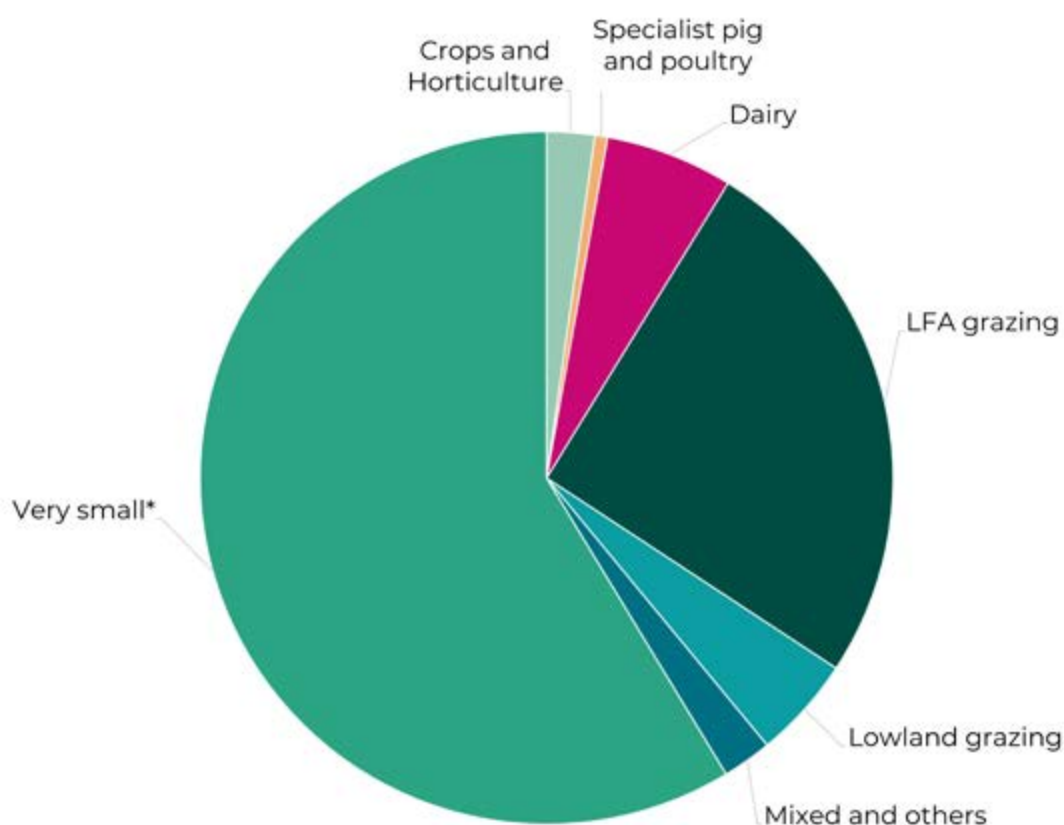
Welsh farm type

In 2020, there were **24,677** farm holdings in Wales.

Cattle and sheep grazing on LFA land was the most common farm type (excluding undifferentiated very small farms), accounting for 25% (6,287) of all farms. This was followed by dairy which accounts for 6% (1,469) and lowland grazing which accounts for 5% (1,176) of all farms. These figures reflect the dominance of LFA land in Wales (Figure 6).

There are only 551 farms in Wales dedicated to growing crops and horticulture, representing 2% of all farms. A further 2% of farms are mixed.

Figure 12: Welsh farm holdings¹ by type 2020



Source: **Farming Facts and Figures 2021**

¹This refers the proportion of total farm holdings (24,677) not farmed area.

*Very small farms are grouped together regardless of farm type. Very small farms are those which have a labour requirement of **less than 1 FTE**.

LFA grazing is further split into SDA and DA categories. Cattle and sheep farms on SDA and DA land account for 18% and 8% of all farms respectively.

