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European rules which could prevent farmers from forward-selling grain must be changed before they are allowed to disrupt the arable sector, according to farming unions.

Proposals by the European Commission would see farmers across Europe having to register from 2017 in order to sell grain forward.

Formed on the back of concerns about the impact speculators are having on world prices, the rules were primarily designed to regulate banks and the financial sector.

However farmers have been inadvertently encompassed because they use tools the financial sector also uses, such as forward sales, futures and options contracts to manage price risks.

Guy Gagen, NFU chief arable advisor, said the changes would make it virtually impossible for farmers to operate as they do now, bringing extra levels of unnecessary bureaucracy.

Speaking at the Cereals Event in Lincolnshire on Wednesday (10 June), Mr Gagen said: “Unless we get the law changed, from January 2017 anyone wanting to sell grain will effectively be regulated as if they were trading a futures product. It will make things so cumbersome and difficult farmers will find it very difficult to do so.”

Mr Gagen said farming unions including the NFU and NFUS had been pressing hard in Brussels and with national government to get the law changed to that farmers could continue to trade forward.

“We want exemptions for farmers to simplify and clarify things so farmers don’t have to get involved with the regulatory process,” he said. The unions hoped to achieve a change in the law by the end of the summer, he added.

“There is an appreciation in Brussels now that costs will be passed from brokers to farmers, which has the potential to have a huge impact on small businesses.

“We are not saying that we don’t want regulation, we just want appropriate regulation,” Mr Gagen said. “At the moment it’s massively disproportionate.”