6. Farm incomes

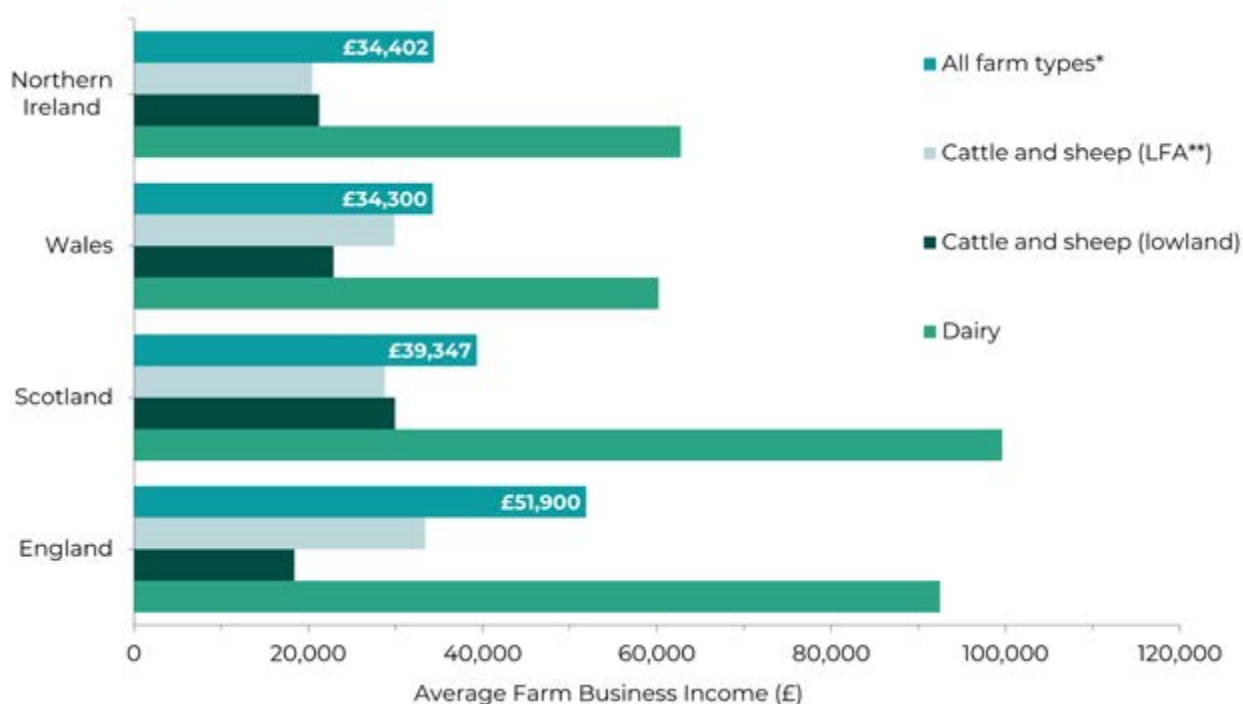
Farm Business Income represents the financial return from all unpaid labour (i.e. farmers, business partners and family) and from all their capital invested in the farm business. It includes income from agricultural production, subsidies and diversification activities but excludes income generated from outside the farm business (e.g. off-farm employment). Farm Business Income is essentially the same as net profit.

Figure 13 shows that on average farms in Wales are the least profitable of the four UK nations. The Average Farm Business Income for all farm types in Wales is £34,300. This compares to £34,402 in Northern Ireland, £39,347 in Scotland and £51,900 in England.

In all four nations dairy farms are the most profitable farm type of those listed by a considerable margin. Average Farm Business Income for dairy farms in Wales is £60,200, although this is lower than in Northern Ireland (£62,758), England (£92,500) and Scotland (£99,637).

Lowland cattle and sheep farming is the least profitable farm type in England (£18,400) and Wales (£22,900) while cattle and sheep farms on LFA land are the least profitable farm type in Northern Ireland (£20,454) and Scotland (£28,772). Average incomes for cattle and sheep farms, both lowland and LFA, are below the national average income in all four nations.

Figure 13. Average Farm Business Incomes¹ 2020-2021 by country and farm type



Source: Farm Business Survey [England](#), [Scotland](#), [Wales](#), [Northern Ireland](#)

*All farm types includes those listed plus cereal, general cropping and mixed farms for England, Scotland and Wales. For England this also includes pig farms, poultry farms and horticulture. For Northern Ireland all farms includes those listed plus cereal, pig and mixed farms.

**LFA = Less Favoured Areas (see Figure 6)

¹These data are from a representative sample of farms which completed the Farm Business Survey. This survey excludes farms with a Standard Output (SO) of less than €25,000, so the results are not representative of very small or part-time holdings.

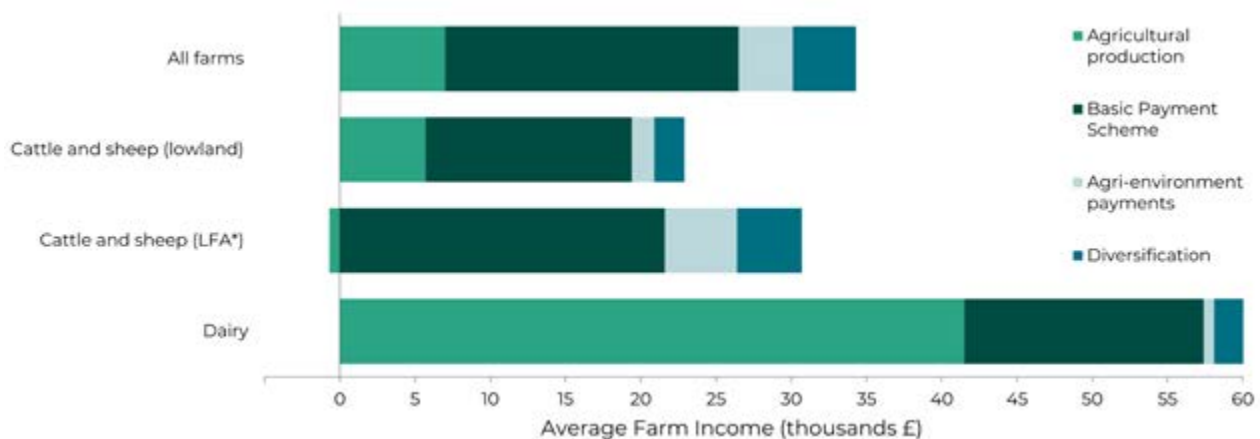
Figure 14 shows the Average Farm Business Income 2020-2021 for different farm types in Wales broken down by income source. On average across all Welsh farms, only 20% of income comes from the production of agricultural goods and services. 57% comes from basic payments, 10% from agri-environment payments and 12% from diversification activities (**such as letting out buildings, tourism or renewable energy production**). **Basic payments and agri-environment payments** are government subsidies which provide income support to farmers to maintain competitiveness, protect against price volatility, and safeguard food security. Agri-environment payments compensate farmers for adopting more environmentally-

friendly farming techniques.

LFA cattle and sheep farming is completely reliant on income from subsidies (basic payments and agri-environment payments) and diversification, as farming is not profitable on LFA land (agricultural production generates an average net loss of £700 a year). For these farms, subsidies provide 88% of average farm income. Whilst cattle and sheep farming in lowland areas is profitable, agricultural production only contributes 25% of average income. These farms are also highly reliant on subsidies and diversification, although the contribution of agri-environment payments is below the average for all types of farms.

In contrast, most (69%) income for dairy farms comes from production. Subsidies account for 28% of average income.

Figure 14: Average Farm Business Income in Wales 2020-2021 by farm type and income source



Source: Farm Incomes 2020-2021

*LFA = Less Favoured Areas (see Figure 6)

7. Outputs

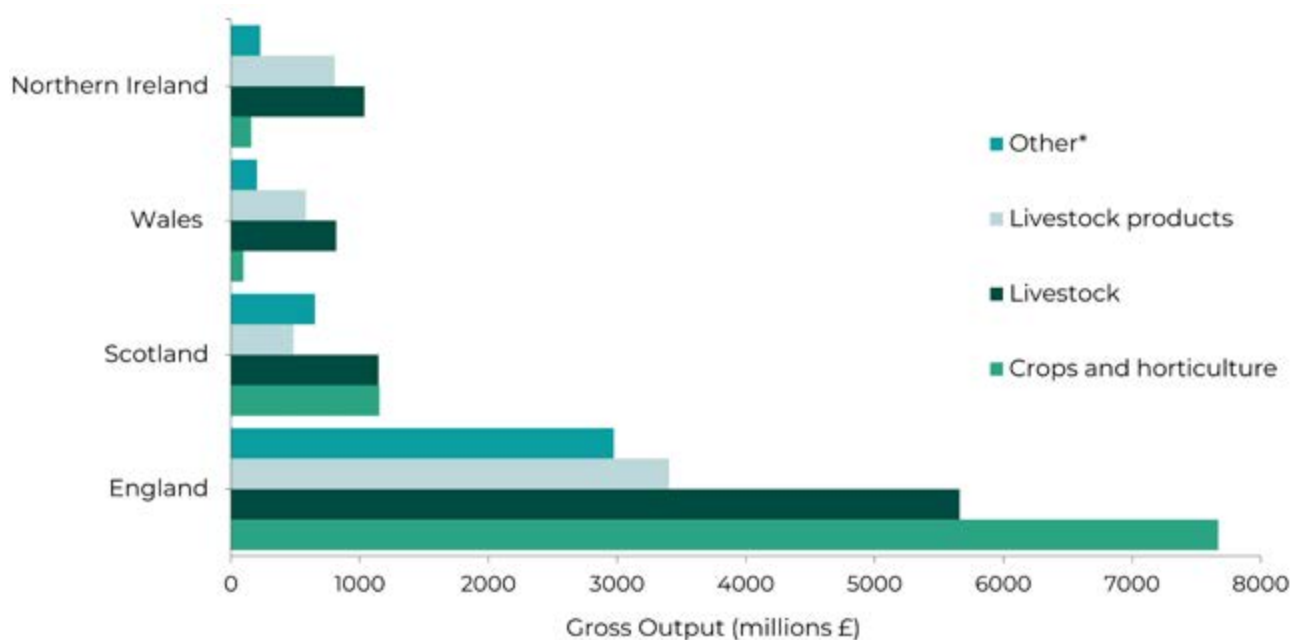
Gross output refers to the total value of all products or services produced by farm businesses in each country. It does not include income from the farming subsidies described above, but does include product subsidies (there is only one - on **Scottish beef**). In Wales the total gross agricultural output was £1.7 billion in 2020. This is the lowest of the four UK nations (Figure 15). Of this 48% (£817 million) came from livestock, a further 34% (£580 million) came from livestock products, 12% (£202 million) was from other sources and only 6% (£96 million) was from crops and horticulture.

A very similar pattern is shown in Northern Ireland where livestock and livestock products account for 83% of agriculture's total gross output of £2.2 billion, and crops and horticulture account for 7%. In Scotland the output is more evenly split with livestock and crops and horticulture each accounting for roughly 33% of total output. The output of livestock products from Scotland is the lowest of the four UK countries.

Wales has the lowest gross output of crops and horticulture, livestock, and other products of the four UK nations and the second lowest output of livestock products after Scotland.

England has the highest gross output for all product types and accounts for 85% of the total UK output of crops and horticulture, 65% of livestock and 65% of livestock products.

Figure 15. Gross agricultural output¹ by country and product type in 2020



Source: Aggregate Agricultural Accounts England, Scotland, Wales, Northern Ireland

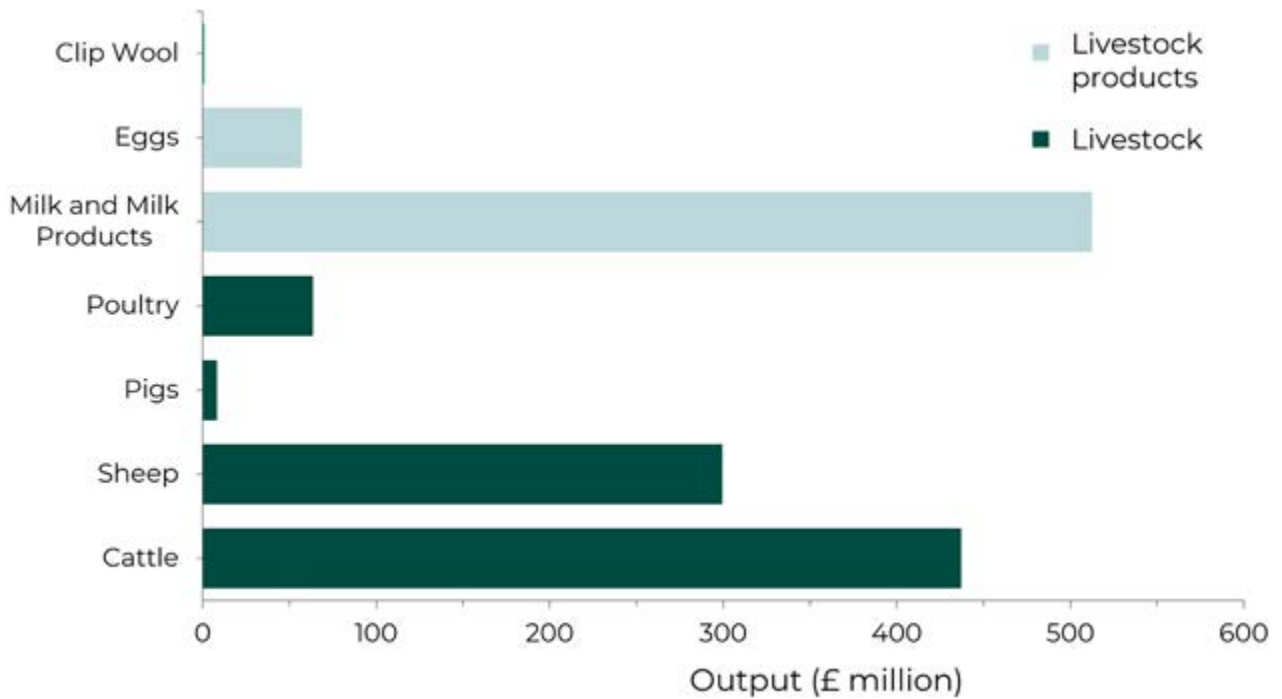
¹All values reported in 2020 prices.

*Other includes capital formation in livestock, other agricultural activities and secondary activities which cannot be separated from the agricultural business (e.g. tourism or further processing).

The livestock output for Scotland includes product subsidies on Scottish beef.

Figure 16 further disaggregates Welsh agricultural output to compare the contribution of different types of livestock and livestock products. It shows that milk and milk products account for the largest proportion (37%) of livestock-related output, despite the fact that only 6% of all farms are dairy. Cattle accounts for 32% of livestock-related output and sheep accounts for 22%.

Figure 16: Gross livestock and livestock product output in Wales 2020 by product type.



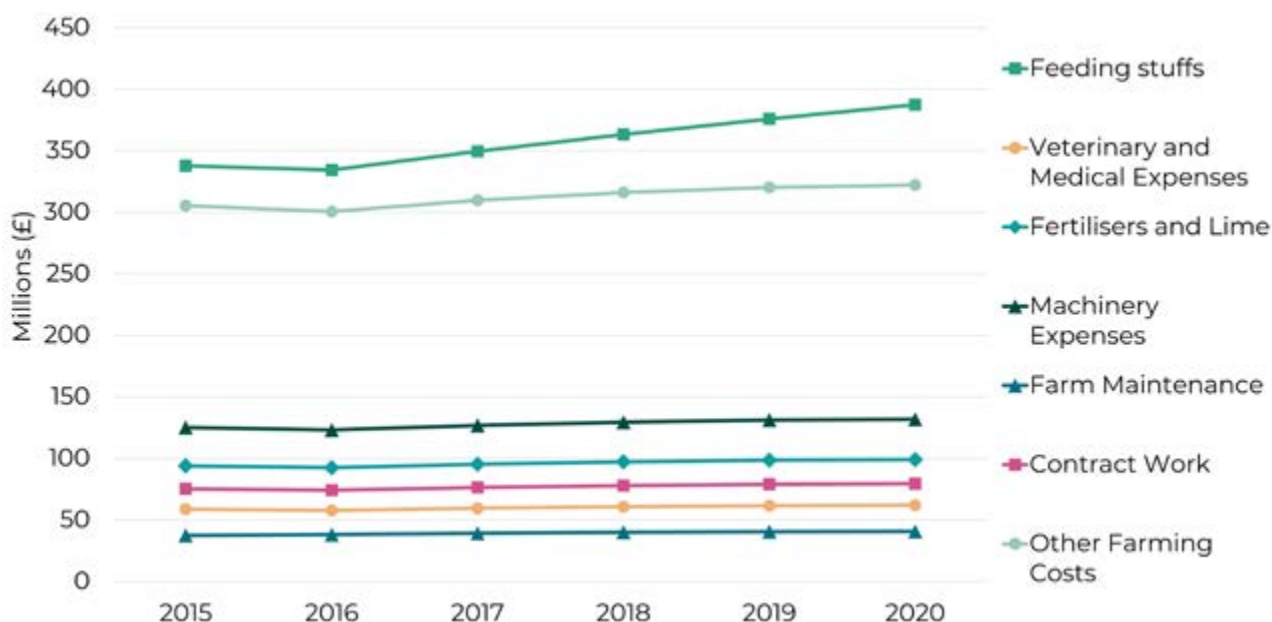
Source: **Aggregate Agricultural Accounts Wales.**

The value for clip wool is very small (£998,976) compared to the other products.

8. Costs

Figure 17 shows the intermediate consumption (annual expenditure) on key agricultural inputs in Wales between 2015 and 2020. Expenditure on most inputs has remained relatively stable over this period, with the exception of feeding stuffs and other farming costs. Feeding stuffs represents the largest single input cost (accounting for 35% of all input costs in 2020). Expenditure on feeding stuffs increased by 15% between 2015 and 2020, although this does not specifically account for inflation. It is also important to note that these data do not account for the change in the number of farms over this period which could have impacted the demand for inputs.

Figure 17: Intermediate consumption on Welsh agricultural inputs 2015-2020



Source: [Aggregate Agricultural Accounts Wales](#)

¹The data does not specify that values have been adjusted to account for the effect of inflation.

9. Sources

1. [Aggregate Agricultural Accounts](#)
 - [England](#)
 - [Scotland](#)
 - [Wales](#)
 - [Northern Ireland](#)
 - [UK](#)
2. [Agriculture in the UK 2021](#)
3. [Agriculture Facts and Figures 2019](#)
4. [Farming Facts and Figures 2021](#)
5. [Farm Incomes in Wales 2020-2021](#)
6. Farm Business Surveys:
 - [England](#)
 - [Scotland](#)
 - [Wales](#)
 - [Northern Ireland](#)
7. [Gross Value-Added by area](#)
8. June Agricultural Survey
 - [Wales](#)
 - [UK Summary \(data\)](#)
9. [Regional Labour Market Statistics](#)